GENERAL EVIDENCE

THE JAPANESE PROPERTY CLAIMS COMMISSION.

B E F O R E

(THE HONOURABLE MR. JUSTICE H. I. BIRD - COMMISSIONER.)

Vancouver, B.C.,
February 1st, 1949.

PROCEEDINGS AT HEARING

(Pages 1348-1430)

General Evidence

F. W. Clement cross 1348-1386
Re-exam 1386-1392
J. W. Clement. 1392 - 1412.
Cohen 1413 - 1430

The Commissioner.

Vancouver, B.C.,

February 1st, 1949, 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

F. M. CLEMENT, resumed stand and testified further as follows:

CROSS-EXAMINATION BY MR. HUNTER CONTINUED:

Q I believe you stated thatyou were not a member of the Appraisal Institute of Canada or of the American Appraisal Institute.

A That's right.

Q Have you ever appraised land for anyone to determine fair market value? A: Yes.

Q How many properties have you appraised to determine fair market value? A: A very limited number. I am not in the business of determining fair market value. I am an agriculturist and I value a farm from the point of view of its agricultural value, and when I say to a man, "If you want to pay more than that,you may do so at your own responsibility; you can pay for the view; you can pay for the trees; you might even pay for deer on the property." -- which was a case last spring -- "But don't expect the property to reimburse you."

Q So you defined fair market value, if I remember correctly, yesterday as the amount which a purchaser would pay over and above the basic or agricultural value? A:That is right.

Q That is your definition? A:That is the fair

market value.

Q And that is your definition of fair market value?

A I don't know how to define fair market value, but as I understand it, the fair market value is what a man will pay and a seller will sell for.

THE COMMISSIONER: Q: There must be a time when the market value falls below possibly the agricultural value. Is that not a possibility?

A Yes.

Q Supposing there were depressed periods?

A There were periods during the thirties when the fair market value and the agricultural value were equal, or it may have swung either way, that is correct. That is not true at the present time.

Q I suppose your view would be that the market value now exceeds the agricultural value?

A The market value as at the end of 1948 and possibly also even now, the market value is considerably above the agricultural value.

Q But you don't pretend to be able to define fair market value? A: No.

Q Therefore, it would be pretty difficult for you to go out to ascertain what fair market value is, if you don't know how to define it?

A I don't determine fair market value, except in a few cases under special request, and I let the buyer and seller determine that value over above the agricultural or productive value over a period of time.

Q Or underneath the agricultural value?

A That's right.

Q I presume that agricultural value in turn would vary according to various factors, including the condition of the farm and so on?

A If you are speaking for a given time and place, yes.

Q I have a suggestion here of some of the factors that might affect agricultural value and I would like your opinion as to whether they are correct. I will enumerate them and will you say whether I am correct in describing the characteristics to be taken into account. Soil condition.

A Correct.

Q Climate. A: What do you mean by climate?

Q I mean the mean temperature throughout the year and so on. A: Well, a farm is in a fixed place and I don't know what the climate would be, but farms don't move around and the climate does. We can assume the climate for the Fraser Valley.

Q The climate affects the crops that can be grown.

A Do you mean climate or weather?

Q You can call it weather if you prefer. That would be a factor you would take into consideration?

A You do over a long period, but you must know your temperatures of the area where the farm is situated.

Q And the location of the farm.

A Yes.

Q And the plants on the farm?

A What do you mean by plants?

Q Plants as distinguished from crops -- semi-permanent or permanent plants, fruit trees and bushes and so on. A: They have to be taken into consideration.

Q Repair of the buildings. A: Yes, the general condition of the buildings.

Q The type of buildings?

A The type of buildings for the purpose for which it is intended.

Q And the type of construction of the building?

A For which it is intended, yes.

Q The number of buildings?

A Yes, the number of buildings for the purpose for which they are intended.

Q The desirability of the buildings; their attractive qualifications; for instance, the house?

A The quality of the house has very little to do with the agricultural value.

Q You don't take that into consideration?

A That is a factor you pay for. If you have an exceptionally good house or a larger house, or an exceptionally well furnished house, you have to take that into consideration, but that might not give the agricultural value.

Q So that is not very good in determining agricultural value? A: Only to a limited degree.

Q A very limited degree, is that right?

A I would say to a limited degree.

Q And the availability of water?

A Water is essential.

Q And even the purity of the water would have some significance? A: Yes.

Q The ease of cultivation, that is the topography, whether the land is broken up or easily cultivated?

A That is a factor.

Q The availability of electricity.

A That is always checked.

Q The proximity to main roads and markets?

A It doesn't affect the agricultural value, except from the viewpoint of making it pay. It is a limited factor.

Q It is a factor you would consider?

A It is always a factor.

Q If you were not on a decent road, it would be quite important, wouldn't it?

A The figures show that farms on good highways are more easily sold than famrs on side roads.

Q I suppose the productive capacity of the property would be of interest?

A Yes.

Q And the type of crops for which that land would be suitable? A: Yes.

Q And you, as a man appraising agricultural value, would take into consideration all these factors when determining your agricultural or direct value?

A Generally speaking, yes.

Q Have you some of your work sheets here, so that we may examine them to see what your records were on these? A: Individual

farms?

Q Yes. I would like to see how carefully you did examine these various p- A: I haven't those.

Q Could you get them here this morning?

A I don't think I can.

Q We will have lots of time this morning, if you could send out for them.

A The fact is I haven't got them.

Q Where are they? A: They are gone, as far as I know.

Q Did you have any of your sheets?

A Yes.

Q But you threw them away? A: Yes, I made my notations.

Q And threw them away? A:Yes.

Q Having considered these variables, we have just enumerated, what means do you adopt in order to evaluate them and translate them into terms of money? What I mean is, to arrive at the number of dollars which you decided was the agricultural value, how do you turn it from physical factors into dollars?

A I will have to repeat what I said yesterday. In the first place, you go into your community and you know or learn something of your community, because that has a bearing on the value of the property, because your soil, your production, your general lay-out and so on have a direct bearing on it, and then it varies in the order which you go over your property, and in my own case I look at the farm first and in these cases invariably checked with

the V.L.A. reports, which we had in our office at the time, and then you look at the house -- you have possibly already located the rhubarb roots, raspberries and any other growing plants that were described in the work sheets of the V.L.A., and you take a look at your house and get a fair idea of your property, and then invariably you check your assessed values and you have before you the assessed value and your general idea of the number of farms in the community to arrive at the value of one property in relation to another.

Q Why do you do that when you are only interested in one farm? A: No, I am interested in all the farms; that is, interested in the sample, and you only get your sample by comparing one farm to another and comparing all your farms in the general situation.

Q I thought you were interested in the agricultural value. A: I am interested in the agricultural value.

Q And agricultural value, I think you defined it yesterday as being the amount of money you can invest in a property and expect to get back a reasonable return over a long period of years?

A Correct.

Q What relevance have the neighbouring properties? If you get back a reasonable return, you are not concerned with neighbouring properties.

A That is wrong, because I found the D.V.L.A. men studied each property in the community without con-

sideration of anything else around there to arrive at a fair market value or, in my case, an agricultural value.

Q You fail to make yourself very clear, I am afraid. If you are considering an individual farm at what I say an agricultural value, surely that farm stands on its own feet. There is an amount of money you can pay for that farm and get a reasonable return. A:That is correct.

Q Why consider neighbouring farms, unless it is a question of weeds? A: No. You have farms all around. You have got to know your climate and all the other factors.

Q Having considered these factors, how do you turn them into a concrete form of dollars?

A I have given it to you, unless you wish me to repeat it.

Q You haven't turned them into money. You use the locality. Has that any monetary significance?

A Yes.

Q How do you turn it into dollars? Having considered all those factors, you conver it into something representing the same thing, but in dollars.

A I mentioned the fact that you turn next to your assessment, which is recorded very carefully on the work sheets, and then you compare various assessments. That is a check on your own observations. Then you have, in addition to that, a general knowledge of the value as given in various districts.

Q What value? A: Agricultural

values based on the price of farm produce.

Q Carry on. A: That gives your figure, which you usually write down, and you feel is a fairly sound figure. Next to that you go back over your thinking and what the different farm return is.

Q Before going into that -- A: I want to turn it into dollars. Let me answer your question.

Q Yes, but before going on with that --

THE COMMISSIONER: Mr. Hunter, I would like the witness to finish his answer and when he has concluded, if you have anything you wish to pursue further, you are free to do it.

THE WITNESS: Then you look at the property from the point of view of what it might return net to an owner. These farms are family farms and it is very difficult, if not impossible, to find net returns of family famrs in the sense you get them in capitalistic farms or in business, but at the same time they have a rental value, and the house is there and the buildings are there and there are certain plants on the farm. What would it return over a period of years? The illustration I gave yesterday was assuming it would have a rental value of $25.00 a month, or $300.00 a year, in my case I use this figure of 20 years of rentals at $300.00, which would be $6,000.00, and assuming the interest is 5%, you take your present worth of $6,000.00, which, in round figures, is 62% of $6,000.00, that gives you a figure which is checked with your judgment

on the value which you have already arrived at, and in that case you have three checks. In addition to that, I asked my son to give me specific directions, tell him what to do, where I could find the production of these farms, to make it absolutely accurate we would use a converse factor and see how the converse factor compared to the net rental value and the direct appraised value. That is how we got our dollar value.

Q Before you back up your dollar appraisal by independent means such as rentals or productive value, I would like to find out precisely how you arrive at that value by those other means.

A Inthe first place I havehad something over 30 years experience going over farms. It doesn't only apply to small farms. It applies to others. And you learn something from your experience, and then you take a look, come back to the more specific property and using your experience and your judgment, which I hope I have, you look at your property. You know from the farm, from the general lay-out, from the contours and so on and so forth, approximately what can be grown on that place and what has been grown on that place. I mean by the roots there and so described in the V.L.A. sheets, and in your own inner judgment you arrive at a dollar value.

THE COMMISSIONER: Q: Excuse me. Do I over simplify it when I say you arrived at the total value in this instance by the application of your experience

and observations? A: That is so.

MR. HUNTER: Q: And you don't evaluate the acreage and the plants and the buildings; you just look at it as a whole and say "That is, in my opinion, that value." A: No. You asked me regarding land and buildings.

Q I meant the farm, the agricultural value of the farm.

THE COMMISSIONER: I think we have got that clear, Mr. Hunter. The Dean says he arrived at it in the way I indicated-- by observation and experience.

MR. HUNTER: Very good, my lord.

Q Let's get down to this rental method of checking your evaluation. Do you know what reasonable return you would get back on your money. In trying to calculate the reasonable return you would get back, you would adopt various methods and one method of checking your agricultural value, you say, is the question of rental. This would entail, I presume, a knowledge of the gross revenue and costs of production. A: Not necessarily, but I have gathered a good knowledge of that.

Q Would it entail it over a long period of years?

A Yes. My own studies are based on long time periods.

Q And when you examined the return you were likely to get on your investment of these farms, you would have knowledge of these individual farms and the gross revenue and cost of production over a long period of years.

A No, I haven't returns of gross revenue on any one

farm over a long period of years.

Q Why not? A: You couldn't possibly get it.

Q You didn't have any precise knowledge of the return you were likely to get?

A Not an an individual farm, but we have of the precise return you would get on a sample farm over a period of years. You don't do it that way. I defy anyone to do it the way you suggest.

Q You have stated that these family farms had no net income on the average? A: The net income is absorbed in the labour.

Q They have no agricultural value?

A They have an agricultural value in that they support the family, some times very, very well and some times not so well.

Q That is the agricultural value, isn't it? Isn't that the basic value? Agricultural value is the return you expect to get from agriculture.

A What do you mean by basic value?

Q Taking into consideration other potentials -- taking into consideration just the potentialities of the return you will get from agriculture, the fact is it has no agricultural value, has it?

A No, I can't admit that. Any piece of land that provides an income to support a family has an agricultural value.

Q You have stated they have no net income and many of them are living on their capital.

A Many of them are living on the labour of their wives

and families.

Q When you are appraising agricultural value, I presume you are considering what the average type of operator could afford to invest in that property?

A As a home farm.

Q If an operator has to live on his capital and work his women and children, do you think that property has an agricultural value?

A Yes, the average of those I give-- an income that was fairly substantial, enough to support sometimes meagerly, sometimes well, a family, it has a value and somebody, if they were offered it for rent, would pay a rental for the use of that land and buildings and be able to subsist.

Q The point I make is, the Gray Report says in properties under three acres, 50% had a loss of labour income.

THE COMMISSIONER: Is not your examination becoming somewhat argumentative?

MR. HUNTER: Possibly, my lord.

A 50% undoubtedly had no income; the other 50% had.

Q When you are considering agricultural value, what do you mean by a reasonable return on your investment? A: When running a Consulting Service, we tell them they should have 5%, but that is on capitalistic farms. I would expect no return from investment on these farms.

THE COMMISSIONER: Q: As I followed your previous answers, you say the reasonable return is the living provided for yourself and your family?

A That is all they get on the average on those farms.

MR. HUNTER: Q: And does this reasonable return include depreciation? A: On the average, yes. On many farms, no; on other farms, a very substantial depreciation.

Q And did you calculate this depreciation when you were making your agricultural appraisal?

A Are you referring to the Gray Report?

Q I am referring to when you made your agricultural valuation. Did you calculate the depreciation on these properties? A: No, I didn't figure what the living had been worth or what it is worth today.

Q It was largely intuitively?

A No, it was not.

Q Does it include repayment of capital invested, your agricultural value on these small farms?

THE COMMISSIONER: Would you clarify your question? I understand you to mean, assuming a man has bought a farm on instalment payments, does it include the paying of the instalments.

MR. HUNTER: No, my lord, I am sorry. I will clarify it.

Q Normally, as I understand it, when you go into business such as a farm, the agricultural value includes -- I mean, the agricultural value means you only invest some sum upon which you will get a reasonable return and also you will get a return of your capital through the long period of years?

A That would be true only in part. On these family farms, the average does not return capital

as such after paying a wage, but you get a capital return because of the saving of your wages. That is, a man works and saves and out of the wages which he earns for himself as a worker, he pays for his homeand gets his return of capital. He doesn't get it over above his wages on the family farms to which we are referring.

Q These famms operated by the Japanese, I think you said they used more labour than the white man.

A They use more labour in this sense, that they work longer hours. They use their wives and family to a large extent. That is actually more hand work, that is correct.

Q And if you were appraising the agricultural value, realizing the Japanese are in there, you would have to appraise it from the point of view of the operator not having that labour available.

A Correct.

Q And you did that? A: Yes.

Q You were appraising it from the viewpoint of the white purchaser? A: No. I was appraising it from the point of view of the worth of that propert as it was described on the sheet on the day on which the V.L.A. appraisers appraised it; not what somebody else would pay, but what it was worth on that date.

Q One of your checks for your agricultural value was based on estimated rentals?

A Yes.

Q What information did you obtain as to the rentals

in the neigh bourhood? A: I have no information as to rentals in the neighbourhood in 1942. You have your observation again, and you have your experience; and here is a property. What would you likely pay for it -- this property as compared to this property as a rental? You check one against the other.

Q In other words, your rental is estimated?

A Then you get the net worth. In my case I used 20 years at 5%.

Q I am aware of the method you adopted, and we will just cover that gradually, if I may finish. You didn't investigate rentals of property in 1942. I presume, therefore, you made no comparison of the rents of properties with the properties you were appraising? A: You couldn't do that. That would be an impossible task for anybody. I don't know whether any were rented at that time or not. I doubt whether one was rented at that time.

Q I presume that even though the condition of a farm may remain constant, the rents may vary from year to year? A: That is a possibility.

Q It happens, doesn't it? A: Yes, but that has nothing to do with the agricultural value.

Q We are just covering rentals now. Any value based on rentals would vary according to the variation in the rents? A: Correct.

Q So that, to obtain anything valuable from rents,

one would have to average them over, say, a 20 year period? A: No, that isn't the way the statisticians and economists figure. They examine the best value and say, "This farm, as near as I can judge, is worth so much per acre, or so much per farm over a period of time." And then you capitalize them.

Q You can't take one year and calculate that. You have to know what would it yield over a period of years? A: Ordinarily we don't do that. You take any farmer who rents a farm, it is a fixed rental.

Q But you don't rent these little famrs in the Valley on a 20 year or even a 5 year basis as a rule?

A No. I am just giving you a method of calculation.

Q We are dealing with these little farms in the Valley, and where the rents vary you would have to have an average rental over a period of time to have a fair rental. A: You don't have to.

Q To achieve accuracy? A: No. You get your rental and you estimate the present worth of a fixed rental, not a variable rental.

Q All we can say from your rental method is, you estimated the rentals? A: Absolutely, based on my observation, experience and knowledge, farm surveys, studies and statistics.

Q And you have no concrete evidence of rentals upon which to base your estimate?

A I know of no case of a farm rented in the Valley at

that time of that nature.

Q And your estimate of rentals --

THE COMMISSIONER: I think it is quite clear now, Mr. Hunter.

MR. HUNTER: Q: Let us go on further and examine your method of evaluating value from rentals, which you earlier remarked was a very important method of appraising.

A Yes.

Q And you stated that the normal procedure was to try to figure out the net rental. That means you would have to arrive at the gross rental first.

A Did I say that?

Q That is my recollection. A: No, I stated I would get a rental which would be the rental over a period of time, and in my case I used 20 years, and it is a perpetual rent for the first 20 years.

Q Therefore, you take your gross rent?

A Yes.

Q And you multiply by 20? A: Yes.

Q And you take 62% of it? A: 62% and a fraction. You would have to get your taxes and so on to get that.

Q What does the difference between 62% and 100% cover?

A It represents the present worth of all the rents. That is, what amount of money today is worth $6,000 over the 20 years.

Q That is, taking into consideration the landlord's cost, that is, his taxes, insurance and so on?

A I have assumed in the illustration I gave you that $300.00 is the net to the landlord.

Q This is a net rent, then, you are talking about?

A It is the way I figure, yes.

Q So yours is an estimated net rent, is that correct?

A Yes. It assumes that the man on the property pays the taxes and any additions.

Q And pays all the repairs and everything else?

A That is a matter of adjustment between the landlord and the tenant.

Q But the sum you are using is a net rent?

A Yes, maintains it in the same condition as when it was picked up as a rental property.

Q I wonder if you could tell me if you have ever worked as a practical farmer?

A Have I got to answer that? By 23 years of age, I had paid for a farm, and I went to school after.

Q Where was that? A: On the Niagara Peninsula.

Q And you say you went to school after that?

A Yes.

Q And what did you do after school?

A Would you like me to go through the whole story?

THE COMMISSIONER: Just what purpose has this, Mr. Hunter? Are you questionning Dean Clement's qualifications?

MR. HUNTER: No, my lord, not from the agricultural point of view.

THE COMMISSIONER: His early history may be interesting to you, but I confess it has not any great interest to myself.

THE WITNESS: I will go over it if you wish.

THE COMMISSIONER: No.

MR. HUNTER: The only point is-- perhaps I shouldn't have bothered --I would like to know whether the Dean has ever farmed inthe Fraser Valley.

A No, I have not. I have advised farmers in the Fraser Valley.

Q You stated most of the Japanese farms were still out of production by 1945.

A Out of production?

Q. Yes.

THE COMMISSIONER: I think what was said was they had deterioriated considerably between the time the Japanese owner left them and 1945.

A We had the appraisal sheets and the complete and accurate descriptions of the famrs and what is on them. I went over those farms in 1948. Is that the point?

MR. HUNTER: Q: Well, in 1948 were they in production or out of production, or in partial production?

A Well, there was a great variation on those farms, but I would say with few exceptions the men who now work them have not yet had time to develop them, even as small holdings. There are some well developed, but in the main there has been no opportunity yet from the point of view of time for the present occupants to develop those farms into good small holdings.

Q I presume they would tend to be overrun with weeds.

A Some of them are. Some are in grass and others are uncultivated.

Q You made some soil tests in 1948.

A We made some soil borings.

Q You didn't test any of the soil?

A No. We wouldn't gain anything by that. Simply here and there, we thought there was some doubt about the soil itself. There weren't more than half a dozen of them where the question arose in our mind that maybe the value of the other appraisal was wrong. I have a soil augur I carry in the car all the time, and I made a quick test.

Q Would not six years rest to the soil in many cases, with weeds and grass left to decay, wouldn't that give these properties a different character again?

A What was that?

Q Properties that have rested six years, where weeds and grass have decayed and supplied humus, wouldn't that tend to give the soil of these farms a different character and appearance than 1942?

A You are speaking of the farm itself?

Q When soil lies idle and weeds and grass decay, you get humus, isn't that so?

A After you plow it, but not before. Most of these have not been plowed yet. Your question is a bit ridiculous, but I don't get your point.

Q It may be ridiculous to you, but it is a question put to me by an agronomist who considers he knows something about the business.

A I wonder if what you are trying to get at is, these farms had rested, with no crops taken off them, and in the meantime grass has grown on some, weeds have grown on some and they have notbeen cultivated,

so they have improved by reason of the fact nobody has used them.

Q That is right, isn't it? A: I haven't known that to be the case. The answer will be yes in this instance, if there was some clover, if there was some good grass, good roots, turned into the soil and a certain amount of fibre put in. I don't like that in regard to weeds, especially if quack grass, and lots of them have quack grass; but the fact remains if you plowed these in and used careful methods of cultivation, the soil would have been improved on the average; leaving out the quack grass and daisy and a few other things, it would have been improved on the average.

Q I believe you said that the Japanese used more labour and less equipment than the white man.

A That is right.

Q And fewer horses? A: Very seldom used a horse.

Q They would, I presume, accordingly use less manure, is that correct? A: Yes. There are very few animals kept on Japanese farms. They are too shrewd for that. A white farmer will get a horse and use up the feed. The Japanese didn't do that.

Q But it is desirable, generally speaking, to have manure in the soil? A:Yes.

Q And I presume that is to increase the humus content?

A That is to increase the humus content of the soil, the bacteria of the soil.

Q And by constantly lowering the humus content, the land tends to become inferior?

A The land tends to become inferior, that is correct.

Q And the white man, using more horses, tended to put more humus into the soil?

A Yes.

Q Therefore, the Japanese land tended to become inferior to that of the white man?

A No. There are other ways besides horse manure. We are not tied to the horse. The modern farmer doesn't think in those terms. The modern farmer thinks in terms of plowing under with a crop like Rye or clover, or any other cropthat he feels he can grow and turn into the soil, and then if he is a good farmer he uses large quantities of commercial fertilizer; and I can tell you, without boasting, that by advising one farmer we were able to improve his production from ~~$21~~ $420.00 to $850.00 a month just by using commercial fertilizer.

Q But commercial fertilizer doesn't build up a humus content? A:No. You build up your humus from another angle.

Q But the white man tended to put more humus into the soil. I think you stated that.

A Tended to put more farmyard manure, if he had it, into the soil. I am not admitting for one moment that the total amount put in by the white man today, or in 1942, is more than the Japanese farmer put into it, because it is not true. The Japanese farmer, on a hand worked farm, usually turned every-

thing back, even the night soil. He was calculating, he cared for it very carefully and inspite of our prejudice, he was a good farmer.

Q On many of the Japanese properties the buildings had been removed. A: Not on many; on some of them. I couldn't find buildings on some of them.

Q Or very greatly altered, in many instances?

A In fact, a large number, they were greatly altered.

Q Amd the state of cultivation was greatly changed?

A I saw, in a number of cases, the Japanese farms are not well cultivated by the new occupant yet. These men are new at it.

Q So, it would be difficult to recognize these properties from the description in the Soldiers Settlement Board Reports? A: No, We learned, after a few examinations -- 15 or 20 -- that the V.L.A. men were very conscientious, that they gave accurate descriptions, they referred to a quarter acre or a one-eighth acre and this and that, and you could find the record. You could depend on the technical accuracy of the V.L.A. men.

Q But these have been very much changed in many cases? A: What do you mean?

THE COMMISSIONER: You are referring to the farms?

MR. HUNTER: Q: Yes, the cultivation had changed.

A In some cases, the cultivation had changed. To identify the property, you would find some were the half acre or three-quarters, and get easily what

had been there in 1942 and, I suppose 50% of them, it was still.

Q How did you go about locating these properties?

THE COMMISSIONER: He has told us he had a Soldiers Settlement Board appraiser accompany him and indicate to him where the particular property was.

A That isn't exactly correct. This is what I did, in a few words: I asked my son to get maps of the various municipalities and then got the V.L.A. appraisal sheets, and then having the appraisal sheets, marked on the Lot and Section and so on, and it was Mr. Grant that mainly put the line of the Soldiers Settlement Board, he told us the name of the Japanese property and marked it. The V.L.A. men gave my son the assistance that was needed in finding the property on the map. Fortunately, he had worked in the Valley for two years, on the north side of the river and some on the south. He knew the lots and numbers. Then he would make out a list and say, "We are going to find so many famrs today," and we would start at a certain place and make a circle, and invariably we could find them. In the few cases we couldn't always find the property; but they had to be located first on the map and then examined and stated, "This is the property on the map," and then we went to the property. The Joe job work, as we call it, was done by my son.

Q How many of these properties did Mr.Grant locate for you? A:He didn't locate

the property. Mr. Grant located the place on the map.

Q But how many did Mr. Grant loaate for you?

A I couldn't answer that.

Q Did you locate the survey stakes?

A No.

Q How do you know you were looking at the right property?

THE COMMISSIONER: Just a moment. Are you perhaps not putting questions to Dean Clement that might better be put to the younger Clement, who, I understand, is going to be called?

MR. HUNTER: Possibly, my lord.

A We didn't locate the stakes on the property. We went from the description of the property. On the back of your V.L.A. sheets there is a little sketch, which, on examination, proves to be accurate, the house in a certain place and the barns in a certain place. You compare your farm to the sketch made by the V.L.A. men, and I don't question the V.L.A. men.

Q When you were appraising these properties which have changed or altered very considerably, your knowledge of the 1942 condition was based on the Soldiers Settlement Board description in their appraisal reports? A : Yes.

Q So that, it was a paper appraisal, then?

A What do you mean by paper appraisal?

Q An academic appraisal. You were working on data on a sheet rather than on the ground.

A You are partly correct, because the data on the sheet was so important. You have got to use every bit of it after six years, even on a farm that has not been disturbed.

Q And where it is very considerably altered or changed, you have nothing to work on but the sheet?

A That is all you would have.

Q You stated you had examined over 100 properties.

A That is in round numbers.

Q When did you start appraising these properties?

A I can't give you the date. It might have been late August or September.

Q And when did you finish appraising them?

A Some time in December.

Q You went in late in August?

A That would be the last week in August, say.

Q And you went on to December? That would be September, October, November, December -- about 15 weeks?

A I haven't the dates. I imagine it could be looked up.

Q How many days a week would you be out?

A Either one or two.

Q And how many properties would you appraise in a day?

A There were days you could do quite easily, on Lulu Island, a dozen, because they are side by side, two acre lots. In other cases you had to take two or three hours. In another case, you mght take only an hour. It all depends on the property.

Q The Soldiers Settlement Board's evidence, Dean, states they did an average of three every two days.

A I would expect that to be right, because they had no sheets to go by. They had to make out every form and draw the maps. We had to do none of that.

Q You were largely going on their information?

A Yes.

Q You took their information?

A Sure.

Q And your appraisals were consequently much faster?

A Naturally. We didn't have to do the work they had to do.

Q When you were appraising these properties at the rate of from two to six or ten a day, you considered all those factors which we previously discussed about each property? A: I would say so, either consciously or subconsciously.

Q I would like to return for a moment to your conversion factor. It is based on the average investment of $5,650.00. A: I think that is correct.

THE COMMISSIONER: Yes, the second paragraph, page 2 of the Report.

MR. HUNTER: Q: And your conversion factor of 1.4 is based on an average small fruit return of $3,883.00, is that correct? A: Yes.

Q Which is not actually an accurate conversion factor, is it? A: Well, you could say it is not absolutely accurate. I suppose you could say that $5,650.00 is not absolutely accurate, but it is pretty close to it.

Q The conversion factor of 1.4 would require an

average small fruit return of $4,035.00 instead of $3,883.00 to co-incide with an average investment of $5,650.00. That is correct. You would have to multiply $4,035.00 by 1.4 to get $5,650.00, so that the actual conversion factor should be 1.455. A: I am sorry I didn't use the 1.455, but for simplicity used the ~~xx~~ one decimal point only.

Q And the conversion factor of 1.1 would require an average gross receipt of $5,136.30 instead of $5,044.00? A: Yes.

Q So, it should be again 1.12. Let us assume your conversion factor of 1.1 is accurate and we take your figure of $5.044.00 as the average gross receipts in 1945 -- A:What is that again?

Q Assuming your 1.1 conversion factor is accurate and your figure of $5,044.00 as the average gross receipts in 1945 is correct, then let us assume that the price of crops is approximately half that in 1942 and that the production is the same, it would mean you would have an average gross receipt of half of that or $2,522.00?

A Yes. That would be for what year?

Q 1942, And that would mean a conversion factor, then, between your $5,650.00 and your $2522.00 of 2.24? A: Yes, on the basis of your argument, but your premise is wrong.

Q Just a minute. Why didn't you apply that conversion factor of 2.24? A: Will you

turn topage 20 of the Gray Report, please? And then turn to the Production, 1942, in the first column.

Q Yes. A: The production was $693,000.00. In other words, the price had gone up or had varied, and the total value in 1942 was $693,000.00, the next year $735,000.00, the next year $701,000.00, and you will find all the figures we are discussing, 1939 to 1944, the values of production are within the conversion factor of 1.1, with the exception of 1941, which is the second largest production, where you are $50,000.00 over. You must go back to your total production from those farms in terms of dollars.

Q Let's assume that the figures I gave you are not absolutely correct, let us assume some of it is correct and let us assume the price of the crop was half, the conversion factor I used would be the one to use? A: What did you say?

Q It was half the 1942 total in 1945.

A The production or value?

Q The gross return on the individual crop.

A You can assume that, but it isn't correct.

Q If the price is twice as great in 1945 and a farm produces the same amount, obviously the gross is twice as great? A: But that would not produce the same amount.

Q You have only 78 farms. A: I have the total production.

Q Where is that? A: That is in the

province.

Q Let's assume - - I am not trying to prove what I say is correct, but what I am trying to show is that your conversion factor, taken on a 1945 production, has no application and can't have any to 1942.

A You mean that the conversion factor should have been something over two, is that it?

Q Yes. A: I am quite willing to accept that.

Q Why didn't you accept it? A:Because it would not be right. The total value of production remained practically constant;even though we dropped from 13 million pounds production to 7 million pounds, the value only dropped from $930,000 to $693,000.00, and the following year the production drops more but the returns went up. In other words, the relationship is maintained.

Q What was the production in 1945?

A I am sorry, I haven't got it.

Q It was coming up again, was it?

A The value would be up in 1945, I expect.

Q So that your conversion factor of 1.4 might not go up to 2.2? A: It certainly would go up.

Q If you are basing it on a mathematical analysis?

A Yes.

Q Why didn't you put it up in that event?

A I think possibly because I am conservative and preferred to stay with the figures I knew were accurate.

Q Wasn't it because of your opinion on what the conversion factor is? A: No, it isn't an opinion. It is somewhere between -- that is for small holdings family farms -- it is somewhere between 1. 1 and 1.4, and if you check over the '39 to 1944 figures in the Gray report, you will find that is correct.

Q Isn't it a fact that the conversion factor has no significance whatsoever and cannot have, as long as it is based on gross revenue?

A If that were true, I am afraid the Clement Consulting Services would have a difficult time. We have our own experience, and it is one of the factors that supplements my judgment and reason in arriving at values.

Q If it is mathematically sound, why shouldn't you have used the higher factor?

A No, not to get your agricultural value.

Q I am talking about your productive value.

A What do you mean?

Q Your conversion factor is used to obtain what you call a productive value?

A That is an economic value.

Q And if it is mathematically sound, why wouldn't you use the larger figure?

A The larger figure applies only when the total income is in some small fruit.

Q Why wouldn't you use a larger figure than 1.1?

A When the total receipts of the farm are devoted to small fruits, you use 1.1; when only a part of the

revenue of the farm is devoted to small fruit, we use 1.4.

Q But in the 1.4 factor, we find, by studying the differences in the price of crops in 1942 and 1945, that it begins to go up somewhere around 2, and if you work it out on 1.1, I have no doubt it will go up to 1.8. A: It would on your assumption.

Q Well, I can't quite understand if the thing is mathematically sound, why you wouldn't take the higher figure. Isn't it a fact it was because you decided the higher figure was wrong?

A We don't work that way, my good friend.

Q You reduced the poultry unit cost from $2.05 to $1.55? A: Per bird, yes.

Q Would you explain how you calculated such a reduction?

A I thought at one time it might be advisable to use the 2.05 factor, which appears in the survey, and assume that the Japanese poultry houses were as well constructed as were the houses of the Occidentals, but after going over many of the properties we had to come to the conclusion that the Japanese poultry houses were built largely for shelter, that their value, as we saw them, was small, less than the average of the Occidental house, and we reduced that by about 25%. That figure is arrived at by looking at the farms, and it is an opinion on my part.

Q That is just another opinion by you?

A It is a very careful opinion on my part, after consultation with one of my colleagues.

Q It is not something that is capable of precise calculation? A: No. I think it was a fair comparison of the general claim of the Occidental house as compared to the Oriental house, or vice versa. Undoubtedly the white man puts more into his buildings.

Q And this is something you worked out this year, or something that you based on your knowledge of the white owner's construction?

A What do you mean by that?

Q I am wondering if you made a study this year of the white construction? A: No. You will find the study is one of the exhibits in the bulletin which quoted it; and I am quite familiar with poultry houses in this Valley.

Q And that is your opinion of the amount by which they should be reduced? A: That's right.

Q And there is no real way of working that out?

A No. At one time we considered using the larger figure, but it wouldn't be exactly right, but to the best of my judgment, that is the value that should be put on them in comparison with the Occidental farm.

THE COMMISSIONER: There are one or two questions I would like to put to Dean Clement.

Q May I recall to you your evidence given at the conclusion of your Examination in Chief, when you were endeavouring to explain how you thought the Soldiers Settlement Board appraisers had fallen into error?

A Yes.

Q And at that time, as one factor of error, you attributed to them a degree of pessimism they had developed in consequence of their experience between 1920 and 1930, when they had watched prices drop from 10 to 20 cents a pound for small fruits, down to 5 cents and 6 cents.

A Yes.

Q Can you tell me on what basis the Soldiers Settlement Board appraisers appraised the land that was taken up by veterans of World War 1? Did they adopt the same basis they have adopted here in relation to the D.L.V.A. properties?

A No. I can't give this absolutely. Mr. Barnett, who is here, may be able to give you the details, but at that time -- I am giving this entirely from memory-- I was Chairman of the Qualifications Board under the Soldiers Settlement Board.

Q That is the qualifictions of the individual?

A Yes. Then the Board, with a number of valuators, valued the farms and at that time, as I remember, -- I am subject to correction on this, but I think I am correct -- a soldier settler could choose a farm which might be sold to him by a real estate agent, and if the appraiser would pass that the settler could obtain the loan, provided the appraisal was right and the personal qualifications were right.

Q The appraisers passed on the price at which the property would be acquired?

A Yes.

Q And perhaps other factors?

A Yes.

Q What I wish to ascertain, if you can help me, is on what basis did those appraisers arrive at a price? A: At that time, as I know, there were no appraisers in the sense we have them today. Land was selling in these small fruit farms anywhere from $250.00 to $1,000.00 an acre, and in my report in 1921 I personally put some of them at $750.00 to $1,000.00 an acre. Berries were 20 cents to 21 cents a pound -- the same condition we have at the present time -- and due to the over-optimism, ~~of~~ all of us felt the land values were going to be maintained, there was no possibility of a slump in prices, but it hit us in 1920 and very heavily in 1921, and very much heavier --

Q Let me understand you. The appraisers' prices, then, were very substantially higher than even the appraisals you put on these properties at the present time, is that correct?

A Yes. The assessed values at that time were much higher than the values I put on the property at this time. Prices had risen very rapidly. Butter had reached $1.00 a pound. There was a general demand for land and I, among others, fell for the error.

Q My difficulty in understanding your first factor, if I ~~may say so~~ describe it, was this, that you didn't refer to the valuations that had been made at that time but you did say the prices dropped from

20 cents to 5 cents and 6 cents, and that was what created the difficulty.

A The valuations were excessively high, because they were based on 20 cents a pound for raspberries and strawberries, and then prices of properties began to fall and the price of berries began to fall and the price of land began to fall with them, and the price of land did come down and reached the low in 1931, 1932 and 1934, when the better and larger dairy famrs could be purchased for $100.00 to $150.00 an acre, which had previously sold, back in the '20's, for nearly double that money.

Q You spoke of $750.00 to $1,000.00.

A That is raspberry and strawberry farms.

Q Does that relate to the Fraser Valley?

A Yes. Unfortunately, in my optimism, I put that value on some of them, and that is what the farmers were selling for in 1920 and 1921.

Q Having in mind the difference of opinion between yourself and the Soldiers Settlement Board appraisers as related to 1942, is there a danger, perhaps, that you are still suffering from your youthful optimism? A: I don't think I am. It is very hard for me to visualize these better lands at $60.00 to $100.00 an acre in 1942. Land at $60.00 to $100.00 was very much undervalued. I think my good friends in the Valley were hounded by the settlers. That is too strong a term, probably, but they were pressed, certainly throughout 1920 and the early thirties, for a modification of their

indebtedness, and actually they did get a marked reduction in the indebtedness, and their experience in those years had a marked effect on their judgment and their reasoning when valuing those properties. I think today, were they sent back to value them, and away from the general pressure of their duties, they would put them very much higher. I am not blaming these men. It is just a circumstance.

THE COMMISSIONER: I was simply seeking to elucidate the answers you had given, and possibly counsel may desire to carry the matter further than I have done. We will recess for a few minutes.

(PROCEEDINGS RESUMED AFTER SHORT RECESS.)

THE COMMISSIONER: Mr. Hunter, do you wish to pursue the subject I was discussing with the Dean at adjournment?

MR. HUNTER: No, my lord.

THE COMMISSIONER: Thank you, Dean Clement.

RE-DIRECT EXAMINATION BY MR. McMASTER:

Q I would like to get clear, after the cross-examination by my learned friend, as to the basis on which you consider the Gray Report to be sound.

A The Gray Report is based on what we call a sample study by field enumerators going into the various municipalities and trying to find there what they believed to be the typical small fruit farms of the district. In other words, they tried to pick a sample which, in their judgment, was repre-

-sentative of the whole. The numbers are supposed to be, and are, in this case, large enough to give a fairly accurate picture of the situation and conditions in the small fruit industry as a whole. This is a sampling method which is the typical method used in all such studies. It is a typical method used even by the Dominion Department of Agriculture in making their agricultural statistics of production and so on from year to year. Statistically, it is sound.

Q Would you say that the results of that survey could be applied with certainty to any one farm?

A No. I wonder if I might have the exhibit No. 2? There is set out in Exhibit 2 an average for all farms and that becomes the typical farm of the study and representative farm of the Fraser Valley. Now, on the sheet you have there are two columns with no figures on them. The farmer is sent a statement showing how he compares in all of these factors with the average of the group. If he is very small, he is in that group; if highly specialized, he is in that group; if general, he is in that group. When he gets his report, he compares the average of the district and, in a sense, how he compares to the average of the group. All the factors that are mentioned there, in no instance will it be the average for all farms. A farm may be bad or not so good, but it shows the individual how he compares to the representative farm. That is personal information to the farmer.

Q Would the conclusions of the Gray Report be sound in relation to a fair sampling of small fruit farms as distinguished from an individual farm?

A Yes, it is sound as regards a sample. It xxxx gives a picture of a territory rather than a picture of an individual farm.

Q Would you be good enough to refer to Tables 1 to LV in your own Repor t and explain to the Commissioner the way in which you applied the results of the Gray Report toyour sampling of the Japanese farms? A: I didn't get the first part of that.

Q If you refer to Tables I, II, III and IV and explain to the Commissioner the manner in which you applied the results of the Gray Report, the 1.1 and1.4 factors, to the sampling of Japanese properties.

A The same principle applies in the sampling of the Japanese properties as applies in the Gray Report. There is no one Japanese farm that may be considered, unless by accident, as a representative farm, but if you take the average of all the farms referred to in the report you can get a representative farm, and the sample, as we have it, xx is a representative sample which I feel gives a true picture of the general situation as it existed in 1942 in the Japanese farms. We can take any one of these as an example. I don't think we need go overthem in detail, but if you study them you will find that in some cases the productive value runs relatively high; in other cases, it runs relatively low. The

direct valuation may be high at times; other times, low; but if you take them all together you get a picture of a sample of the Japanese farms which I believe to be sound.

Q One thing I notice in Tables 1, 2, 3 and 4, in addition to the applicationof the Gray survey, the factor 1.1 and 1.4, and in addition the application of your poultry survey, you have numbers marked in the right hand column over by the calculated figure referring to certain additional values which were in there. Could you explain to the Commissioner the reason why, in your opinion, those figures could be added to the Gray report?

A It just so happens that before me is Table 2 and in the case of No. 58, S. Kawamoto, the total calculated value of $1,980.35 is the one that appears on the right, and an allowance has been made, as indicated below, for the fact that peas and hops have not been sold through the Co-Operative. There was a certain value there that didn't appear through the Co-Operative records.

THE COMMISSIONER: Q: And that value is included, or is not included in the $1980.00 figure?

A The value is now included in the $1980.00 figure.

Q Peas and hops are included? A: Yes.

Then No. 2, just below, Tamura, $3,335,69, the piggeries handled 100 hogs for which an allowance was made of $850.00, which is some thing in addition to what would have been the ordinarily calculated value, and the piggery value is included in the

$3,335.69. And Odamura, No. 3, $5,906.78, as I remember it, this property had, as indicated in the Table, an exceptionally fine house well above the average, that is, not ordinary average but well above it, a big house, and an additional allowance was made there, and also in No. 4 for the exceptionally fine house that you would not ordinarily get on such a property. There are some exceptions on page 1, but they are all set out below.

THE COMMISSIONER: Q; In the case of those two houses shown on Table 2, Nos. 3 and 4, were those houses so situate that the greater value in the house could be attributed not to the farm but to the fact it was close to town, or something of that kind, and therefore you counted it at the greater value?

A No, that is not the main reason. The main reason was the house itself was very much above the average. You will find in quite a number of cases, there are here and there quite outstanding houses that are scarcely farm houses, but they have a value and consequently there was something allowed in these two or three cases.

Q I appreciate they would have their fair market value, if the location was such that a man living in the house could earn income outside his farm and thereby be able to maintain the house, but a very costly house would be a liability if the man had to derive his entire income from the farm.

A That is the conclusion we arrived at in a large number of properties, where the house was so good

we considered them real estate. That applies to a great many houses on Lulu Island and one or two in the Mission area.

Q But you did include the greater value to the house in these two cases, Nos. 3 and 4?

A Yes, because the property was fair to good and the house was exceptional, and we believe he deserved something extra for the fine house ~~xwa~~ which was there. It has been recorded very carefully that was what was done.

MR. McMASTER: My friend has referred to the difference between the return for small fruit or strawberries, I think particularly in 1942 and 1945, being approximately double in 1945. Are you able to say whether there was an increase between 1942 and 1945 in the value of land and in the value of buildings.

A Yes, speaking generally there was a strong appreciation in the values between 1942 and 1945, possibly more than double from the point of view of market value.

Q So that, when we refer to Exhibit 2, which is the average farm, the typical farm, and show a total investment there of $5,650.00 in 1942, what would you expect that average farm the total investment in buildings and lands to be approximately?

A You are thinking of sale value, are you?

Q I am thinking in terms of the value as the basis on which it was arrived at from the standpoint of investment in 1942, having regard to the increase in land and buildings.

A The same house and buildings three years earlier?

Q Yes. A: It would be half of 60% of its value. I am thinking now in terms of what it would sell for, market value.

THE COMMISSIONER: Q: The $5,650.00 figure is a 1945 figure, is that correct?

MR. McMASTER: Yes, my lord.

THE COMMISSIONER: As I understand it, Dean Clement, his answer to your question is the 1942 compartive value of that $5,650.00 property would be half of 60%. A: I am referring there to market value. If I could go back just a bit on the statements of yesterday. How were the values in the Gray Report arrived at? And in going over the details, I stated in much the same way that the census values were arrived at -- by asking the farmers and people in the community what the property was worth, or what the property would sell for.

MR. McMASTER: Q: At that time? A: At that time.

MR. McMASTER: That is all, my lord.

THE COMMISSIONER: Thank you, Dean Clement. Your evidence has been most helpful to me.

(Witness aside).

MR. McMASTER: I call Mr. John Clement.

JOHN WILLIAM CLEMENT, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. McMASTER:

Q Mr. Clement, what is your present occupation?

A Manager and Secretary of the Clement Consulting Services, Ltd.

Q How long have you been with Clement Consulting Services, Ltd.? A: Since its inception, September, 1947.

Q And immediately prior to your employment with the Clement Consulting Services, Ltd., what were you engaged in? A: I was with the B.C. Electric Railway Company in their agricultural extension department.

Q Would you tell the Commissioner your training and experience with regard to agriculture?

A I held a degree of Bachelor of Science in Agriculture in the University of B.C. in 1942; some experience as a laboratory chemist in Canadian Packers; subsequently with the B.C. Electric Railway Company. Prior to that I accompanied my father on his various survey trips in the interior of the province as far back as I can remember.

Q Would you tell the Commissioner what you had to do with the preparationof the report of the Clement Consulting Services, Ltd., which has been filed?

A It has been stated I have done the Joe work on this report, in that I have collected the data, taken my father to see these various properties, assembled the various figures we were able to attain, done most of the rough drafting, subject to his instructions, on the report itself.

Q It is mentioned in the report that you obtained certain information concerning production of some of

these farms from the various Co-Operative Associations. I refer you to the report.

A Throughout our report we refer to various figures in relation to various Co-Operative Societies. I gathered those figures myself from various places, among them Mr. L. R. Wilson of the Fraser Valley Growers, Limited, who was kind enough to open his ledgers, for 1939, 1940 and 1941, and allowed me to copy figures from them; Mr. R. C. Lucas, Manager of the Pacific Co/Operative Union, Mission, located the sinking fund register of the Pacific Co-Operative Union contract members, a record of the amount of money withheld by the Co-Operative for shares in a sinking fund from the marketings of their members in the years 1939, 1940 and 1941. The figures shown in the book, I was told, represent 3% of the monies due the members. By a simple calculation, that is the amount of money due the various members.

The Custodian of Enemy Alien Property made available the ledger records for 1939, 1940 and 1941 of the Maple Ridge Co-Operative Produce Exchange, located at Haney, through Mr. McMaster's office; and also through Mr. McMaster's office, the Secretary of the Surrey Berry Growers' Co-Operative Association, we were able to get the Growers' Statements ledgers for 1939 and 1941.

Q Would you describe briefly to the Commissioner the method you used in identifying or endeavouring to identify the Japanese properties with the names

which appeared in these various references?

A These various owners, where they have ledgers, each ledger had a number of sheets bearing a man's name, obviously Japanese, and on the appraisal photostats which came to us from Mr. McMaster's office, there were Japanese names indicating the owner of the property. Our task was to associate the names in the ledger with the names on the photostat, and those appearing in our report are only those in which we could be reasonably certain it was one and the same man. If there was a difference in spelling or initials, or anything else, which led us to believe it was not the same man, or anything misleading in the record, we took it out of our report and didn't include it. There would have been quite a few names in there, except for small differences in spelling. We assumed that if we had a man's name and that same name appeared in the ledger, that it was one and the same man.

THE COMMISSIONER: Q: And you did actually did inspect a great many more properties than referred to here?

A Yes.

Q And your eliminations were made in the manner now indicated? A: Yes.

MR. McMASTER: Q: Did you actually compare Soldiers Settlement Board appraisal names and properties than actually appear in your report?

A Yes, I don't know how many in total we inspected or how many we compared, but a great many more than appeared in the record here.

Q Did you or your father determine whether the 1.1 or 1.4 factor would be applied in the calculations?

A That was my father's responsibility.

Q With regard to these items that appear in Tables 1, 2, 3 and 4, were those done on your responsibility or on the basis of your father's --

A Those were strictly under his instructions.

Q Were you asked by my firm to endeavour to obtain from the Census Division of the Dominion Government

110 the information concerning the manner in which the agricultural census figures were collected as appear in the 1941 census? A: We received instructions from you and we conducted correspondence with Mr. Forsythe and Mr. LeMieux, of the Census Board, Ottawa.

Q I produce to you a copy of a letter and a printed sheet and a printed form. Will you advise the Commissioner whether those are the documents you received from the Census Department?

20 A They are.

MR. McMASTER: My lord, I realize this ins't proved with absolute certainty in view of the fact I have to call somebody from Ottawa to prove it. I would like to file it for what it is worth.

THE COMMISSIONER: It is a matter of weight.

MR. HUNTER: I think at least the original letter should be filed and not this copy.

MR. McMASTER: Will you be good enough to say whether you have the original letter?

30 A A few days after September 27th we received this

letter from Dr. Lemieux, explaining to us how the census was carried out and enclosing a copy of the census instructions. Unfortunately, we mislaid them somewhere and it was necessary for me to wire the Census Bureau and they were kind enough to send me a duplicate copy of the same. I have no doubt as to the accuracy of it.

Q Is this the letter which you received as a result of the wire you have just mentioned?

A That is correct. This is the answer to my wire asking for duplicate copies.

Q And this material came with this letter?

A That is correct.

THE COMMISSIONER: Q: Which Dominion census is this-- 1941?

A Yes, 1941.

MR. McMASTER: I would ask to file the letter from the Dominion Bureau of Statistics, dated January 21st, 1949, addressed to Clement Consulting Services, Ltd., together with a copy of aletter dated September 27, 1948, from Mr. Lemieux, the Director of the Census Division, and a printed page which is marked at the top "7980".

(DOCUMENTS REFERRED TO MARKED GENERAL EXHIBIT NO.100)

CROSS-EXAMINATION BY MR. HUNTER:

Q Mr. Clement, when you were examining these records of the various Co-Ops. and canneries, I want to get clear in my mind the manner in which you eliminated them. You eliminated all you couldn't find any corresponding on the Soldier Settlement Board

reports, is that correct? A:I eliminated names in the ledger where there were no Soldiers Settlement Board reports.

Q You didn't use that information because it was irrelevant, is that correct? A: Yes.

Q And you eliminated all those where the spelling was not the same or the initial was different, is that correct? A: Yes.

Q And when you were through, you took the remainder, is tht correct? A: Yes.

Q And taking the remainder, you placed them in these Tables 1, 2, 3, and 4? A:We did, in that those that appear in the Tables are all we had inspected or could inspect.

Q They were ones that correspond with names on appraisals and didn't have to be eliminated for the reasons you have enumerated?

A Yes.

Q And were they all of those, or did you have others you didn't include? A: Other names in the ledger.

Q Were there other names in the ledger which corresponded to the names on Soldiers Setelement Board reports you didn't include in these Tables?

A There may be.

Q How many? A: I couldn't say.

Q Why didn't you include those?

A Maybe we couldn't find the property.

Q It could be for some special reason?

A Yes.

Q But everything you could tie up with a Soldiers Settlement Board report is in these tables?

A To the best of my knowledge.

Q So that the selection for this is not on a representative basis, but simply this is everything you could get? A: What Table are you looking at?

Q Tables 1 to 4. A: It is, to the best of my knowledge, all the information we could get that was relevant.

Q In other words, it wasn't done on any basis of sampling; it was simply all the information you had? A: Yes.

Q When you were identifying these properties, as I understand from your father's evidence, you took your father to these properties, is that correct?

A Yes.

Q And did you, when you were identifying them, find the survey stakes? A: No.

Q How do you know it was the right property?

A We had maps of the various municipalities and in some instances, Mr. Grant, of the Soldiers Settlement Board, was kind enough to say, "This is the property in question", and he put his finger on the map.

Q In how many instances? A: I couldn't tell how many. I would say maybe about half in Maple Ridge and Surrey.

Q And the rest you located yourself?

A Yes.

Q You are not a surveyor? A: No.

Q And you didn't locate the stakes?

A No.

Q So, you weren't sure you were on the right property?

A Definitely we were sure.

Q How, without locating the stakes?

A If you will notice, on the Soldiers Settlement Board photostats, there is a map on the back of each one.

Q A sketch? A: Yes, supposedly of the property under consid eration, and in every case we were able to compare that map to the property and identify it. In other cases, there were Soldier settlers on the property and we would say to them, "Is this the property you bought from a soldier settler," and they would look it over and say yes and say, "I think that is it." In other cases, we were fortunate to find a house number.

Q You satisfied yourself on the information from the Soldiers Settlement Board; and where the house had been torn down, how did you do it then?

A There might be remnants of a raspberry or loganberry patch and so on, or there might be contours and gulleys and the remains of rhubarb roots.

Q And some soldier settler told you he had bought it from the Japanese? A: Not from the Japanese.

Q Well, from the V.L.A. A: Yes.

Q Supposing you were in the position where there were a number of properties along the road that had been owned by Japanese and purchased by the V.L.A.,

how would you identify them?

A The same way.

Q By asking whether they bought from the V.L.A.?

A No. The approach was we tried to pinpoint the property on the map, according to the legal description, or according to Mr. Grant. We tried, then, to locate it on the road. Sometimes it was a house number; sometimes a topographical characteristic; sometimes we asked the boy or girl who was on the property.

Q And how would you know the boundary of the property, if you didn't locate the survey stake?

A According to the Soldiers Settlement Board map.

Q You just went by that? A: Yes.

Q Without locating the survey stake, you can't locate the boundaries of a property, can you?

A Not legally.

Q And actually, either. A: You can locate them close enough for our purposes.

THE COMMISSIONER: After all, the Clement organization was simply making a comparison with something the Soldiers Settlement Board had declared.

MR. HUNTER: Yes, my lord. There is always the possibility they may be looking at the wrong property.

THE COMMISSIONER: Both may be wrong, but so long as they are both talking about the same thing, it is sufficient for our purposes.

MR. HUNTER: But perhaps they are not, my lord.

THE COMMISSIONER: I appreciate your contention that there is a possibility of error in that, even.

MR. HUNTER: A very strong one, I would suggest, my lord.

Q When you examined these records in the canneries and co-ops., and found names opposite certain figures, how do you know that was produce that came off their farm?

A It seemed logical that a grower would market his produce under his own name.

Q You never heard of a farmer taking some of his neighbour's produce to market?

A I think it happened.

Q It is quite a possibility that some of the figures will represent things of another farm?

A A possibility but not a probability.

Q Did you cover all of the canneries or co-ops. in the Valley of any size?

A What do you mean by that?

Q I mean, did you examine their records?

A I examined the records, yes.

Q Are there any other big co-operatives or canneries in those municipalities?

A I couldn't say.

Q Didn't you enquire? A: Well no, I didn't.

Q So, there might have been a lot of other records there you could have examined and didn't bother?

A Yes.

Q Where did you get the names of the canneries and co-operatives you did investigate?

A I knew about them. It was certainly knowledge to me there was one in Mission and Maple Ridge.

Q You feel you would know about any canneries or co-operatives of any size?

A I would likely have heard about them.

Q And you did examine all those you have heard about?

A Yes.

Q So when you found a very large percentage of a berry crop not marketed through the co-ops, what was your conclusion?

A I didn't find any.

Q You didn't know about that or about large percentages of the berry crop on the Japanese claims not being accounted for in your tables 1 to 4?

A Do you refer to crops that went through Slade & Stewart?

Q I am referring to crops that didn't go through co-operatives.

A We had no record of them.

Q Did you make any effort to find out where they went?

A We inquired about them and I know that Slade & Stewart seemed to have handled some of it. The records were not readily available to us.

Q What would be your assumption from your agricultural knowledge as to where these crops went?

MR. McMASTER: Which crops?

MR. HUNTER: The same crops I was talking about before -- the berry drops from the lands of

the Japanese in these municipalities?.

A They might have been marketed direct.

Q You think there is a strong possibility that seventy percent or eighty percent or ninety percent would be marketed direct?

A The possibility was strong.

Q You don't know where that went?

A No.

Q How did you manage to eliminate all chance of there being two names the same?

A Two names where?

Q Two owners of property having the same name.

A I don't think it came about. There was one case, I think, Sano, in the Mission area, we inquired specifically at the Mission Co-Operative, and they told us they were father and son marketing under the same name.

Q But you had no trouble that way?

A No.

Q All you know is the name seemed to correspond to the name in the ledger; that is, the name of the Soldier Settlement Board appraiser?

A Yes.

Q But you have no actual knowledge whether there were two Japanese in that municipality?

A If there were two Japanese of the same name, they weren't listed in the ledger.

Q You have assumed it would be the same person?

A Yes.

MR. HUNTER: That is all, thanks.

(Witness aside)

THE COMMISSIONER: Examining Exhibit 100, can you tell me whether these Japanese claimants completed these forms in June, 1941?

MR. McMASTER: I am sorry, my lord, I can't.

THE COMMISSIONER: It might be very helpful if they would make their ~~in~~forms available to me.

MR. McMASTER: My next witness is Dr. Drummond.

THE COMMISSIONER: It is now 12:30. We will adjourn until 2 o'clock.

(PROCEEDINGS ADJOURNED TO 2:00 P.M.)

hereby certify the foregoing to e a true and accurate report of the said proceedings.

Deputy Official Stenographer

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT AT 2.00 P.M.)

MR. McMASTER: I am calling Mr. Cobus, my lord.

ANTHONY EDWARD COBUS, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. McMASTER:

Q Mr. Cobus, what is your present occupation?

A I am a barrister and solicitor in the employ of Campbell, Brazier, Fisher and McMaster.

Q Will you briefly indicate to the Commissioner your educational background?

A I took my normal training at Victoria in 1930. I received a combined degree of Arts and Law at the University of British Columbia. I took one year at North-Western University in accountancy and allied commercial subjects. During the war I took certain courses in administration, testing procedures, and as a navigator.

Q Will you just briefly describe your occupation prior to being called to the Bar?

A Yes I had two years office experience with the Crows Nest Pass Coal Company at Fernie, British Columbia. Those were in the years 1928 and 1929 after which I took training as a teacher at the Normal in Victoria. For nine years thereafter I taught in the schools of British Columbia, the last five being in the high schools of British Columbia. I was a commercial specialist teaching chiefly accountancy and certain other allied commercial subjects. During the war I acted as an instructor

for certain clerk accountants and certain administrative clerks. I instructed navigators. When I was discharged from the Air Force I was engaged by the Canadian Vocational Training organization to establish a school for discharged veterans who were interested in taking commercial training. I did that solely for three months and afterwards on a night shift while I attended University, taking my law degree. Since September of last year when I was called to the Bar and admitted as a solicitor I have been engaged by the firm of Campbell, Brazier, Fisher and McMaster.

Q Would I have Exhibit No. 97. I produce to you a document, Mr. Cobus, Exhibit 97. Is that a report which you prepared?

A This is a report entitled Relationship Between the 1941 Census of Canada(Agricultural) Farm Values and D.V.L.A. appraisals of Japanese land in the Lower Fraser Valley.

Q You have a copy of that report?

A I have a copy of that report.

Q Will you be good enough witness, to explain to the Commissioner how you went out the preparation of this report, and then to read the report?

A On the receipt of Volume 8, part 2, Agricultural census of Canada which I have before me now, I discovered that a rather remarkable change had been made in the form of the report of the census in Canada for that year in as much as in British Columbia, at any rate, instead of showing total

values and total acreages by large areas, such as the Lower Fraser Valley or the Okanagan and Columbia River, that the figures had been collated separate for the municipalities in the different districts. And in Division 4, which is entitled subdivision A, Lower Fraser V alley, at pages 1652 in this volume 8 , I found that agreages had been given for each individual municipality in this division 4, namely the Lower Fraser Valley. I found there that the acreage was given in terms of improved acreage and in terms of unimproved acreage, both terms of which are defined in the census, in the preface of this particular volume. Then at page 1652 -- as a matter of fact, I think I was in error, my lord, with reference to the page that gave the acreage. That is table 52, at page 1646; whereas table 53 at page 1652 gives the values. Now the values designated for the farms in each of those municipalities in the Lower Fraser Valley are given in terms of land and in terms of building.

The study I embarked upon in this instance was related to land solely. I ignored buildings. Therefore the problem then arose: here I had certain unimproved acreages, certain improved acreages but I had the value in terms of land only; one value covering both types of acreage. However, in the Soldiers' Settlement Board appraisal, as your lordship knows, the acreages were broken down into cleared acreages as No. 1;on page 2 acreages which can be cultivated with certain breaking procedure

No. 3 land that required clearing, drainage and certain other work done on them before they would be cultivatable, and No. 4, which was designated as being not fit for agriculture. I gave the matter a good deal of thought, because attempting to relate the values given by the Soldiers' Settlement Board in terms of cleared acreages and uncleared acreages, appeared to be a little difficult when the figures in the census were given as a total. However, that resolved itself very easily when I recalled some of my school teaching experience to which I have already confessed, by using the principle of simple proportion. That is to say I said, if the Soldiers Settlement had appraised, let us say 100 acres of cleared land and got a value and then they had proceeded to appraise the entire municipality on the same basis they would have achieved a certain value. Then I said, the Soldiers' Settlement Board had appraised 100 acres of unimproved value and they would have achieved a certain value. Then if they had gone ahead and appraised the remainder of the municipality they would have achieved a certain value, and if you add those two at adjusted values together, then you have the value according to the Soldier' Settlement Board appraisal for the whole of the municipality. Then it is a simple matter to compare the figure given in the census figures with the Soldiers' Settlement Board appraisal. The reason, my lord, I have gone into that so thoroughly is that I have shown the report to a number of

people and first it appears to be rather an involved process when in fact it is nothing more or less than saying if three apples cost ten-cents eight will cost eight over three. It is as simple as that.

Q With regard to the figures that appear here, purporting to be from the census report, are they true and accurate to the best of your knowledge?

A To the best of my knowledge they are accurate. The figures shown in the report are figures that I have taken off on a tape which I have had read back, by being one of the proof readers, and the result that I have obtained and shown in the report are true.

MR. McMASTER: My lord, the census report, unless your lordship desires it I don't think we need file that as an exhibit but it will be available, for my learned friend if he wants to check any of the figures.

Q Will you proceed. Be good enough to read the report.

A My lord, attached to the report and following page 3, I had typed two extracts from the census figures selecting only the columns of those figures which apply to this particular study. Wherever there has been omissions I have indicated that by a series of dots. Referring to a report and I am now reading, "At page 1562 and 1563, (Reading report)."

THE COMMISSIONER:

Q That will be the total number of occupied farms in the Maple Ridge municipality?

A That is so.

Q Did you take all the soldier Settlement Board appraisals in Maple Ridge?

A I took all of the appraisals which were available to me at the time my Lord. People have been working on the appraisals before I attempted the study, and it would be difficult for me to say that I used all of them but I can say that I used all that I had, and that would be most of them because I think the total there amounts to - I have used from 600 photostats my Lord and you will note that there is a conspicuous absence of the Municipality of Richmond which I will be able to explain shortly. (CONTINUES TO READ REPORT)

Q Mr. Cobus, do you suggest that your sampling of as low as 1% is likely to be a true sample of the whole?

A My Lord I am not in a position to give an expert opinion on what would constitute a safe sample but does your Lordship want my own opinion.

Q You are putting up this document. What value do you attach to it?

A In Delta?

Q Yes?

A In Delta my Lord the acreage that was involved in Solidier Settlement was 1.4% which is an extremely low percentage, and knowing the Delta, and knowing where the Japanese lands were

in Delta, and knowing the farms on the Delta, which are chiefly Dairy farms of large acreage, I would say no in my own opinion.

Q The same would apply to Langley.?

A I am not familiar enough with Langley.

Q In Langley again there are to my knowledge a good many large acreages; there are large acreage farms.

A I am most certainly not familiar with that. But I do wish to express the opinion that Maple Ridge has not only that percentage there but I know the distribution of the Japanese lands, having done a study on that, and I would be inclined to say that it is a fair sample of a hemogenous body of land. Similarly with Mission. With the other municipalities I am not at all familiar.

MR.MCMASTER:Q: I produce to you a report, Mr.Cobus, which is headed "Market Sales, Assessments and D.V.L.A. Purchase Prices". Can you identify that report?

A That is my report.

Q And have you a copy of that?

A I have a copy of that report.

MR.MCMASTER: I would ask to file that as the next exhibit.

(REPORT MARKED GENERAL EXHIBIT 101)

MR.MCMASTER: Before having the witness refer to this report which I am just filing my Lord, I ask the Secretary to let me have exhibit number 98.

A.E.Cobus,
In Chief.

Q I produce to you exhibit No. 98 which is a map of a portion of the municpality of Maple Ridge. and has certain printing of red markings on it. Will you identify that and explain what it is about?

A That is a map my Lord of the Municipality of Maple Ridge, as indicated on it, and I did the "Joe" work, I believe is the term, to locate the properties involved, marked in red - there is no legend apparently - marking in red the Japanese properties which are involved in the study of our report which has just been filed.

Q That is exhibit 101?

A Exhibit 101. And having marked on it certain blue properties which represent what I shall term in the report "Markets, Sales Properties". I did this work myself and as far as was humanly possible it is accurate.

Q Witness I would like you to explain to the Commissioner how you went about preparation of the report exhibit 101, and thereafter to read the report.?

A The firm of Campbell, Brazier, Fisher & McMaster had engaged the services of the late Professor Farr of Victoria last summer, and had given/to Professor Farr certain information which had been obtained by searches conducted by members or employees of the firm, and he was asked the first time to suggest something

that might be done with that type of information. After due consideration, Professor Farr advised the firm that probably a study comparing the sale of the Occidental or as we use the term - by attempting to relate Market Sales in one Municipality with assessments, and doing the same thing with the prices paid by the D.L.A. to assessment, might produce some significant results. So then it became a problem of procedure. Professor Farr instructed me that the sampling method would be used. Normally if you are sampling a group, I understand one would be able to start with the first of the group, skip four lots say, and take the fifth and the tenth and the fifteenth ones and so on and after sampling the entire group of like things, one would end with a 20% sampling. However Professor Farr, who was not only a professor of economics at Victoria College but was also a lawyer during his later years -

Q Yes I knew him?

A - realized that perhaps the information or the records to which I would have to refer might not lend itself to that mode of selection. So he indicated to me the type of sale which he would consider to be a Market Sale, a free sale on the market. He indicated to me the type of sale which I should treat as suspect and eliminate from the study, regardless of what the

actual result was in terms of value. Following this instruction I went to the Municipal Hall at Haney -

THE COMMISSIONER:Q: Just before you go on, would you outline the instructions that you had from Professor Farr as to what was a true sale and what you might consider a suspect?

A Yes, my Lord. I might point out that in the second paragraph and third paragraph of my report I have indicated exactly and enumerated exactly the type of exclusion that was used. so if your Lordship pleases that will be covered.

Q Yes, go ahead?

A As I was saying, I xresortedxx to the Municipal Hall at Haney and found that there were assessment roll s for all of the properties in Haney, including Hammond and Haney Townsites which Professor Farr had told me to eliminate as we were dealing with farm properties, not village properties, and I might say that the procedure in fact was I took book number one and started with the first sale as shown on the record, shown on the assessment roll. I might say my Lord, that the Municipality - each municipality is in direct liaison with the Land Registry offices concerned, and they provide the municipality with a carbon follow up copy of the title, and indicating the declared valuation, and the parties involved

. and that carbon follow up sheet -

Q Within what years were the sales that you studied?

A I started with the year 42, took 43,44 and ended with 45.

Q All right, go on?

A In examining the assessment rolls, I would go down the column and find the title number indicated and the parties, and then I could refer to the carbon follow up on that particular title number. I would accept it or reject it depending - if it fell within one of the excluded categories I could not accept it; then I would have to drop to the next one and then I would skip several and pick up the next one, and possibly it would not be one and I would have to drop another. Am I making myself clear?

Q Yes.

A I did that throughout all of the assessment rolls for Maple Ridge, excluding as I say, the roll for the Haney Townsite and Hammond Townsite. When I did that the first time, I discovered that I hadn't picked up too many so I retraced my steps. That is starting at the back x I worked towards the beginning exactly the same way. I might say at this point I trusted my memory a little too far, thinking that If I did happen to fall on the same one, I would immediately recognize it. Well the

errata sheets in the front of the report indicate that my meory of names and legal descriptions was not perfect but I have attempted to correct that and it is shown on the errata sheet. And my Lord, I took the liberty on page two of the report to indicate in red the errata to which the cover page refers - in red ink on page two.

Q Does that mean that those shown in red ink have been repeated?

A No they are now what I know to be the accurate figures.

Q The red ink figures?

A Are the accurate figures, my Lord. And I might say at the same time it was quite possible to take off the assessed value because that was before me at the time I was making my sampling. That was recorded. A check was made in the Land Registry Office to determine the exact legal description of the sale because sometimes the legal description one obtains at the Municipal Hall while, by and large, they are correct, they may make some difficulties if you are attemtping to locate them. And at the same time a check was made on the consideration or perhaps the term, "declared value" would be the better term on the application. The actual application was referred to and checked and that was the check used on the expressed value as shown on the application for title.

Q I suppose you considered that in taking the

declared value, if there was an error it was likely to be declared too low rather than too high because the applicant would not likely be paying Registrgtion fees on the basis of a greater price than he actually paid.?

A Yes. As a matter of fact my Lord, that was one of the reasons - I think it will be clear to your Lordship when I read the report - the reason for several of the exclusions.

MR.MCMASTER:Q: Now will you proceed to read the report?

A I shall skip the errata page my Lord and read from the report.

.... (READING EXHIBIT 101).....

A change took place in the way the assessment roll was prepared. Where formerly a new assessment roll was prepared each year they now use a single ledger sheet per property so that at any given time from 1945 forward, at Maple Ridge, one will be able to learn the whole history of the turnover of that property, the change of the ownership, the charges, and whatever else might affect that land on this one sheet whereas formerly one would have to refer each years to a new roll and a new roll number.

THE COMMISSIONER:Q: When you extracted that information did you then compile the total of selling prices?

A Yes I have the figures of totals shown on tables one and two.

Q I was just thinking of that in terms of a fixed date. We are fixed with a date in 1943.

A I think I misunderstood the question. Forty two was not combined with forty three. Each year was treated separately.

THE COMMKSSIONER: That satisfies my question.

THE WITNESS: May I proceed my Lord?

THE COMMISSIONER: Please do.

THE WITNESS: (Continued to read Exhibit 101)..... With respect to No 6 my Lord, if my memory serves me correctly I eliminated three sales that just did not make sense; that is $10,000 perhaps shown as the consideration for a piece of property assessed for something like $1,000. That was eliminated because Professor Farr said that such a transaction would likely be affected by some other consideration. (CONTINUING TO READ REPORT.....) Now my Lord if I might have exhibit 98.

MR.MCMASTER: The map.

THE WITNESS: This might then become a little more significant. The reds which perhaps your Lordship can see on there are the Japanese properties involved in that study of 1943. The blues may not stand out quite as clearly - are indicated by blue markings. That relates to the year 1943.

MR.MCMASTER:Q: Witness, I would like to get clear the blues on that map represent these seventy one parcels in 1943?

A That is correct.

Q Of market sales? A Of market sales.

THE COMMISSIONER: Exhibit 98 was the map.

MR. McMASTER: Yes, my lord.

(PLEADINGS RESUMED AFTER SHORT RECESS)

ANTHONY EDWARD COBUS, resumed:

DIRECT EXAMINATION CONTINUED BY MR.McMASTER:

Q Mr. Cobus, referring to your report on the 84 properties which were used with respect to the 1943 comparison, that is the properties that formerly were Japanese --

THE COMMISSIONER: Wait a minute; 71, is it not?

MR. McMASTER: No, my lord, those are other than Japanese sales. Just below that refers to 84 properties.

THE WITNESS: That is on page 2 of Exhibit 101. Is that correct?

Q That is correct. I wonder if you would be good enough to explain --

THE COMMISSIONER: Let me get this before the explanation is given. Where was it referred to on page 2?

A Just above the reference to Schedule "B".

MR. McMASTER:

Q Those are the 84 properties in Maple Ridge taken out of the D.V.L.A. purchases of Japanese lands. Would you be good enough to explain to the Commissioner the manner of selection, if there was a selection of those eighty-four of the D.V.L.A. parcels in Maple Ridge, and also

the method which was used to check the assessment and sales prices on them?

A Our first real indication of the number of claims and the claimants by name was received in the form of a general index from Toronto, and when the photostatic copies of 850 parcels were received, someone was put to work to match the claims, the index number, with the photostatic copies relating to his land. In many cases you might find two M.A. Dumura's, you might say. At the moment we were not able to tell whether M.A. Dumura held Parcel JL-85; it might be JL-86. Nevertheless, in the hopes that the two properties or rather the name and the property appraised were the same, the index number was given with the result that, let us say for example, we might have had delivered to us some 220 or 225 photostatic copies and nevertheless only a hundred or a hundred and ten of these could have been indexed. Now when that information wasreceived, it was possible for someone to go to Maple Ridge and obtain the information on the properties described, on these hundred indexed parcels; take off the name of the owner as it then was, and the assessed value, and on the assessment roll would be indicated the fact that it was a D.V.L.A. -- not a D.V.L.A. case but aCustodian case. That is, wherever you ran into Japanese properties, the Japanese name would have been stroked out

and the name of the Custodian written across it. That information was taken then to the Westminster Land Registry Office and we had the title number and it was a simple matter to turn up the title vesting the property in the Custodian, and the title passing the property to the D.V.L.A. and the consideration on both of those titles would be identical. That is how we got the prices paid for the Japanese properties.

THE COMMISSIONER:

Q You selected your eighty-four?

A Out of roughly, my lord, one hundred. Now, out of that one hundred I stopped with eighty-four because of the 110 indexed, a number of them were Custodian sales, -- that is Custodian sales to other than D.V.L.A. which obviously were not applicable to the study. Two or three of them were all exceptionally bad acreages. I recall leaving one Japanese property in the study, and included in the eighty-four properties, or eighty acres. I left one in of that sort, but in the market sales you will not find any acreage beyond fifty acres. Is that what you want?

MR. McMASTER: Yes. My lord, I think I might be permitted to say with regard to this index, at the time the study was commenced, and it has gone over a long period, but at the time these properties were selected the only information we had as to who the claimants were was on a list from

Toronto showing the nature of the claim, but not the legal description or copies of the claim forms, so it was not possible to identify the claim with the appraisal report.

THE WITNESS: I can add, my lord, out of that eighty-four the great bulk would be properties for which claims have been submitted -- by far the greater bulk of them.

MR. McMASTER: Your witness, Mr. Hunter.

Before my learned friend proceeds, I would like to draw your Lordship's attention that I intend to call Professor Drummond of the University, who has analyzed this report from the fiscal point of view and my learned friend has a copy of the report.

THE COMMISSIONER: Just before Mr. Hunter starts his cross-examination, would Mr. Cobus outline to me what conclusions you consider should be drawn from the figures you have given me?

THE WITNESS: My lord, I feel that I am in no position to do anything but present the facts I have found. I feel that any opinion I can express would not be warranted either by my background or training in statistics which, as a matter of fact, consists of one course in statistics.

THE COMMISSIONER: Then who is going to do that?

MR. McMASTER: Professor Drummond.

THE COMMISSIONER: We will get that from him?

MR. McMASTER: Yes, this report is being presented in the manner in which Mr. Cobus actually did

the physical work.

THE COMMISSIONER: It is purely a factual proposition?

MR. McMASTER: That is correct, my lord.

THE COMMISSIONER: And the analysis of it will come from Dr. Drummond?

MR. McMASTER: That is right, my lord.

MR. HUNTER: My lord, those studies were produced by my learned friend in the last ten days and as a result we have not had time to investigate all the figures which have been brought forward, and we are having a study made along similar lines. I should like at this time to apply for the privilege of putting these things in at a later date.

THE COMMISSIONER: Would you prefer to withhold your cross-examination now, because Mr. Cobus will be available at a later time? I can say this; I was agreeably surprised that you were able to proceed with the cross-examination of the last principal witness. I fully expected you might not feel that you were able to, and perhaps you are in the same position here.

MR. HUNTER: I do feel somewhat in that situation. I have some material and I am waiting for more material and we have not had the opportunity of checking the sales of 1943. There is some material, but it is a lengthy process and not knowing that they were going to work from assessed value, and so on, we did not anticipate it.

THE COMMISSIONER: Would you prefer to withhold your cross-examination meanwhile, until you get adequate instructions?

MR. HUNTER: Yes, I should, my lord.

THE COMMISSIONER: Any objection, Mr. McMaster?

MR.McMASTER: My lord, I appreciate there is a lot of work in checking this material. There was an awful lot of work in preparing it, and while the cross-examiner had had it for two weeks, if he wants to check it further, it might take longer than that.

THE COMMISSIONER: I think, from my point of view, it would be satisfactory if I were satisfied that counsel was ready to go straight through the cross-examination. It might be helpful to you to have the doctor's evidence first before you proceed with the cross-examination.

MR.HUNTER: Yes. As I understand it, Dr. Drummond is merely going to show by statistical means the significance of the material produced by Mr. Cobus. Is that correct?

MR.McMASTER: Yes.

THE COMMISSIONER: Then we can adjourn now, and resume at 10 o'clock tomorrow morning. We can get Mr. Cobus at any time, I take it?

MR. McMASTER: Yes, my lord, I am afraid he is in it. I have been restraining him from getting into the active part of the counsel work until he gave his evidence, but that should not embarrass him at all.

MR. VIRTUE: I take it that it is in your Lordship's mind and in my learned friend's that he will be able to proceed within a matter of days. Otherwise I don't suppose it will be possible to go ahead with any of the category cases until my learned friend has finished his cross-examination of the witnesses.

THE COMMISSIONER: I am in counsel's hands in that regard. Will Dr. Drummond finish your general evidence?

MR. McMASTER: No, my lord, we will be proceeding with the general evidence fairly certainly for the balance of the week and the first day or two of next week.

THE COMMISSIONER: You contemplate remaining until the general evidence is all in?

MR. VIRTUE: Yes. I was hoping after the general evidence goes in your Lordship might be able to continue and hear some of the category cases. I don't mean hear them all, but I should have some idea of how they were going to go and what evidence was going to be produced. Perhaps my learned friend could go on with his cross-examination early next week and get that out of the way and then take some of the category cases.

THE COMMISSIONER: It does appear to me, Mr. Virtue, that we are now getting down to the meat of the general picture that counsel is putting before me and I do not wish to hurry either counsel in dealing with material of this

description. Perhaps it will be safer to leave it until we see what the situation is. I am quite sure Government counsel will have in mind that you are here for a short time only and will endeavour to accommodate you.

MR. HUNTER: I think, my lord, it will be probably within a week I will be prepared to go ahead and it may be a shorter time. A few days will make quite a big difference.

THE COMMISSIONER: We will just leave it at that, and you can renew your request, say, on Friday.

MR. VIRTUE: Yes, naturally I cannot embarrass my learned friend and ask him to hurry up his work but if we could coordinate things for the benefit of everybody --

THE COMMISSIONER: Yes, I take it you have nothing else to go on with today.

MR. McMASTER: I have nothing further, my lord. I am sorry.

THE COMMISSIONER: Adjourn until 10 o'clock in the morning.

(PROCEEDINGS ADJOURNED TO 10:00 A.M., FEBRUARY 2nd, 1949).

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

A.E. Saunders
Deputy Official Stenographer

JAPANESE PROPERTY CLAIMS COMMISSION

(Before the Honourable Mr. Justice H.I. Bird, Commissioner)

Vancouver, B. C.,

January 31st, 1949.

PROCEEDINGS AT HEARING.

(Pages 1208- 1347)

General Evidence

F. M. Clement. 1208 - 1347.

The Commissioner.

Vancouer, B.C.,

January 31st, 1949, 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

PRESENT:

A. G. VIRTUE, Esq., and R. J. McMASTER, Esq. appearing for the Claimants.

J. W.G. HUNTER, Esq. K.C. appearing for the Crown

THE COMMISSIONER: Gentlemen, I am sorry that other duties prevented me going on with the Commission when I expected to, but I think we are probably free now for some time. What do you propose to start in on now, Mr.McMaster?

Mr. McMASTER: My lord, we propose to start with general evidence and I propose first of all to call these men -- but before doing so, I would like to say the general evidence that we will be dealing with first relates to the Veterans' Land Act, with relation to farm properties, and will consist of a number of sampling studies and statistical studies.

I would like to say with respect to them, my lord, that it is not suggested that that gives the answer to the individual cases by themselves, but they are presented, to provide a guide.

THE COMMISSIONER: I appreciate the purpose.

MR. HUNTER: I have a preliminary objection to make, my lord. I am told that Dean Clement is to give evidence first and that will be supplementing or supporting the report which has gone in, and that

the report is based on certain factual material which has been furnished to him by J. W. Clement. It seems to me we are getting the cart slightly ahead of the horse, if we don't have the evidence of the son.

THE COMMISSIONER: Well, we have already hadsome evidence from Mr. Clement, Jr., and as I understand it the Dean's evidence x relates to some other evidence given by Clement, Jr. does it?

MR. McMaster; Yes, it refers to a report of Clement Consulting Services, Ltd., to undertake certain studies, and I think his evidence will show that he was primarily responsible for the studies.

Certainly, a small portion of the material is statistical data that is in the report, that was collected by the company.

My point is that the report is primarily the responsibility of Dean Clement, Sr.

THE COMMISSSIONER: I understand Dean Clement has directed certain factual material shall be obtained.

MR. McMASTER: Yes, my lord.

THE COMMISSIONER: And that has been obtained by Mr. Clement, Jr.

MR. McMASTER: Yes.

THE COMMISSIONER: I fancy it is more convenient ~~for me~~ through to bring out the evidence than Dean Clement now. I do not think any damage will be done, Mr. Hunter, and I am prepared to hear it.

FRED MOORE CLEMENT, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. McMASTER:

Q What is your full name?

A Fred Moore Clement.

THE COMMISSIONER: I should know what your faculty is at the University, Dean.

A Dean of the Faculty of Agriculture.

MR. McMASTER: Q: Dean Clement, will you be good enough to outline your academic qualifications in the terms of knowledge?

A I am a graduate of the University of Toronto, in agriculture; a graduate of the University of Wisconsin in agricultural economics, and since 1916 I have been head of the Department in the University of British Columbia and since 1919 Dean of the Faculty of Agriculture in the University of British Columbia.

Q And in your work at the University, what subjects are you mainly concerned with?

A I am concerned with two things: First, with the instructional work in agricultural economics, farm management and general economic aspects of agriculture. And secondly, I am responsible for the general administrative work of all phases of agriculture in the faculty.

Q What duties have you, if any, with respect to economic studies or surveys that are carried on under the Faculty of Agricutlure at the University?

A At the moment, there are two studies under way: the one under my complete direction and the other

in cooperation with the Dominion Department of Agriculture.

The one under my immediate direction is the small fruits study: The situation of the small holdings and small fruit farms in the Fraser Valley; and the second, in co-operation with the Dominion Government, is a study of the wage formula for the Provincial Department of Labour, trying to work out a formula that can be applied from year to year, based on the ability of the fruit grower to pay.

We have just completed a dairy farm study, and in 1946 a small fruit farm study, -- I do not know whether I have included them all or not. I could go back thirty years and mention a lot more, but that is my job to study farms and economic agriculture.

THE COMMISSIONER: Unless you wish to pursue the question of qualification any further, Mr. McMaster, I may say that there is nothing further necessary from my point of view.

MR. McMASTER: There is just one other point I would like to bring out. Dean Clement, would you be good enough to tell his lordship some of your duties outside of agriculture that you have undertaken in the last few years?

A Well, I have headed, I think, two Royal Commissions: The first one in 1928 -- the Milk Inquiry Commission, and the last one in 1946 -- under the Dyking & Drainage Commission, where I was the single, sole commissioner, and the recommendations

were to be given effect to by the Provincial Legislature.

Q And that Commission on Dyking was in what area?

A The Dyking & Drainage in the lower Fraser Valley, and the irrigiation in the Interior.

Q Now, are you at any time consulted by persons with regard to the purchase of farms or fruit lands?

A For a long period of time, I had been consulted many times.

I have tried to get specific information on that but I had kept no records, except by the letters and so on, but it averages more than one a week, over a year. In the last few weeks, there have not been many and before that there were quite a number, and I figure when the weather breaks there will be quite a few more.

THE COMMISSIONER: They are all frozen up, maybe.

MR. McMASTER: Q: Now, on what do you advise purchasers of farm lands? A: Well, it is really a matter of general knowledge, covering a long experience in every part of the Province. And the other is the economic surveys for which I am responsible and which are prepared in co-operation with me by the Dominion Government. I should say all reports on economics go through my hands and we work together on agricultural problems.

Q And in connection with your duties with the problems you have outlined, have you had any occasion to acquire any information as to the market

value of lands in the Fraser Valley?

A My knowledge of market values is based on general information from moving around the Valley and moving around the Province. My specific knowledge is based on the accurate study of farms.

Q And would you be able to give the Commissioner any impression from your knowledge of the relationship between agricultural values and market values in the Fraser Valley in 1942, and also in '43?

A The market values and agricultural values in 1942?

Q Yes. A: And '43. First, I should define the possible agricultural value. By agricultural value, I mean a price that can be paid by a farmer for a piece of land and reasonably expect to pay for the farm from the land; and then the market value may be entirely different. It may be a value that is made under pressure by a real estate man; and it may be a scarcity value and it may be, oh, a number of things.

Now, with that in mind, the years 1942 and '43, there was the beginning of a slight uptrend in 1940 -- and in 1941 there was a still further slight uptrend. In 1942 there was a marked uptrend. In 1943 there was a very marked up trend in market value.

Now, I am not sure whether I got all your question. It was a long one.

Q The thing I am wondering about is whether you can give any opinion in the years 1942 and '43 whether the agricultural value would tend to correspond

with the market value or whether one would be above the other? A: They were fairly close together, with a tendency for market values to advance in 1943.

THE COMMISSIONER: By that do you mean to break down the relationship previously existing between agricultural and market value?

A Yes.

Q In other words, the market value went ahead more rapidly than the agricultural value?

A The price of the product showed the first marked signs of advance in 1943, and with it there was a demand for land, which came to at the moment -- which not necessarily outran the agricultural value but over the next two or three years it put a little bit of value on the land, that was due to the rising price rather than a long time price.

THE COMMISSIONER: Yes?

MR. McMASTER: Q: Now, could you give the Commissioner from your experience some indication as to the prospects of the small fruit industry in 1942 and 1943 in terms of its history?

THE COMMISSIONER: This is all related to the Fraser Valley, I take it.

MR. McMaster; Yes, to the Fraser Valley.

A Prices had begun to advance about 1939, but the prospects picked up materially in '41 and very materially in '42 and more in '43, due to partly a subsidy and partly to advance in prices generally. The situation was improving materially by

'42 -- it improved greatly.

Q Now, from your observations and experience in the Fraser Valley, and particularly in the small fruit industry, are you able to express an opinion as to the ability of an Occidental farmer, using modern methods of cultivation, to produce small fruits as compared to an average Japanese farmer for the same farm? A: They are both on a par insofar as production is concerned, but their methods are different, or were different.

They differed mainly in this respect, that the Occidental farmer uses as much machinery as he can get and was inclined to employ possibly additional labour -- when he could do without it; whereas the Japanese farmer was practically a home farmer and working close to the ground and working long hours, using a fertilizer quite heavily and getting a large yield -- getting a large production from manual labour rather than capital, but the total results at the end would be about the same.

Q And what would be your opinion as to the average net return for an Occidental labourer if you allowed for the labour that the Japanese used?

A As nearly as possible, the same.

THE COMMISSIONER: Your comparison pre-supposes the white famer had sufficient capital to provide the machinery, is that not the case?

A Yes, it has to be the case, because the Occidental farmer, in the main, will not get down on his knees

and work early and late to take care of his property. He liked to use and did use a horse and cultivator to a much greater extent than the Japanese farmer. It is a difference in method rather than a difference in result.

Q Well, if I might pursue that a little further, Dean Clement, what you are really doing is comparing two classes of people under quite different conditions. In other words, the white man must have capital in order to furnish the machinery, whereas the Oriental goes in with very little capital.

A Yes, he has less capital. If you teach him economically to substitute capital for labour --and labour for capital -- there was a tendency for a Japanese farmer not to spend money for capital if he could make labour take its place by using relatives.

MR. McMASTER: Q: Now, what is your relationship with Clement Consulting Services, Ltd.?

A The Clement Consulting Services, Ltd. is a company made up with myself as President and my two sons, Paul Wilfred, who is in Winnipeg and in active, and John W., who is active, full time here in the city.

Q And what activities do you take in the company besides being president?

A Behind the scenes, I take quite an definite activity. If I may be frank, I often felt -- you see, my son never liked it and I was trying to teach him in three years what I learned in thirty,

and I have hopes. Consequently all the appraisals that are made, all the reports that are prepared, all recommendations that are made on farm management, and every other activity of the company, I think withone or two or possibly three exceptions have been not only approved by myself, or rather checked by myself, but carefully approved by myself as sound, in the light of my experience, so the recommendations made by John Clement are mine, really, passed out through the company to the public.

Q I produce to you a report, Mr. Clement, from the Clement Consulting Services, Ltd. Can you identify that report? A: Yes, this is a report of Clement Consulting Services.

Q I would ask to file that as an exhibit, my lord.

THE COMMISSIONER: That is on the understanding that it is to be proved by another witness.

MR. McMASTER: No, the Dean will be able to prove a good portion of it, but there is a portion of the statistical material that the other witness will have to prove.

THE COMMISSIONER: Very well. That will be what number?

THE SECRETARY: Exhibit No. 96

(REPORT MARKED GENERAL EXHIBIT NO. 96)

MR. McMASTER: Q: I will just leave a copy here with you, Dean Clement. Now, would you indicate to the Commissioner what you had to do with the preparation of this report.

A All the principles that are enunciated, the methods

employed and the general procedure, and all facts with regard to the general plan and set-up are mine, based on my experience and discussed with my son.

I visited in all I think approximately 100 properties or more. It was done on Saturdays and Sundays over a period of several months, and some of them proved to be real estate properties and land included, because I am not a real estate expert. But generally speaking, the whole plan and the whole procedure is the one worked out by myself and given to my son to carry out in the field.

Q And would you be good enough to tell the commissioner what instructions were given to the company with respect to this report?

A I didn't get that, Mr. McMaster.

Q Would you be good enough to tell theCommissioner what instructions were ~~xxg~~ given to the company with respect to this report and the preparation of it.

A: Some time in August I think itwas --it might have been the first week of September-- the company was asked to express an opinion with regard to the sampling method of obtaining data with regard to Japanese farms.

I think it would be utterly impossible for any person, or group of persons to find~~x~~ and re-value farms as they were in 1932, but there is a fairly large proportion, which can be found and which are in a condition for identification. We were asked to express the validity of the

sampling method. We tried out the method by working in the Mission area and we got a number of farms-- 15 or 16 of them that we were able to find, and we considered that to be a fair sample of the area; and on the basis of that sample, we expressed the opinion, which I believe to be solid, that we could obtain a reasonable and valid opinion with regard to the whole situation by the sampling method.

May I add to that: The sampling method, if you look over the University reports, and the Dominion Government reports, you will find that we used 46 farms -- poultry farms, and that we considered was a fair sample. And the last dairy report -- one hundred out of 4,000, and we used a fair sample in the wage formula case in the economics, where we are now, I think, asked for a minimum of 150 out of 4,000 and the whole crux of the situation is that the sample has to be fair -- if the sample is fair, your report is fair, and the instructions are on the sample.

Q After you had reported the sampling method that appeared to be applicable in your sampling investigation in Mission, did you receive any further instructions? A: Yes, the company was instructed to make further studies in certain districts, or in as many districts as we could find the necessary farms, and that was done.

Q Now, I would like, Dean Clement, for you to be good enough to refer to the report, and I would ask that

you read the report, not including the schedules, and make any comments you wish in the process of so doing.

A I have already stated that the plan and the procedure and the method and so on are based on the years of experience and the years of study in this particular field.

"In accordance with instructions received from Messrs.Campbell, Brazier, Fisher & McMaster in the summer of 1948, we have conducted a survey of certain properties in the Fraser Valley. These properties are farm holdings appraised by the Soldier Settlement Board, formerly the property of Japanese persons. This report is based on certain documents supplied by Messrs. Campbell, Brazier, Fisher & McMaster, which are purported to be photostatic copies of Soldier Settlement Board farm appraisal reports on the said properties. We received a total of 351 of these photostats, referring to properties in the Municipalities of Mission, Maple Ridge, Surrey, Matsqui and Pitt Meadows. We were instructed to examine and make a survey of these properties according to their description on the Soldier Settlement Board Reports with a view to determining their agricultural value of the respective dates on those reports.

"The whole task has been difficult in that six years have gone by since the properties were appraised and considerable change has taken place in some of them. Amongst other things we noted are

that some acreages shown on the photostats as planted in small fruits or other crops are now being used for different purposes and different crops. A good many of the holdings have so changed that it is nearly impossible to recognize them from physical appearances and legal descriptions must be used.

"As a matter of fact, some of them have been broken up and subdivided and houses built on them, and others have been consolidated and completely lost.

"To the best of our knowledge, we received all of the appraisal photostats which appeared to describe properties in use as agricultural units. In all cases we have relied upon the description of the properties in the photostats as to their condition and the extent of cultivation on the day of appraisal by the Soldier Settlement Board. For the purpose of this survey, we selected properties with respect towhich we were able to obtain figures relating to production of small ffuits in the years immediately preceding 1942. From our examination of the photostats, all of which we examined, we are satisfied that the properties dealt with herein fairly represent those holdings which were in 1942 operated primarily as small fruit farms or small mixed farms."

That is, we were confined to small fruit farms and small mixed farms, including poultry husbandry.

"We have used two independent methods of arriving at the agricultural value of the holdings:

"1. By direct appraisals made by F.M.Clement.

2. By application of the conclusions of statistical surveys on small fruits and poultry farms conducted by the University of British Columbia.

"In his direct appraisal Mr. F.M. Clement made use of and considered all readily available information. Each property listed in schedules to this report was carefully inspected and checked with the Soldier Settlement Board Farm Appraisal Report. In some cases soil borings were taken to examine soil conditions, buildings were checked for dimensions, surrounding property was viewed, water, electrical and road conditions were checked. Where two or three properties were closd together, tax ratings were compared and considered. The allowance was made for cropping methods and existent plantings as shown on the photostats.

"The statistical calculations applied are those contained in two publications of the University of British Columbia, Exhibit 1, 'An economic study of the SmallFruits Industry in British Columbia', and Exhibit 2, the Summary Sheet yields data on the relationship of capital investment and receipts for small fruit and mixed farms. It will be seen from the Summary Sheet that on 78 farms in the Fraser Valley an average investment of $5,650.00 exists, on which an average return of $3,883 is received annually from the sale of small fruits. Other receipts 'from other sources' bring the gross receipts to $5,044.00 on

"the average. Comparison of these figures shows that the relationship of Capital Investment to Small Fruits Receipts is as 1.4 is to 1 and that the relationship of Capital Investment to Gross Receipts is as 1.1 is to 1. In other words, if the receipts on a small fruit farm are known, the use of the proper conversion factor 1.1 or 1.4, whichever is applicable, will indicate the warranted capital investment from an agricultural point of view.

THE COMMISSIONER: May I interrupt there, to be sure I Understand this thing. You referred further back to 78 farms on which an average investment of $5,650.00 exists.

A Yes.

Q Now, whose investment was that? Was that the price paid by the Japanese?

A No, that $5,650.00 is what we call a representative investment. There is actually no farm, unless by accident, that has that actual investment, but when you study large groups of farms -- when you study industry, you try to study your represnentative farm, or representative factor. This becomes the base from which you work either up or down. It is really in the sense of a base line.

Q How do you arrive at it?

A It is the average of the 78 farms.

Q I see. A: It is the average of the 78, or in the fruit farms it would be the average of 128.

Q Now, that is the average cost to the farmer?

A No, that is the average investment that is given, tothe field enumerator by the farmer and is checked by the field enumerator with other farms to see that he is not too high or too low.

MR. McMASTER: My lord, I would draw your attention in that paragraph which the witness has just read, it refers to Exhibit No. 1, which is in the back of the report.

THE COMMISSIONER: Yes.

MR. McMASTER: Which is the survey of the Occidental reports which was carried on in the report dated October, 1937, and Exhibit 2is almost the second last page.

THE COMMISSIONER: You will have to speak a little louder, Mr. McMaster, I cannot hear you.

MR. McMASTER: Exhibit 2 is almost the second last page on the back of the report. It shows the figures on the average farms to which the report has referred.

THE COMMISSIONER: Will you give me the number of the page?

MR. McMASTER: I am sorry, it is not numbered, my lord. Exhibit No. 1 is the report. If you go to the back of the book, you will find a blank page on the back and some factors which influence poultry farms, and it is the page before that -- Exhibit 2.

THE COMMISSIONER: Where is Exhibit 1?

MR. McMASTER: Exhibit 1 begins right after the type-written material, "An Economic Study of the Small Fruits Industry in British Columbia."

THE COMMISSIONER: Yes, I see it.

MR. Mc MASTER: I am sorry I interrupted you.

Q In the second paragraphof your report, page 2, will you just continue?

THE COMMISSIONER: Yes, just continue, please.

A "Other receipts from other sourdes bring the gross receipt to $5,044 on the average."

The other receipts may be from vegetables. They may be even for work off the farm. It is income that comes into the farm from other sources than small fruits.

"Comparison of these figures whows that the relationship of Capital Investment to Small Fruits Receipts is asl.4 is to 1 and that the relationship of Capital Receipts to Gross Receipts is as 1.1 is tol. In other words if the receipts on a small fruit farm are known, the use of the proper conversion factor, 1.1 or 1.4, whichever is applicable, will indicate the warranted capital investment from an agricultural point of view."

In other words, some lengthy explanatiom may be necessary from a scientific economic point of view. These are small holdings. They are not in any sense what we call family farms. They are farms which support a family and in which all members of the family work. And that is the procedure which we followed in trying to calculate the actual value of a farm. That is, you get your gross receipts and work back to your capital value.

Now, a capitalistic farm,you would have to

use your net receipts,but in a family farm there are no net receipts. The family uses what little money it has. It has a little money in the bank, but very seldom, it can pay very small amounts in capital in addition to interest, so you are dealing here with a small holding where you cannot get a net return that you might call profits, and on which you could base the value of your property, so consequently we take a different figure. I could illustrate it better from dairy farms, which are mostly capitalistic.- The relation of net receipts to capital investment over a large number of farms. "In other words, if the receipts an a small farm are known,the use of the proper conversion factor 1.1 or 1.4, whichever is applicable, will indicate the warranted capital investment from an agricultural point of view."

Now, when taking that statement, that is a general figure which applies to the general base. A farm may be worth less or more than the $5,650.00.

However, working with a large number of farms will give you a small percentage of the actual value of the property if your sample is large enough, and we think the sample in this case is large enough.

"In some cases small fruits may be the only source of income on a property, the small fruit receipts then represent the gross income and the conversion factor 1.1 is applicable.

Exhibit 3 --"

MR. McMASTER: Q: That is the last exhibit?

A "'Some factors that influence poultry farm incomes' yields certain facts in connection with the operation of poultry farms. In Table LX on page 15 appears the fact that an average investment of $2.05 is needed per bird for buildings."

And that is the average investment by Occidental farms for bird and building.

"Note - page 9, that 'buildings'do not include the operator's residence. Because of the somewhat inferior construction of the typical Japanese poultry house, we have reduced this figure by approximately one-quarter to $1.55."

In other words we found, when examining these properties, that the average Japanese poultry house was of a less substantial construction than the poultry house of an Occidental farmer, and after looking at a large number my son and I discussed it and we decided $1.55 per bird would be the average investment of a Japanese poultry farmer compared with $2.05 for the Occidental farmer.

"The investment in dollars for housing poultry is therefore considered to be $1.55 multiplied by the number of birds that can be housed. We have used the well known rule that approximately 4 square feet per bird is required for adequate housing facilities."

In other words, we have valued the house and number of birds it could accommodate, using The $1.55 figure.

"Where mixed usage of land occurs, and we have been able to locate small fruit marketing figures, we have determined the worth of a holding to be the small fruit receipts multiplied by 1.1, plus the worth of the poultry investment.

#In determing the volume of production from the various properties we have used the following sources of information:

1. Mr. L. R. Wilson, Managing Director of the Fraser Valley Growers Ltd., Mission, B.C., Ledger records were made available indicating the dollar value of crop marketings through the organization for the years immediately preceeding 1942.

2. Mr. R.C. Lucas, Manager of the Pacific Co-Operative Union at Mission. Calculation figures were taken from the Share and Sinking Fund Register of P.C.U. contract members. This register contains records dating back to 1937 and yields figures which represent 3% of the gross dollar credit due each member for Sinking Fund and share issue purposes in each year."

That is, every farmer had 3% deducted either for sinking fund purposes or capital purposes.

"From this 3% figure a simple calculation yields the amount of money owing to the member for crop marketings."

That is, on sinking fund is 3% of the total amount marketed through the Association in any one year.

"3. The Custodian of Enemy Alien Property

"made available to us ledger records for 1939, 1940, and 1941 of the Maple Ridge Co-Operative Produce Exchange (Growers Ledger sheets).

"4. The 'Growers' Statements' ledgers of the Surrey Dairy Growers Co-operative Association for 1939 and 1941 were made available by the Secretary of the Association. These ledgers contain records of purchases and sales by the various Japanese therein listed. The sheets of each member were carefully examined and the records of produce sales picked out. In one or two cases, Japanese symbols and characters were uninterpretable. In no instance, was there an entry of sufficient size to affect the figures obtained. Where the spelling of the members' names in these ledgers did not correspond with the spelling on the appraisal photostats, we excluded production figures appearing for them.

"The calculation figures were used were determined as follows:

1. From the Pacific Co-Operative Union, the average of the three years 1939, 1940 and 1941.

2. The Maple Ridge Growers Co-Operative, average taken for the three years 1939, 1940 and '41. F

3. From the Surrey Berry Growers Exchange the years 1939 and 1941 only were available."

The 1940 sheets could not be located.

"Reference to Exhibit 1, Table X (4) page 20 indicates that the dollar value of crop marketings in the year 1939 was $873,081; 1940 was $744,246 and in 1941 was $930,099. We have estimated the

"production for 1940 as follows:

The total production of 1940 is determined to be 85.2% of 1939 and 80.0% of 1941. The known production figures for 1939 were reduced to 85.2% and the known production figures for 1941 were reduced to 80.0%. An average of the results of these two last calculations is estimated to be the production for 1940. Figures for the three years were then averaged."

That is a small percentage in relation to the whole in very short terms.

"We are indebted to Mr. R. D. Grant of the Soldier Settlement and Veterans Land Act Board for his kind assistance in helping us with the geographic location of some of the properties."

And I want to thank Mr. Grant in every instance in being courteous and helpful in assisting us to find these properties.

"The tables attached hereto indicate our findings in each district.

MISSION MUNICIPALITY.

"There were 15 properties in the Mission Municipality on which we were able to obtain production data. Of these T. Moriyama operated three pieces, K.Tatabe used two, and a father and son combination of S. & T.Sato marketed under the name S. Sato.

"With reference to Table 1. Columns numbered 9 and 10 indicate the calculated value from the application of the 1.4 and 1.1 factors. If we

"assume that the Growers' sales through his Co-Operative were his total returns than we must accept the figures in Column 10. If we assume that Japanese Growers sold as much other produce (i.e. not through the Co-operative) as white farmer sold, then the figures of Column 9 must be accepted as representing the agricultural value of the properties.

"Column 9 is possibly a rather optimistic capitalized worth in that it is the highest value which could be assigned. On the other hand Column 10 represents a rather conservative valuation because it excludes the possibility of sales of other products.

"Attention is called to the total of Colunn 4, the direct valuation and Column 10.

MR. McMASTER: My lord, after page 6 of the report you will find Table No. 1.

THE COMMISSIONER: Yes, I see it.

THE WITNESS: "Maple Ridge Municipality:

"Marketing records were obtained for thirteen of the properties examinedin Maple Ridge.

"The holdings in this area were largely small fruit and poultry farms. Hogs and hops were also grown. Table No. 2 shows the adjustments made for special conditions on certain properties.

"In calculating the capitalized value we have used the 1.1 factor where no products other than small fruits appear to have been marketed, and the 1.4 factor where from the appraisal photostat there was reason to believe that a volume of

"other products were sold. In these samples the calculated value, Column 8, is slightly under the direct Valuation, Column 3."

THE COMMISSIONER: Referring for a moment to the Sato property shown in Table 1 -- in Column 10 -- the figure 1524, is that dollars?

A Yes, that would be the calculated value -- using 1.1 figure on the total of the small fruits sold.

Q And on the basis of your report, that indicates the value that you assign to that particular property, does it not?

A Well, it indicates it. It is just one of the factors that indicates what the value is.

Now, the value on production would be 1939 and then you have the three years' average and my own direct value -- the two properties taken together were very much higher. That is, if was a fairly good property. In other words, we get some higher and some lower, but over the whole they won't come very far apart. They come very close together.

Q What are these figures in 3 and 4? Was that the total value of the Sato property?

A That was the value assigned by the Soldier Settlement.

Q That is not per acre? A: No, that is the total value.

Q And your value is $400.00 against the Board's value of $130.00? A: That is right.

Q I just wanted to make sure I understood it.

You see, in Column 8 the value was $1385.00 and the Board Value, 130, was very low.

A "Surrey Municipality." I might possibly comment here as I commented to Mr. McMaster, I think with all fairness there was a tendency on my part when I made the direct valuation in Surry, to undervalue. In thinking it over, I have not changed a figure. I have left them exactly as they were; valued at first, I overlooked the fact that there are artesian wells. The soil is of a sand loam and clay loam nature, and there is a constant humidity in dry summers which tends to increase production materially, and that factor was overlooked, which should not have been overlooked, because I have been on farms with artesian wells, and I think my valuations are just a bit low in the Surrey area because of that factor.

"Of the properties examined in this area, we were able to obtain figures relating to production on ten of the properties.

"Table No. 3 summarizes the findings in this municipality. The conversion factor 1.1 was used except in two cases. The ledgers indicated that

M. H. Tsukishima (574-P) and G. Ikeda (526-P) both sold an appreciable quantity of vegetables, and therefore the 1.4 factor was applied. Due allowance for poultry investments was made to S. Yasui (573-P) and S. Sano (470-P).

"Colunn 8, the calculated value, represents a rather optimistic valuation in view of the con-

"ditions described in the photostats on the day of appraisal."

"Matsqui Municipality:"

MR. McMaster; I might just draw your lordship's attention to the 526-P reference, they are the ones that appear at the top of the Soldier Settlement forms.

THE COMMISSIONER: Now, at some later date I would appreciate it, Mr. McMaster, if you would relate these numbers that are given to the claim number.

MR. McMaster: Yes.

THE COMMISSIONER: To the claim as filed before me.

MR. McMASTER: My lord, I think I can do that in nearly every case. It is possible there are one or two that I can identify as being claimants.

THE COMMISSIONER: Well, I would like you to try to get that for me.

THE WITNESS: "Matsqui Municipality:

"Of the properties examined in this area, we were able to obtain figures relating to production on five only in the ledger of the Pacific Co-Operative Union in Mission. One owner, G. Noda, (384-P) operated two of the holdings.

"In the total group of farms examined, there was no indication of any vegetable growing, and on only one holding did we see a chicken house, that for 60 birds. We therefore classed this group as 'small fruit farms' and with respect to the sample, assume that the receipts from berry marketing at the P.C.U. represented the total return of monies to the producer. The 1.1 factor

"was therefore applied.

"Table No. 4 summarizes our findings in this municipality.

"Pitt Meadows Municipality:

"In Pitt Meadows we had considerable difficulty in physically locating some of the properties. We were able to identify production figures with properties in only three cases, and in two of these small fruit production was carried on in connection with greenhouse operation. Statistical information on capitalized value is to our knowledge not available in relation to greenhouses.

"General:

"Direct valuations were made on a number of other sample properties with respect to which adequate or no production figures were obtained. These are set forth in Table No. 6."

That is they were forms that were examined by myself and a direct appraisal made.

"With respect to the Farm Appraisal Report Photostats --

1. In very few cases was there any allowance made for trees, bushes or bearing plants. An acre of land has an agricultural value itself, but it is worth considerably more when it is planted to a producing crop. We have tried to make allowance for the worth of plantings in the condition described on the photostats.

2. A very striking feature of the photostats was their consistency within any given area. In

"the Mission area, for example, cleared land was for the most part assigned a value of $60.00 per acre and varied from that figure with differences in quality, condition etc.

"The same general condition of consistency prevails in the Surrey Municipality where values of $50.00 to $70.00 were assigned per acre cleared with variations for quqlity and conditions.

"In the Maple Ridge Dis rict, values of $90.00 and $100.00 per acre cleared were assignednin the same consistent manner.

"Conslusion:

"We consider from our survey outlined above that the sampling which we have taken represents a fair sampling of the small fruit and mixed farm units formerly the property of Japanese persons and appraised by the Soldier Settlement Board in 1942. We conclude on the basis thereof that the agricultural value of these properties at the time of appraisal by the Soldier Settlement Board lies between 182% and 184% of the value ~~of~~ placed thereon, (as set out in Table 5.)

"With reference to Table 6 in which are listed the direct appraisals (properties on which we were unable to locate production figures). The agricultural value of these parcels exceeds the Soldier Settlement Board appraisers value by 179.6%, which is within approximately 3½% of the value obtained by the application of statistics and direct examination."

THE COMMISSIONER: Q: Dean Clement, how do you relate your agricultural values to market value, because my problem is to determine what is the market value of this property.

A These properties, as we have set them out here, are valued on the basis of the agricultural value, which was the request made to us.

Q Yes? A: And the market value at the time, in my judgment, would be considerably higher, if the properties were sold by one instead of in bulk, assuming you have a buyer, because of the price of berries advanced from 8 to 11 cents in '41 and '42, and immediately there was a demand for land at a higher price; but our instructions, as I have said, were the agricultural values and the market value was slightly above that, in my judgment.

MR. McMASTER: Q: Dean Clement, so that we may be clear on this, will you turn to Table 1 and explain what each of these columns are in Table 1.

A In Table 1 the first column is the number which appears on the appraisal sheet. I do not know what you call them technically, but every sheet has a number to identify it.

THE COMMISSIONER: That was the number assigned by the Soldiers Settlement Board appraisers?

A And the next column gives the number of acres, and the third column gives the value put on the whole property by the Board when valuing in 1942. Column 4 is the value that I put on the property

this year -- in 1948, based on the descriptions on the photostat sheets as they were handed to me, and the difference in my case is 20,650 compared to 11,072, and then the columns 5, 6 and 7 represent the annual production from these properties. We take the very last one, for example, S. Fukawa, in 1939 he produced $1168.00 worth of products, sold to the Co-Operative, and the next year $1424.00 and the next year $2,880.00, or an average of $1737, annual production, and then the whole property was valued at $1100.00. The average of three years appears in Column 8, and then the value that we put on to them, either using the 1.1 or the 1.4 figure comes to $22,246.00 as compared to the direct valuation of $17,480.00, so you see the value of all these properties was between $17,480.00 and $22,246.00, and it is possibly in the neighbourhood of 20 or 21 thousand for those properties.

MR. VIRTUE: Your lordship, I wonder if I could ask a question at this moment-- I am not clear on it.

THE COMMISSIONER: Are you finished, Mr.McMaster?

MR. McMASTER: No, my lord.

MR. VIRTUE: It is just to clear up one of the columns.

THE COMMISSIONER: All right, go ahead.

MR. VIRTUE: Q: I wanted to know under Columns, 5, 6 and 7 if that is the valuation for the two properties. I am referring to Table 1.

THE COMMISSIONER: That is the Sato property?

THE WITNESS: They are different properties, and if you

run down Column 5 you get the productions for each of those properties for 1949.

MR. VIRTUE: Q: All I was asking-- I take it the 1138 in Column 5 represents the production from the two properties.

A Yes, that is correct, that is correct. There were two parcels operated by the one person.

MR. VIRTUE: I just wanted to make sure.

MR. McMASTER: Now I would like to refer you to Exhibit No. 1, which follows after the tables, "An Economic Study of the Small Fruits Industry in British Columbia by James Melrose Gray, M.S.A." Can you advise the Commissioner whether you had anything to do with that study?

A James Melrose Gray did this work in the field, with some assistance from other students entirely under my direction. It was his Master's thesis for a degree in agriculture -- for the degree of Master of Science in agriculture. As professor of agricultural economics, I take full responsibility for the method followed and the figures submitted in that report. It is a part of a study.

Q And in your opinion, are the methods employed in that survey, and the conclusions set out there, sound? A: Well, I have no other answer but yes, because they represent discussions and arguments and so on over a period of years; and this is the method and the conclusion to which we came after the long years of experience and discussion.

Q Now, from your experience and opinion, in the small fruits industry are you able to express an opinion as to whether that survey can reasonably be applied to property previously owned by Japanese, for instance? A: You always have to make exceptions to individuals. Speaking in general terms, of Occidentals and Orientals, I am sure the principles can be applied to both.

Q Now, I notice the report of Mr. Gray is made on the 30th day of May, 1947. Can you advise the Commissioner what your study relates to?

A The figures were taken in '45 and '46 -- mainly in the 1946 year, and the study represents the 1946 year.

Q Now, in your opinion does the fact that that report is made in 1947, relating to the 1946 year, affect its validity in applying it to 1942?

A There may be some slight variations, or a vastly different argument which does not apply. I have not the figures with me. I could look them up., but you will find that in the small tree fruit industry-- the small fruits industry the prices some times advance rather quickly. Costs may lag for one year, but in three or four years the costs catch up to the prices, so you are in exactly the same position as before the prices advanced. That is so in all the branches of the fruit industry in British Columbia; so whether it is Occidental or Oriental, your receipts-costs relationship remain approximately the same over a period of time. One may

outrun the other for a short time -- that is, the cost will outrun the other for a time and then the prices will outrun for a time, but if you look at the average of fruit prices for 30 years, you will find that the 1942 price is a fraction of a cent of the average price for thirty years. It is a typical year. That is why they use it. It is a typical year.

Q Now, will you refer to Exhibit No. 3, which is a pamphlet of some factors that influence poultry farm incomes. What did you have to do, if anything, with the preparation of that?

A When that was prepared, Mr. E. D. Woodward, who was my assistant in the Department of Agriculture Economics -- that was also prepared under my direction. Mr. Woodward has since joined the Dominion Department of Agriculture, and is now my colleague, working on the cost and prices in the Okanagan Valley, but at that time he was my assistant in Agriculture Economics.

Q In respect to the method employed and the conclusions arrived at, in your opinion are they sound?

A Yes, I not only consider them sound, but the results in this bulletin, in regard to cost and returns, are not only considered sound but they have been used by the Dominion Government in their price naming matches, and I consider it sound from every angle.

MR. McMASTER: I am sorry, my lord-- I would like to draw your attention to Table No. 5 in the typewritten

portion.

THE COMMISSIONER: Yes.

MR. McMASTER: I just wish to draw your attention to the recapitulation there of the two methods used in the various municipalities, Mission, Maple Ridge, Surrey and Matsqui -- a direct valuation by Dean Clement of the statistical method and the Soldiers Settlement Value, and then Table 6, he is referring to cases where they are just Dean Clement's own direct valuation.

THE WITNESS: That emphasizes, Mr. McMaster, the necessity of numbers, because you are dealing with sample pictures.

MR. McMASTER: Q: Now, Dean Clement, I am sorry, when I was referring to this poultry farming study, I notice that was with respect to the years 1944 and '45, and it is dated in '46.

A Yes.

Q Is it your opinion that that can reasonably be applied to the years 1942 and 1943?

A Insofar as the investment is concerned and the agricultural value of the properties, yes, although if you look up the price of eggs you will find that beginning in 1939 there was a very optimistic tendency and it was quite marked by the spring of 1942 and continued on in '45. You could discount it slightly, but the principle still stands, Mr. McMaster, because if you go back to the British contract, on the price of eggs, you will find there was a certain buoyancy in 1944 that did not exist

in 1939 and it began in 1941.

MR. McMASTER: Your lordship, I intend to deal some time longer with Dean Clement. Do you wish to adjourn now?

THE COMMISSIONER: I was thinking, also, of Mr. Hunter in regard to his cross-examination. Have you had an opportunity of examining this report before you came in this morning, Mr. Hunter?

MR. HUNTER: Yes, my lord.

THE COMMISSIONER: And you are prepared to go ahead with your cross-examination today, are you?

MR. HUNTER: Yes, my lord.

THE COMMISSIONER: Then, we will adjourn now for a short recess.

(PROCEEDINGS RESUMED AFTER SHORT RECESS)

THE COMMISSIONER: Yes, you might proceed, Mr. McMaster.

F. M. CLEMENT, resumes stand:

DIRECT EXAMINATION BY MR. McMASTER CONTINUED:

Q Perhaps we have already covered this ground, Dean Clement, I would just like to make sure. Can you express an opinion as to the sampling, which appears in the report -- the certain method which was used with regard to Japanese properties.

A The sampling method. The sampling method is the one that is used in preparing all such reports. It is also the one that is used in preparing statistics as to the number of farm animals, acres planted and that sort of thing; and I think, as I pointed out, the only danger in the sampling

method is -- you might get your sample wrong. You have to exercise every care with regard to sample, and I think we did so in the Fruit Report and in the Poultry Report, and also in this exhibit which has been made an exhibit. It is a sampling method, and the one in the Okanagan at present, we are going through many reports trying to get exact samples, so we don't have to visit 4,000 odd farms.

THE COMMISSIONER: What that comes down to, as I understand it, instead of covering the 750 farms with which I am concerned, the result would be substantially the same as appears by the sample.

A That is correct.

MR. McMASTER: Q: Now, Dean Clement, at the time you made your direct valuation of these properties, were you aware of the information that had been obtained by Mr. John Clement, insofar as the Japanese ~~xxx~~ owners were concerned? A: No. So far as I am aware, the information obtained by John Clement had not been obtained.

Q It had not? A: No, in no instance had I seen any of the production reports. That is not the way to go at it scientifically.

Q And I takeit from the evidence that you have given, that on the properties on which you made direct valuations, you were on the properties physically and you also examined the --

A~~x~~ In every instance I was taken to the property. The property was identified on the map with the assistance of Mr. Grant. In the first of them --

In the first 20 or 30 he checked very carefully on the sizes of buildings, the sizes of farms and so on until we had satisfied ourselves that the Board appraisals were absolutely accurate. As a matter of fact, they were well done, and so you reach the point where you did not need to take a tape and measure the size of the building or the size of the raspberry patch. You could accept the Board's statement on it in every instance.

I will make one exception. There was one appraisal of two farms belonging to one man, which I think was included in one parcel. The complete description was given to me and I passed an opinion on it, but I could not get to it on account of the time -- but it belonged to one person.

Q And as of what date did you estimate the value in making your direct valuations?

A Well, as appears on the appraisal sheet. My work was done in the Fall of '48, but you try to adjust your mind to the descriptions of '42.

Q Now, will you explain to the Commissioner whow you went about in arriving at your estimate of value, in your direct valuation?

A I don't think it is possible for any one human being to go out into the country and look at a farm or any other property and give it a value without first studying the community and looking up the farmssurrounding the one you are going to value, and in general sizing up the general values of the community; so your first step is to learn something

about the community in which the farm is located. That is one step. Then you have to make a check ofyour general valuation by the assessments, and the assessments are given on every sheet. You know exactly what the property was assessed for. You compare properties that are close together or somewhere near together, and the value of one property with the value of another. And then you take a look at the soil, and the crops growing on it or the condition of the plants; and you take a look at the house, and the general condition of the house and so on.

Now, that all comes together as one process. It is hard to explain. It grows out of years of experience. You size it up and you come to check your thinking against your taxation and the general community values and so on. And then there is another final check on that which I considered most valuable of all, and I think is reliable. You try to estimate what the property -- say if it is a 10 acre property with a house on it-- would rent for net. In other words, if that man left the property, what could you rent that property for per annum.

Well, we will suppose you could rent it for $300.00. That is an estimate of rental based again on community values. And then you take the present worth of 20 rents at 5%. 5% is what civilians pay mainly. I think Government loans are a little less, but a 20 rent is $6,000.00 add you take 62%

of that and you have the present value of your property. In other words, you can get it very quickly on the basis of net rent-- the basis of 20 rents payable for 20 years at 5% interest. And that is the main check.

Q That is the check you make in arriving at the figure from general experience?

A Yes, you may vary in your two results, but you bring them together and try to arrive at a fair value of the property, but there are different ways of going about it.

Q Now, you stated in evidence, if I am not mistaken, that you examined the 321 Soldiers Settlement Reports that were in your hands -- and 351 -- and that you examined more than the 50 or 60 properties on which you made direct valuations, and actually physically examined them.

A I don't think I stated that I examined that many photostatic forms. That would not be correct, but I did examine more than 100 properties.

Q That is, physically? A: Yes, but I also stated that some of them reported through my son to you were not farm properties, and I was not qualified to value them.

Q Now, what general statement -- or can you make a general statement as to the quality of the lands which you saw, Dean Clement, aside from the improvements? A: Land varies with the different districts. And taking it by districts, possibly, generally speaking the land

is first-class, with a few second-class, for the purpose for which it was intended. Now, you can say it is third-class or fourth-class. If you are going to put wheat on it or if you are going to put some other crop which is not suited to it, -- but for the purpose of growing raspberries or strawberries, and to just a little extent rhubarb, strawberries and raspberries and loganberries in the main, it is first-class land and second-class land, and I have qualified that for the purpose for which it is used, because if you try to put over crops, like general crops on this land, you would probably be growing it on third-class land.

Q Now, as I recall the general evidence correctly, I understand statements have been made that these lands of the Japanese were burned out. Would you have any comment to make on that from your observation of the lands you observed?

A Will you tell me what they mean by burned out, Mr. McMaster?

Q I am afraid they did not explain the phrase.

A I assume by that that they were -- the annual production is decreasing. I assume that is what they meant.

THE COMMISSIONER: Well, from my recollection of the statements that were made before the Private Bills Committee- no, the Public Accounts Committee-- the land was referred to generally as burned out, due to the continuous use of chemical fertilizers. Am I right in that, Mr. McMaster?

MR. McMASTER: Yes, I think that is correct.

THE WITNESS: When I was 21 years of age and probably a little older, we used to talk about burned out lands, and farmers were afraid to use any commercial fertilizer because there was a talk that the land was burned out and they would not produce as well after. They would use a fertilizer for a year or two. But I would point this out, in modern methods you can take pure sand and grow good strawberries on it if you use fill, but I do not see how land can be burned out except from one angle. That is, really burned out -- and I am using the term in this sense, as becoming unproductive, that a man would fail to apply, or to incorporate with the soil fibre of such humus as he could get and so on, so that his land of play would become useless and the land, if sand, would become dry and blow away, As I understand the Japanese farmers and most of the white farmers' land is not burned out in this Valley. The land is not burned out in this Valley. There are certain aspects of it you can be critical of on certain farms, but I am willing to wager if anyone of you-- I can go to those farms and offer instructions and bring back that land toproduction in two or three years, if they will listen to me.

In other words, in the method adopted by the Japanese, they did not burn out the land and I wish some of our white farmers were as wise with regard to the use of land as the Japanese.

Q Now, with regard to the buildings that were on these lands, can you express any opinion as to the houses and type of houses -- as to their habitability?

A The general statement first, and then I will answer the question. The houses are not as well built in the main and are not as attractive as the houses of the Occidental farmer. In the main, they are unpainted, and very seldom do they have basements. They stand on cedar posts. And speaking in a broad general way, a Japanese house was less valuable, and was equal in size as an Occidental house.

Now, after making that statement from a broad, general point of view, I may say that some of the finest houses in the Valley were Japanese houses. Take some in Haney and Mission. They were stucco and excellent houses, but the question was a general one, and generally speaking the houses were unattractive and very badly constructed and not equal to the average house of the Occidental.

Q What would be their usefulness with relation to the farmer? A: Well, these are small farms and I think I made the point before. These men were hesitant about using capital and they spent only a limited amount of money on their homes and their houses.

Q In these better houses that you refer to, from your observation, would you say that those houses tended to be too good for the premises on which they were situated, or the locality?

A They were not too good for the locality. They were

to consider if the man who lived in them had to earn his full living from the farm, or whether he worked elsewhere. But they were beautiful places, on a small acreage, which was evident that there was capital back of the man or he was earning his living elsewhere, and earning money but you could see in a few cases the house could not be supported by the farm itself, but it does not follow that it could not be supported by the farmer himself.

Q Dealing with the buildings, -- the out buildings, aside from the buildings altogether, what general comment are you able to make concerning the nature of the out buildings, the Japanese had in relation to their usefulness to the property?

A Well, first dealing with the buildings themselves. Generally speaking, the buildings were of a less substantial construction than those of the Occidental farmers. Frankly, speaking, the buildings were put up with the least amount of expenditure possible to make them useful for the purpose for which they were intended. In other words, there was no tendency to over-expend money on buildings. Now there was a second part of your question and I lost that.

THE COMMISSIONER: The reason why you knocked off the quarter.

THE WITNESS: Oh yes, that is correct.

MR. McMASTER: On the Japanese.

A I think the other was the usefulness of the

buildings, was it not?

MR. MCMASTER: Q: Yes.

A I suppose you would call a bath house useful. Incidentally Japanese farmers have these little buildings outside, and there is always this little building which is a bathhouse, which is useful, and I know of no case where a Japanese farm, which I visited, where they put up a building that was not used for something. You might think they were over building, but they might want it just for storage. They might want it, as they often do, for protection, when sorting, or grading, or packing berries, or they might want it for some other purpose, but the Japanese did not put up any buildings that were not required, as I saw it. They are just the opposite of that. If they put up a building, it was just a cheap one for a purpose that would only last for a short time --as many xx of these packing houses would or many of these shelters would, but they were useful for their purpose.

Q Prior to 1942, had you any occasion to observe the methods of the Japanese in carrying on the poultry business?

A In a general way, yes. I am not an expert poultry man, but I know from visiting Japanese farms, and also from discussions with my colleagues who advised me that the Japanese were learning the poultry business as rapidly as were the Occidental farmers.

Q And would you be able to make any comment as to the efficiency of their methods with relation to those of the Occidental operators?

A Well, here again the tendency of the Japanese was to use labour rather than equipment, and the general effort put into a poultry farm would be more hours of labour and fewer of those little gadgets that the Occidental farmer would be apt to use. In other words, the Japanese kept down his capital expenditure and used more labour, but the results were the same. There were some excellent poultry farmers among the Japanese, but there were some poor, of course, as you would get among the Occidentals as well.

Q Now, did you have any occasion to be aware of, or were you aware of the poultry trend in 1940 and '44?

A I am aware of it in this sense, through a study rather carefully of British contracts on eggs for shipment to Britain, but I cannot recall the date of the first contract. I could get it, because I have it here in an official record, but I think the first contract came about in 1940, and then there was a contract each and every year thereafter, so there was a general uptrend as from '39 onward in the poultry industry.

Q And what would you say with respect to the trend, to or out of the industry, in terms of persons?

A The poultry industry expanded very carefully from

'35 to '40, and it expanded very rapidly, more people going into it, and it expanded greatly, and that was due to the market.

Q Now, Dean Clement, in your experience has there been any tendency in the Fraser Valley towards an increase or decrease in small holdings?

A The whole tendency in this valley is towards two types of farms: the small holding on the one hand, and the capitalistic farm on the other. But that is just the same asthey were in Canada and the UnitedStates. The middle sized farm islosing out at the expense of the little farm, and the large capitalistic farm. I do not know if it would be useful to explain what is happening, but it might be useful.

There was a time when this area was a grain and beef cattle producing area, and then it began over the years to give away to the dairy area. In recent years the tendency is to give way to smallfruits and poultry and hops, and dry grass, and to small holdings, for the men who tried to specialize on small farms and worked in small mills, and so on, and had small holdings, and small yields. It is breaking up the large dairy farms and that has been going on since 1939, until 1943.

Q From your experience can you say what influence that has on small holdings?

A Well, just immediately there is small value. I have studied that very carefully, and I would

expect the market value to advance materially because of that strong demand, but I didn't study that very carefully.

Q Nowin your experience with the Dyking Commission, did you have any experience with reverted lands?

A Oh yes, in 1946 I studied the dyked areas and drained areas of the valley, and I tramped every dyke area in the valley and at that time there was a very substantial part of their dyking area that had reverted to the Crown for non-payment of taxes.

Q And what was your experience as to the type of land which reverted?

A Well, naturally it was the land which was less useful for the purpose for which it was being used -- poorer grades of land. I can give you those figures if I am permitted to turn up a dyking report. I can get it very quickly.

This is my report to the Government. December 24th, 1946 -- Maple Ridge, in 1946 out of 8,300 acres 662 had reverted to the Crown. The Maple Ridge drainage district, out of 5,000 acres, 440 had reverted to the Crown; and Matsqui, out of 3900, 208 had reverted to the Crown. And Pitt Meadows, No. 2, out of 1091, 255 had reverted to the Crown.

THE COMMISSIONER: Something around less than 5%?

A Yes, but there is always acertain number of lands that people try to use for a purpose for which they cannot be used, and in this case it

was trying to grow dry land crops on wet land and it just cannot be done.

MR. McMASTER: Q: Do you know anything about the lands which reverted to the Soldiers Settlement Board during the period of the last war when the Soldier Settlement Scheme was carriedout?

A No, I am sorry I cannot qpote you figures on that, but I do knowthat there werelands which reverted to the Soldier Settlement Board, but I cannot answer that except from talking with Soldier Settlement Board officials. I do not know it to any extent, but I know that land did revert in a large number.

Q Are you able to express any opinion as to the type of land which revertdd?

A Yes, I am able to do that. There are two reasons why these lands reverted: The first was trying to use them for a purpose for which they are not suited, and, latterly speaking, there is low grade land which cannot stand indifferent care; and then there is another reason: The man himself very often is not suited to the type of land he is put on. There is a big factor in that.

Q Dean Clement, are you familiar with the agricultural section of the 1941 Census?-the figures?

A Not all of it. I have studied that section which deals with parts of the Fraser Valley and parts of the Okanagan.

Q And have you had an opportunity to examine the report which Mr. Culvis (?) made, purporting to

show the relationship between the 1941 Census of Canada and the appraisal of Japanese lands. I will show you the report.

A This report was shown to me, I would judge, about a week ago. It was just handed to me and I was asked what I thought about it, and I took the time and trouble to go to the library and check the figures and the method employed in its preparation, and all I have to say about it is the figures are correct and the method employed I consider to be sound.

Q I would ask to have that marked, my lord, so that I can have it identified later.

THE COURT: I will give it an exhibit number on the understanding that the contents will have to be proved by another witness.

(DOCUMENT MARKED GENERAL EXHIBIT No. 97).

MR. McMASTER: Q: Now I produce to you a map of a portion of the Municipality of Maple Ridge, Dean Clement, on which there appear certain properties outlined in red and certain properties outlined in blue. It later will be shown that the properties outlined in red are the properties which formerly belonged to the Japanese and were sold to the Veterans Land Act; and the properties outlined in blue represent sales by persons other than the Japanese or the Custodian. Have you had an opportunity to look at that map before today?

A Yes, you showed me that yesterday, I think it was,

Mr. McMaster.

Q Are you able to express an opinion as to the properties which are outlined in blue -- whether they are reasonably comparable from an agricultural point of view with the properties which are outlined in red?

A On the map which is before me called the Municipality of Maple Ridge, the Japanese properties, acre for acre, just north of Port Hammond, speaking only of the Port Hammond area, compare very favourably or if anything are superior to the lands surrounding it. And it is in the area north and east of Haney it seems to me that the Japanese also had the advantage in grade of land, as I know that area, except in the area north of the Allouette, which I don't know, and have not been over, but I know from the forest area of the University being situated there, it is in quite different land. Now I know it only from the University forest area and not from the particular parcel of land marked on there.

Q That area involves three blue properties and four red properties?

A Well I cannot tell you about that area, I have not been in there.

Q Yes, all right.

A And then there isan area what they call north of Kanaka Creek and takes in quite a large area -- really north of Albion, where the land is rolling, and a good deal of it is timbered, but

here again all the Japanese properties, as I know them and visited them, they compare very favourably with the Occidental properties.

Then in the area from Whonnock to Ruskin, there are some of the finest Japanese farms in the area. There are some in here which are heavily wooded, and from that angle are useless from an agricultural angle; but there are cleared areas where the land is high and rolling, and excellently suited for the purpose, and compare very favourably or are superior to the lands chosen by the Occidentals.

As you come nearer Ruskin there were one or two farms we valued and looked over, where the Japanese farms were the best in the area, and even today they still stand out. I cannot answer as to areas farther north and over here.

Q Now looking at it generally can you make a general comparison of the blue with the red areas in terms of quality and value of the land from an agricultural point of view?

A Generally speaking the Occidental farms and the Oriental farms are about equal for grade and quality, with this one exception. We have to admit it that the Occidental could not choose land for his purpose as well as the Japanese. That is to say the Oriental could choose land for his purpose better than the Occidental can choose land for his purpose. That is, whereas Occidentals buy land and the Japanese select it,

and I have ahigh regard for their ability to select lands for which they wish to use them.

I am sorry about these other districts, I don't know them.

Q Well, these are areas in the northern part which imvolve very few of the parcels. I will ask to have this marked, my lord, and I will be proving it later.

(PLAN MARKED GENERAL EXHIBIT NO. 98).

THE COMMISSIONER: Is that a plan of Fraser Valley?

MR. McMASTER: No, of Maple Ridge only. The blue are private sales by other than Japanese, and the red are former Japanese properties which were sold to the B.V.L.A.

MR. HUNTER: In what year?

MR. McMASTER: It will be shown in 1943.

Q Now, Dean Clement, you know the appraisers of the Soldiers Settlement Board?

A Not all of them. I know Mr. Barnett very well, the Chief Supervisor, and I know Mr. Godfrey very well, and I know Mr. Ramsay, a fishing companion, and so on. They are all good fellows.

Q And you have no reason whatsoever to question their sincerity or honesty in making their appraisals?

A I would not let anyone question them.

Q How do you account for the difference, then, between what appears to be a marked difference between your direct valuation of these properties as of 1942 and the values which they and their

associates appear to have placed on their lands?

THE COMMISSIONER: This must necessarily be a conclusion of the witness. If the witness answers your question, it must necessarily be a conclusion.

MR. McMASTER: Well, what is his opinion?

THE COMMISSIONER: Well, I shall be glad to hear your views, Dean Clement.

A I think in part that all of us are creatures of our experience. We just cannot help it. Certain things become part of us; and most of these men were settled in the Fraser Valley on small fruit lands, when berries were selling about the same price as they are today --18 to 20 cents a pound. I have a bulleting which was gotten out under my direction at that time, which was valued --

Q At what time are you speaking of? What year are you speaking of?

A 1920 and 1921 -- 1920 and '21, when the Soldiers settlers were first put on the land, and I accept my share of responsibility, because I was a member of the Qualification Committee dealing with the men and not the land. I was chairman of it. But by 1921 and '22, prices had dropped off from around 20 cents to 10 cents, and they gradually worked down to 5 and 6 cents, in the middle thirties. These men were honest and sincere in their appraoch to the difficult task. They saw families, heartbroken from day to day because they could not meet their liabilities. They saw families living off their farms and they

assisted in the adjustments in having the debts written down, and they went through a hard experience, which made them cautious; and I think when they came to valuing those properties, it made them excessively cautious in valuing properties in that Valley. In other words, their experience had been one of extreme pessimism, so much so it reflected in their valuations.

So much for the negative side. On the positive side we have this, that these lands -- these farms were valued as lands and buildings and only here and there was there any consideration given to the crop, mainly raspberries, strawberries, loganberries and black currants which were being grown on them.

I do not recall a single instance where they said, "This raspberry patch, which is 5 or 6 years old, is a capital investment worth so much" -- or "these rhubarb roots in the ground, that the capital investment is worth so much", and I remember one excellent bed of asparagus which had taken three years to establish, and it was given no value. In other words, it was given as land and house, without taking into consideration the capital investment which was invested in plants on the land.

And then there is another aspect of it, and that is that these were areas of land supporting families. They were homes and businesses. They were not just dead properties. They were homes

and businesses and there was no consideration given to that factor. I might also say they were stabilized businesses by stabilized men, who had maintained their soil and maintained their families, and yet were valued as properties -- just so many square feet or so many square yards of land, and the house and buildings in certain condition. I think that, in the main, will account for the undue pessimism on the part of the D.V.L.A. valuators who valued those properties.

MR. McMASTER: Your witness.

MR. HUNTER: I would suggest if we are going to adjourn for lunch, which would be a convenient time, my lord.

THE COMMISSIONER: Yes, possibly it would be more convenient to adjourn now. Do counsel want to come back at 2:30?

MR. HUNTER: 2 o'clock is all right with me, if that is suitable for your Lordship.

THE COMMISSIONER: Very well, we will resume at two o'clock.

(PROCEEDINGS ADJOURNED UNTIL 2:00 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT 2.00 p.m.)

THE COMMISSIONER: Mr. Hunter, just before you open your examination, I would like to call counsel's attention to the fact that in the recess of these proceedings I have had filed with me by the National Japanese Canadian Citizens Association a brief, which has been prepared by them.

I direct that it shall now be filed as an exhibit in these proceedings, and counsel may wish to take it from the Secretary for the purposes of examination. If so, they are free to take it, returning it to the Secretary later.

(BRIEF MARKED GENERAL EXHIBIT No. 99)

THE COMMISSIONER: Yes, proceed, Mr. Hunter.

FRED MOORE CLEMENT, resumed the stand, testified further as follows:

CROSS EXAMINATION BY MR. HUNTER:

Q Dean Clement, I wonder if you would explain to me what you mean by "productive value"?

A Going back just a bit, we know that prices of agricultural products fluctuate up and down , and that sometimes they are relatively high, and sometimes they are relatively low. The productive value is the price that you can pay, and over a period of years expect to pay for your property. In other words, it is what the land will produce in from twenty to twenty-five years.

Q I see. Now I judge from reading page 4 of your report, where, under Mission Municipality, paragraph 2, that your productive value is also what you call

agricultural value?

A What is that again, please?

Q I judge that you use the terms productive value and agricultural value as synonomous terms?

A No, not entirely. The agricultural value is the long-time point of view. The production value may vary from year to year, if the property is abused, and so on, That is, it may depend largely on whether or not the farmer has practiced rotation of crops, and put in humus and fertilizer. In other words, the intrinsic values of the soil may change. Your productive value would go up, if the intrinsic values in the soil increased. That is why we try to explain storing crops in the soil, rather than harvesting them. You build up your fertility.

Q Perhaps you will explain agricultural value, in order that we may clearly define it?

A Agricultural value, as we use it here, is the long-time point of view. Your fertility remains the same, but you may take a year or two years in building up your soil, when your productive value would be greater.

Q I thought you said the productive value is based on a long-term of years, twenty or twenty-five years?

A. That is right. There are both based on the long-time point of view.

Q Then, what is the distinction? How can you have a distinction, when they are both based on the

long-time point of view? One is based on production, and the other is based on what?

A The ability of the farmer to build into his soil some of the reserves that are so necessary to keep up his fertility, or increase it. In other words, your agricultural value may increase materially in good time.

Q So may your productive value, might it not?

A It might, unless you allow your land to decrease. In all values, you take a long-time point of view. That is, what the land will produce over a long period of time, but you get fluctuations from year to year.

Q I find it difficult from your definition, if that is your definition of agricultural value, to see the distinction between what you term agricultural value and productive value?

A The agricultural value is a little longer time point of view.- what I could pay for a farm, and reasonably expect to be able to pay for that farm out of the property. The fertility at that time may be relatively low or it may be relatively high, but the productive value may vary, if you allow the production to go down and increase your fertility.

Q If your productive value is based on twenty to twenty-five years surely it gives the same picture as your agricultural value?

A It might, if you had an equal grade of land and an equal grade of farmer in a community. You are dealing with human factors there.

Q You accepted the strawberry agreages, as I understand it, as shown in the Soldiers' Settlement Board appraisals in 1942?

A As shown on the photostatic sheets.

Q Which were copies of the appraisals?

A Yes, that is correct.

Q Now you don't show those acreages in the schedules to your report here, do you?

A No. When you are valuing a farm it is as a whole, not because of the acreage in it.

Q But you were valuing it from a productive point of view? A. In part. There were a number of factors which came into the valuation which I tried to give you, not entirely from the productive point of view, except as it applies to the soil, but its relationship to the community. There were three or four points I gave you.

Q But that is on your direct value, is it not?

A Yes.

Q I am talking of the productive value, that is, based on its production?

A The productive value is based on the production of the farm for the years 1939, 1940 and 1941.

Q Yes, and therefore it is directly related to the number of acres under cultivation?

A Oh yes.

Q Now I notice in Pitt Meadows you could only find production records for three properties. Am I right on that? A. If that is what is in the report, yes.

Q That is what the report says?

A Yes.

Q But in your conclusions, or, first of all, do you know mow many aeres were under cultivation in strawberries out of those chosen in Pitt Meadows?

A No. I don't think I have ever totalled it.

Q I have totalled it, and it is 89.7 acres?

A Yes.

Q In strawberry crops. Do you consider that the three properties on which you had production records in Pitt Meadows were adequate to give you a true picture of production in that municipality?

A We haven't claimed that. We have said that the total that we have examined -- of the total we have examined gave that total for the area.

Q But in your conclusions here you make no exception of Pitt Meadows?

A Pitt Meadows is a part of a large territory.

Q You have just been saying you didn't have any records in Pitt Meadows, but we are assuming it is the same as the others?

A Yes. We could have excluded them, but it would be unwise.

Q Your conclusions covered all municipalities that you had records for?

A In all municipalities where we had production records and we made appraisals, yes. There might have been the Municipality of Sumas , where they don't appear at all.

Q Your conclusion, as far as Pitt Meadows is concerned,

is based on inadequate information?

A I never made any for Pitt Meadows.

Q You haven't accepted it, so I presume it isn't there? A. I am sorry, I didn't make myself clear. Here is the picture; we discussed for some time whether or not we would set this thing out by districts, or as a whole, and because the work was done by districts, it was set out in the report as districts. We could readily have put it in as one whole and you would never know the difference. You could easily put them together. We were trying to give you a picture of the whole, not of any one farm or any one district, but as a whole.

Q All right. Now when you defined production value a short time ago you stated it meant the production over a period of twenty to twenty-five years. Am I correct when I say that?

A I am not sure you are, no. It may mean a shorter period, because you get your fluctuations, due to fertility and so on.

MR. HUNTER: I think I am right, my lord, and I will ask the reporter to read back the evidence, where I asked him to define productive value. One of the parts of the definition was over a period of twnty to twenty-five years.

(Reporter reads as follows:

"Q: Dean Clement, I wonder if you would explain to me what you mean by "productive value"? A. Going back just a

"Bit, we know that prices of agricultural products fluctuate up and down, and that sometimes they are relatively high, and sometimes they are relatively low. The productive value is the price that you can pay, and over a period of years expect to pay for your property. In other words, it is what the land will produce in from twenty to twenty-five years".

THE COMMISSIONER: Q: Perhaps the Dean would repeat his definition, so there is no doubt about it.

A The definition of productive value?

Q The definition of productive value, yes.

A What the farm will produce for any one given period of time, long or short, depending on its fertility or unfertility. That bears no relation -- I shouldn't say no relation, but only an indirect relation to the agricultural value.

MR. HUNTER: Q: Didn't I find the definition you gave previously, read by the reporter, somewhat different from your subsequent definition? Perhaps you would let us know just what definition you are using.

A . I will tell you where I differed in the point of view , or where I haven't made myself clear; in one case I have introduced a price factor and in the other case I have dealt with physical factors.

Q Which is right, or are they both right?

A They are both right, and they are both wrong. In other words, you are dealing with a price factor that may modify and change very materially over the period from 1939 to 1944, which gave those farms

a productive value, and also I would say a sale value, based on its productive value which is not in keeping with the agricultural value.

In other words, in one case you are dealing with I would say, in part physical production, due to fertility, and in the other you are introducing the price factor that is due to the market.

Q And you consider that records for the three years, 1939, 1940 and 1941, give a true picture of production? A. You have to carry on to 1944, really, to get the true picture.

Q All your figures are based on something that doesn't give the true production, is that correct?

A No. The figures we have presented are on the basis of 1942 and the price of berries at that time, that is, strawberries, was eleven-cents, and it is fairly close to, within a fraction of a cent of 34 years of prices. In other words, 1942 is a typical year, as the economists would call it--a typical year and typical base.

Q A typical year or a typical base?

A The terms would be synonymous. The 1942 eleven-cent price is just about the average price for the 34 years of strawberry production in this valley. I could read those prices out to you, if you wish them.

Q They are in table X-4 of Mr. Gray's report, and they vary from 21 cents down to about 5 cents, so by taking three years which are relatively high you feel you get a production value, eh?

A No, we are dealing with the year 1942, there. Oh, I see. I get your question. 1939, 1940 and 1941--those years?

Q Yes. That is the value you took, isn't it, and averaged? A. Yes, that is correct.

Q So you took three high years and got a production value based on them, is that correct?

A Yes, that is correct.

Q Suppose you had taken the three previous years, 1936, 1937 and 1938, you would have got a rather different picture, would you not?

A For price, yes.

Q And in production value?

A That is correct.

Q So the production value you have now is based on a very short term; three years?

A Yes.

Q And normally anybody that is calculating production value with a viewpoint of calculating what money you can put into a farm, takes a period of twenty to twenty-five years?

A Yes.

Q So, the picture you get from taking three years doesn't give the normal productive value which a person usually gets?

A No. You left out the main factor, the number of rising costs. It went from 99 to 137 on the index number. In other words, you have the same picture exactly, but you left the costs out of it.

Q No, I haven't left the costs out of it. Just a

minute, we will go on with this. You have taken your production value and you have based it on gross profits, haven't you?

A That is right.

Q ANow, just let's go a little further on this. Have you ever heard of any appraiser appraising a property from the view point of gross profits?

A Yes.

Q You have? A. Yes.

Q I would like to hear your experience on that. Have you ever heard of the Appraisers Institute, either the American or the Canadian, which have conducted that type of appraisal?

A I am not a member of either. I am dealing only with agricultural lands, or lands in the Fraser V alley or all parts of British Columbia.

Q Let's go a little further and work on this. Capitalized value, you will concede, I presume, is usually taken from net revenue?

A Yes.

Q And in fact, in Mr. Gray's report, he is working on net revenues, isn't he?

A In a sense, yes.

Q I put it to you it is more than in a sense. He very definitely does work it out?

A For one group of farms.

Q So then you use gross revenue, which you have done on these small berry farms, is that correct?

A Yes.

Q You have ignored differences in location?

A Yes.

Q You have ignored differences in cost of production?

A Yes.

Q And you have ignored commodity prices?

A Yes.

Q So, when you ignore those things you are not taking into account cost of production at all, are you? A. Not at the moment, in what you have stated, no.

Q So, when you take your productive value based on three years and on gross profits, you can't turn around now and say, "I am taking into account cost of production", if you aren't doing it, can you?

A No, but you are entirely getting away from my whole point of view, and my whole presentation. I stated that these were family farms.

Q Yes, I heard you say that.

A There would be now and then a farm that would have a net profit.

Q I beg your pardon?

A There would be now and then a farm that would have a net profit, or a net revenue on which he could base a value, but in the case of most of these farms where there were Japanese or Occidentals at this time, they had no net profit. That is, after paying interest, wages of the manager or operator there was nothing left over. So, actually, then on that part of the case , those farms had no value at all, according to your statement.

Q Just a minute. You stated that this Gray report

that came out somewhat under your supervision?

A Yes.

Q Is that the conclusion Mr. Gray reaches in that report, that these small fruit farms have no net profit? A. No, there are some, especially one group that has a substantial net profit, but they range all the way from showing a heavy net loss to substantial profits. The profit in any group of farms, berry farms or anything else, can range from a complete loss of 15% or 20% to as high as 18 to 20, with a gross revenue of $5,000 ot $6,000 profit.

Q And when Mr. Gray made up his report he took in 71 farms? A. Something like that.

Q And on those farms, I presume, he discovered the average net profit, or thought he did. They certainly gave the figures in the report on it?

A The average net profit ? I would like to know what you mean?

Q Let's go back a little , and we will work up to this again. Now you stated that you were using, and you know people who based their production values on gross revenue. Perhaps you would refer me to some institute or authoritative body that does that? A. The Clement Consulting Services in family farms.

Q That is your Service? That is the only service that does it, is that correct?

A I don't know. You see, what you do --

Q Just a minute, Dean; I am asking you the questions, if you don't mind. I just want to know if you know of any other organization which uses gross revenue as a basis for determining productive value?

A No.

Q You don't know of any?

A No. They should.

Q Well, that is your opinion. How long has Clement's Consulting Service been going?

A A little over a year.

Q And you haven't been through many economic cycles?

A You mean, in connection with the Consulting Service?

Q Yes. A. No. The President has, but not the company.

Q So, this service, which is the only one that you know of that uses gross revenue as a basis of computation, as had no experience to find out whether this basis is a correct basis?

A If you separate Clements' Consulting Service from the personnel of Clement Consulting Service, your questions are correct.

Q Then let us deal with the personnel. Let us take the President, for instance?

A Yes.

Q And how long has he been basing productive values on gross revenue? A. I made the first study in Ontario in 1910.

Q Yes. How long have you been actually applying this basis to farms and advising people they could afford to pay that much money for them and having them buy

it at that? A. Having them buy it, is one thing, and advising them is another. To go back to the first inquiry in 1921 in this province --

Q Yes. Now when was the first time you advised a person on productive value, based on gross revenue as a basis for a purchase of a farm?

A I can't answer that. I don't know of the case. It would be somewhere back, oh, 1920 or '21.

Q How many people haveyou advised like that? How many people have you calculated for them the productive value on gross revenue and said " There is what you can afford to put into the farm".

A Well, that is hard to answer specifically because it would average over the years about one and a half a week who would come for specific information and that is how I talked to them, what can we produce out of this farm, and to see what the gross revenue can be and how many acres are going to be put into this and that and then say, " How good a manager are you?", and from there we arrive at a value.

Q Let's see what your records are on this. You say you have been doing this, off and on, since 1919?

A I think it was 1921.

Q 1921. Now, every time you advised a person in connection with some specific farm that its productive value was based on gross revenue -- you never did it from the angle of net, did you ,it was always gross revenue?

A On family farms.

Q I am talking of that. A. Yes.

Q You never did try and base it on net revenue?

A On family farms?

Q Yes? A. The family farms have no net revenue -- no profit.

Q How do you know they have no net profits?

A Because, you can state it this way; you take a group of family farms and they will run, as far as the farm is concerned, to a low loss, a quite substantial loss, but the average representative farms don't show a net profit.

Q There is another factor in this, that is the point of the size of the farm in productive capacity and acreage. Mr. Gray goes into that in his report, and we will go into it in a moment, but let's try and get the picture. I would like to know about the productive value method on gross revenue. I have never heard of it in my life.

THE COMMISSIONER: You live and learn everyday, Mr. Hunter.

MR. HUNTER: Q: I would like to know what your experience has been? Say we know its sale value. Let us take the number of farms you have appraised the production value of and followed it through in an economic sense, and it has justified that value?

A I can't answer that.

Q How many have you done it with?

A I can't answer that.

Q Have you done it with any?

A I can't answer that.

Q Well, how many? A. It would average

several every year. Not entirely berry farms, but dairy farms, and so on.

Q When you come to this group of small family farms, as you call them, your experience is very limited?

A No. My experience is extremely intensified over years in talking with people and in working with this sort of thing.

Q Can you produce some figures from your records which will show how many of these small family farms you have appraised for productive value?

A Oh, I never kept a record of them.

Q So, when you say this is a legitimate method of figuring out productive value, that is your opinion, and you have no evidence on which to base it?

A No, except the years of experience and knowing that I am right.

Q Except the feeling inside you that you are right?

A I know I am right.

Q That must be gratifying. Now, do you know anybody elæ who bases calculations of these productive values -- any friend of yours, aside from associates in your department -- any other agrologist or agronomist, whatever the term is, do you know of any other agrologist or agronomist that calculates in this manner? A. Not as a final figure. They might use it. I don't know what they do in their appraisals. They wouldn't tell us anyway. They use it as a check on the other method which I outlined to you this morning, and one is used as a check with the other.

Q They don't come out and say that is the productive value? A.Not in a simple statement by itself, away from everything else, no.

Q As you have done?

A Oh, no , I haven't. I am sorry, I haven't made myself clear again. Here is a report made by myself showing certain values and certain appraisals set out in a certain way, and taking into consideration all those factors which are mentioned this morning. In addition to that, I have tried to figure out a net rental for those properties.

Q That is on your direct value . I am talking of productive value? A. Let me finish.

Q I am sorry. A. You have that, and then as you haven't deducted in your direct value your rentals, which doesn't exist, except as a place to live. We have this fourth or fifth method of fixing our appraisals.

Q But you have come out and given your productive value, and it is based just on this factor; you use 1.4, or 1.1, based on gross revenue?

A But deduct our other values on the appraisal.

Q So that your method, while you believe it to be correct, it is unproven?

A: It proves itself, as a check on the other method, yes.

Q Just as with the productive value you have no evidence, except your feelings, upon which you can say that is a proven method of obtaining productive value? A. If you mean I can't

name someone else who does it, you are right. If you mean you think I am wrong in my judgment, you are not correct.

Q I don't think you are wrong, no.

A That is all right.

THE COMMISSIONER: Excuse me a moment, Mr. Hunter.

Q Dean Clement, has your theory been the subject of discussion among other agronomists or agrologists to your knowledge? A. To a very limited degree. There wouldn't be in this province, outside of the Veterans Land Act people, three men who are qualified to discuss it. We have a few throughout the prairie provinces.but they are a very limited number of men who make a study of productive values. The most of them will, say with wheat farms, will estimate the probable price of wheat over a period of years, and base it on the probable net values, which we have done in this case. Also, too, there is a direct relationship between the total gross value, when you take a large number of firms, and the value of the property for sale or purchase purposes.

Q Has the theory been debated amongst United States agrologists? A. No. The books on appraising always come back to the question of net values, but they ignore family farms, that is they pass up the family farm aspect of it, and we had to find a way to deal with family farms as opposed to capitalistic firms, as we know them.

MR. HUNTER: Q: Now isn't it true that one reason why

you ignored the net value in family farms is that you couldn't get the information?

A That hasn't been our experience, no. I would say that the records that we have obtained are very accurate. Now, there maybe times when a man conceals information, or doesn't give the information and times when it is not applicable, but we think our farm records, as we obtained them, are quite accurate.

Q I see. Now, these records of gross revenue which you obtained I understand that your son obtained those from the Co-Ops, and Canneries?

A My son did, to use a term used amongst students, he did the "Joe" work, yes.

Q Did you, in any municipalities, check the number of acres under strawberry cultivation as shown by the V.L.A. appraisals, or the S.S.B. appraisals in that municipality?

A No, that wasn't done, insofar as I am aware.

Q I see. Now let's look at one of these, Dean. In the appraisals of properties which you took in Mission which are totalled, the S.S.B. appraisals of those properties show that there are 22.77 acres in strawberries. You just show, I believe, farm acreages. A. That is correct. We are interested in the values of farms, not a particular acre on any farm.

Q But for productive value, we are quite interested, I presume, in the strawberry or berry acreage? Now, for your information, I have added up the number

of strawberry acres as shown on the reports for Mission, and they come to 140.48 acres.

THE COMMISSIONER: Is that the total, Mr. Hunter?

MR. HUNTER: Yes, my lord.

Q In other words, you have 22.77 acres in strawberries and the reports show a total of 140.48 acres of strawberries in that muncipality.

MR. McMASTER: Would my friend just repeat how many properties there are in this total.

MR. HUNTER: Those are all the properties in Mission, with strawberries, shown in the Soliders' Settlement Board reports.

MR. McMASTER: Oh, the S.S.B. report.

MR. HUNTER: In Mission.

MR. McMASTER: In Mission?

MR. HUNTER: Q: Yes. Now that means there are approximately 118 acres of strawberries, for which you have no production reports? A. How many did we have on the production reports?

Q 22.77 acres. I am assuming if we calculated the acreages on the properties you show on Table 1, that is what it showw on those reports. I am right when I assume you have no records for the other 118 acres? A. I want to be clear on what we are saying. There is a total of 140.77?

Q .48 acres. A. 140.48 acres --?

Q -- is the total of strawberry acreage in Mission, as shown on the S.S.B. reports covering the properties they appraised in Mission.

A And for the ones appraised by myself there were 22

acres?

Q 22.77 acres. A. Yes.

Q So we have, roughly, 118 acres. My mathematics, I think, are reasonably correct. You didn't, therefore, have any record for the crop sales from those 118 acres? A. That would be correct.

Q Did you show the records of all these properties, or do you show on Table 1 all of the properties on which you could get production records in Mission?

A Yes.

Q Well, then, I think you will admit that it would be unlikely that these 118 acres of strawberries would be marketed in Vancouver, but up in that municipality? A. Oh, I would expect they went to different co-operatives and the different private dealers. There would be a large percentage went through one Co-Op, I would say.

Q In other words, you think that the cast majority of the business wasn't done through Co-Ops.

A No, no. Anything I say with regard to how they are marketed is purely a guess, I don't know.

Q Let's take Mission. There are really two main Co-operatives out there, the Fraser Valley Growers and the P.C.U.? A. Yes.

Q Do you know of any other Co-ops. dealing with berries? A. Not at that time.

Q It is unlikely they would be sold to other than Co-ops, isn't it? A. I think you are right in that. I think there were a few shipped to

Vancouver, but in the main your statement is correct.

Q It is quite a way to Vancouver from Mission to bring berries? A. No. They come into Vancouver very freely.

THE COMMISSIONER: Thirty miles, surely, is not too far. Let me be sure I understand Dean Clement.

Q Did you say your records relative to the Mission properties show all of the berry sales to the Co-Operatives? A. No. There were certain farms where it was possible to obtain records of the total sales, and where you could be certain that there was no conflict of names, and no conflict of initials it was all right, but you would have to throw out everything that brings in any shadow of doubt, so we brought in only those where we could be absolutely certain. That is, in the report .

Q Take the figures you show in Table 1, they do not include all of the berry sales?

A Oh, no.

Q From the Japanese Properties in Mission?

A No. They would include about 15%.

MR. HUNTER: Q: Of the sales? of of the properties?

A 15% of the total acreage of berries. I am using your figures, 22 and 140.

Q What his lordship, I believe, is trying to find out is, how many more sales of berries were recorded there which you couldn't use because you were uncertain as to names and so on?

A I can't answer that, because I didn't see those ledgers.

Q I see. Now when you have the produce from 118 acres, which is quite a large percentage of the strawberry production in Mission unaccounted for through the two large Co-Ops., doesn't it seem reasonable to assume the produce of quite a large number of firms who were not marketed under one plan?

A I think we found one or two cases of that. I can't answer it definitely. I think the reporter in writing it stated in some cases two properties were marketed under one name one year, and some one uses name another year. That is possible.

Q Isn't it quite possible that sometimes a man owning one property will buy a crop from some neighbour nearby and market it himself?

A That is possible, but very improbable.

Q Well possibly you are correct , but I have been informed by many farmers up the Valley that it is done quite regularly. You say that is wrong, do you?

A No, I don't say it is wrong. It might be a good way to market, but I know of no case where it is done.

Q So you can't say it wasn't done?

A Dh no, no. That is not possible for any human being to answer. You would have to run a farm in the valley to know.

Q Did you visit, or do you know whether your son visited most of these canneries and Co-ops.?

A I visited one Co-op., but that was an incidental to a visit -- I happened to be there and he went with

me. I had nothing to do with the records, or books.

Q Let's go on to Maple Ridge, Table 2. You give production records from the farms that have a total of 18.63 acres in strawberries, as shown in the Soldiers' Settlement Board reports?

A Yes.

Q And, on calculating the total acreage of strawberries at Maple Ridge, as shown by the S.S.B. reports, I find there are 241.88 acres, which means that your production totals on Table 2, covers about 7.7% of the Jap lands in strawberries.

A There would be very fine sample if we could get that in on our Service and if I could get it on the present study in the Okanagan on the wage formula I would be very, very happy. I would be glad to take five or 3½%.

Q I am happy that your happiness is assured, Dean. Do you know what happened to the other 92% of the Jap strawberry crops?

A No, I don't know. We didn't study it all.

Q Would it not be reasonable to assume that some of it was marketed under one name from a number of farms?

A Oh yes, you could assume that. I wouldn't, but you could.

Q As you go down through these municipalities and you find the large volumes which are not accounted for, it may be that some of that, or even a considerable percentage was marketed under one or two or three names instead of under one name?

A

A I can imagine it, yes.

Q So you don't know, from the production records, how accurate they are, do you?

A No, any one record may be wrong, but we know all the records together are right.

Q You believe them to be right, but you might find anything in any case. You might find here in these tables that an individual has been marketing produce from not only his own farm but from other farms? Is that not correct?

A That is possible, yes. I don't think there is any way for us to find out whether it is true or not. If you could go back to the Japanese and ask them they might, but I don't think it is possible to find out.

THE COMMISSIONER: Q: Was any inquiry made, Dean Clement, of the Co-Operatives from whom you got the information, on that score?

A Yes. I think you will find in the report it was mentioned that production from two firms was marketed under one name, and maybe the next year under the name of a partner who was on the other farm.

Q Yes? A. That was discovered. You will have to ask my son that, because he examined those books, I didn't.

MR. HUNTER: Q: He doubtless will be able to tell us later. Now, when you made this study and took the crops, or the production, rather, in 1939, 1940, and 1941, did you have any records of the acreages

of small fruits for those years?

A For the districts?

Q For each property in the Tables, or were you merely assuming the crops were the same as when the S.S.B. appraisers made their appraisals in 1942?

A That is, that the 1939 acreage was the same as the 1942 acreage? Is that what you mean?

Q Yes,. A. I don't see how that could have any bearing on it.

Q It would have quite a bearing on the production, wouldn't it, Dean, for the year 1939 and 1940?

A Yes it would have to be from the same firm. We were appraising firms, not acres of strawberries, you see.

Q Yes, but let's go a little further on that. Did you make any effort to ascertain if there were any of these firms where they had extra cleared land, and cultivated land, which could be put into small fruits? A. Oh yes. That all shows on the appraiser's sheets. That was carefully examined.

Q And when you are calculating the production value, do you take that into account? That is, do you just take the production, or is there another factor you ignore, whether there is sufficient clear ed land for the rotation of crops?

A No. You not only know the acreage that is there, according to the sheets, but you know there has to be an additional acreage which isn't in raspberries or shrubs and so on. There were farms where there

was quite a large acreage with a small area planted to small fruits. There were other farms where the whole farm practically had been planted to small fruits.

MR. McMASTER: I don't like to interrupt my learned friend, my lord, but I think it would be much clearer if you make it clear whether he is talking about the direct values which have been claimed, or in the theoretical application of this Gray report on production reports.

THE COMMISSIONER: The Dean does not seem to have any difficulty in understanding him.

MR. McMASTER: All right, my lord.

M.R.HUNTER: I am talking of production value, my lord, and I will later get into direct value, but in the meantime until I change, I think my friend may assume I am on productive value.

Q Now this report of J.M.Gray, I assume you are thoroughly familiar with it?

A I have read it and helped to prepare it.

THE COMMISSIONER: Have you an extra copy that we might have before us?

MR. HUNTER: There is a copy in there, my lord, as an exhibit.

Q You are aware that the figures are based on the farm production value, or farm business as he states it, I believe, for the year 1945?

A That is correct.

Q So that, any conclusions drawn as to either gross or net profits, relate to that year?

A Specifically in this report, yes.

Q Now, have you compared the 71 properties in Gray's Report with the properties that you used in your study here?

A No. You mean property by property?

Q Yes, or generally. Have you located where they were and compared the size?

A No. That is not a physical possibility.

Q You haven't done that?

A No. It isn't a physical possibility.

Q You don't know whether they are similar properties?

A No, except we do know the general facts, that we have a representative farm which included the large and the small, and was considered a fair sample of 78 out of about four thousand farms.

Q How many Japanese properties were in those seventy-one properties?

THE COMMISSIONER: Seventy-eight, was it not?

MR. HUNTER: Q Seventy-eight, I am sorry, in Mr. Gray's Report.

A I can't answer that, but if you would like to get it, I would have to go back to the records.

Q You haven't checked that?

A No, I haven't checked that. I can get it, if you wish it.

Q How would you know that the average investment of $5,650.00 was applicable to the Japanese?

A There were no Japanese on these farms at that time. There were no Japanese on farms in 1945 in this area, and, generally speaking, the

Japanese farms that were abandoned are not now and were not in 1945 small fruit farms. They had deteriorated very badly by ~~the~~ 1945.

Q I see. So, the comparison isn't a true comparison, is it?

A In what way a true comparison?

Q Those were farms that were~~n~~never operated by Japanese, that were studied by Gray?

A Yes.

Q So, the average investment of $5,650.00 was an investment which, if correct, was placed on that property by a white man?

A Yes.

Q So when you talk of a $5,650.00 investment and apply it to a Japanese property, that is something that is not strictly applicable?

A It depends on how closely you wish to make it dovetail, and knowing those Japanese areas I am quite certain the application is correct.

Q You have already stated they didn't put their capital into the farm. It was labour, rather than capital investment?

A Rather than implements and houses, they put more into the land itself.

Q Rather than buildings?

A Yes.

Q So the figure of $5,650.00 wouldn't be correct?

A I can't see that, my good friend. I would like to, but I can't, I am afraid.

Q Based on the report there is no significant

number that would make it applicable?

A You can't go back and say in 1945 these farms then had $5,000.00 and something valuation, because we don't know.

Q You have two things there. First of all, this capital investment was based on farms in 1945, isn't it?

A Correct.

Q After about three or four years of good crops and good profits?

A After three or four years of low crops.

Q With high profits, then, I will say.

A I wouldn't even admit that. The production dropped from thirteen million when the Japs were on it to seven the year after, and four the year after. The profits weren't there.

Q Your contention is that the small fruit grower in the valley hasn't made any money during the war?

A No, he made it after 1944.

Q So he made it in 1945, is thatcorrect?

A 1945 and 1946 wasethe best years. 1947 was fair and 1948 bad.

Q 1945 was a good year, the year they obtained the production figures for this report of Gray's? A: A good year for higher production and profits were higher.

Q They made higher profits?

A Yes.

Q So then the capital investment grew?

A No, the capital investment remains the same but the sale value was higher.

Q I want to thoroughly understand what you are saying, Dean. Let's take 1942, 1943, and 1944. You are saying during that period the small berry grower didn't do well?

A I have stated it this way, you will find it in the Orders-in-Council at Ottawa, that due to shortage a subsidy was necessary to prevent the price from rising due to costs. In 1941, the last year the Japs were on their farms , the strawberry production was 17,900,000.

Q It was one of the biggest in history?

A Yes, one of the biggest. There was a bigger one in 1939. In 1942 it dropped to 7,300,000, mainly due to the Japanese being off their farms, and the Order-in-Council --

Q Now, just a minute. When you give that information, is it not a fact in the year 1942 it was the worst strawberry crop due to the excessive rainfall that many farmers could remember for years?

A Rainfall doesn't destroy the crop, but the picking of it.

Q Let's not argue over terms, Dean. Is it not true most farmers who were farming berries had poor crops in 1942 because the rain damaged their crops?

A We will let you carry on from there.

Q You state it is duete the evacuation of the Japanese? Are you prepared to stick to that, or do you admit it was due to the other reasons?

A According to the Order-in-Council passed at Ottawa authorizing the subsidy, it was due to the removal of the Japanese at the Coast, and then immediately after 1942 when the production was 7 million, it dropped to three million, four hundred thousand, and in 1944 it dropped to four million, three hundred thousand. That is in the three or four year period from 1941 to 1944 it dropped from 13,000,000 to 4,000,000, when the white man took over the berry farms on a rental basis to harvest their crops.

Q What are those figures from?

A From the exhibit. Page 20 of the Gray Report.

Q Yes. Between 1941 and 1942 there was a reduction of some six million pounds?

A Yes. Now, I don't know --somebody here maybe knows-- whether the rain spoiled the berries in 1943 and 1944. I don't know, but according to the Order-in-Council, and the statement was put in from this Province, it was due to the removal of the Japanese from the Coast.

Q I don't think anyone of us is naive enough to believe what is said in Orders-in-Council, are we?

A No. I am just stating the fact.

Q You, I presume, were familiar with the manner in which the material for Gray's Report was

compiled? A: Yes.

Q And he used, I think you said, anumber of college students to get information?

A His information wasgathered by boys by the name of Stockstead and Davidson. They have field forms which are as comprehensive as a census form, but applying only to the farm and they were sent out to these farms and asked to bring into the office full information,and answers to all questions on those forms.

Q Yes. Now, what was the exact procedure of obtaining from these farmers the capital investment information on that form?

A Our procedure is this; they use the same procedure that is used in taking the census. You ask the man what he values his farm for, and then you ask for the depreciation and after you ask a large number of them what they value their farms at, and size them up and make a comparison one with another -- Mr. Gray and I met at the time with Mr. Woodward, another expert, and these boys adjusted the values, one to the other. In other words, you can't always accept the value put on a farm by its owner.

Q They ask the farmer what he paid for it, or what he thought it was worth?

A What he thought it was worth, the same as all census estimates.

Q And that figure was then checked after all the information was obtained by these two people you

had there, or four?

A The four people, that is right.

Q As to whether they thought it was high or low?

A Yes. They adjusted it in relation to the general values of the district.

Q And were they appraisers?

A Registered agrologists.

Q They had never done appraising?

A Not experienced men, as appraisers.

Q They were not real estate men?

A Oh no.

Q And they were not familiar with fair market value?

A I would say they are very familiar with fair market values, especially Mr. Woodward and Mr. Gray.

Q I see. Now, you weren't trying to get fair maket value here, were you?

A No.

Q But the investment?

A No.

Q That is what I understood, the capital investment was the way the report read.

A I see what you are getting at, yes. That is right, the report of the farmer as to capital investment.

Q I would like to know what you mean by capital investment, or what Mr. Gray meant. Perhaps you can tell us.

A It means the amount of money he has invested in land, the amount of money in his house, and the

amount of money in his equipment and other things discounted or depreciated to what we consider the value at the moment, you see.

Q Isn't that rather a subjective factor there? You are saying the capital investment is athing based on price, or what we think it is.

A No. You put a capital investment of $5,000.00 in a house, and assuming market values remain the same, your house isn't worth as much after ten years.

Q I can appreciate depreciation, but I can't appreciate the factor you are introducing. I think you said something to the effect again considering its value. I may have misunderstood you so let's perhaps take it step by step again and calculate this capital investment. We take the amount of money invested for the various things, land, buildings and equipment and so on, is that correct?

A Yes.

Q And then depreciate them, according to the total.

A I used the figure of from three to five percent, depending on the condition of the house. It isn't always affixed thing.

Q After you have depreciated it, is that the figure you get?

A On the house.

Q For a farm. A: Or appreciated the farm. The farm itself may have fertility and have alot of crop on it year after

other year. That carries over the years. It is not the annual crop.

Q That gives your investment?

A Yes.

Q You finally get a figure as an investment. That figure, I presume, has no relation to whether it was wisely invested or not?

A Well, I imagine there is some relationship to whether it is wisely invested or not, but there are timeswhen a man will spend or will invest thousands of dollars in the intrinsic value. That doesn't appear in here as his investment.

I will give you an example of that. We had one man this summer who had paid $70,000.00 for a property. He consulted the Clement Consulting Services and we told him he paid $25,000.00 too much for it and we couldn't think of any more value to it than $25,000.00 less than he paid for it and he could write it off as an error of judgment right now.

Q You are referring to some other form of value, other than capital investment?

A I don't know what you mean.

Q Surely the capital investment must be the question for anyone, or it must be a question of prices being calculated?

A Yes.

Q I would like to know whether it is one or the other, or a mixture of both?

A It is a mixture of both, the manner of valuation

and the capital placed in the forms by the appraiser and the expert in the office.

Q The expert, after getting the figures, adjusts it to what he thinks is right, or what he thinks should have been expended on the farm?

A What he thinks should be expended in that farm.

Q You are getting down to a basic proposition as to what amount you can afford to invest in that property?

A Yes.

Q So, in other words, the average value shown in Gray's Report is a basic value?

A Yes.

Q It is a method of calculation and application of knowledge and information?

A Based on years of experience, yes.

Q May I have the name of the four people again? There were two students?

A A man named Paul Stockstead, who, at the time, was a senior student.

Q Yes. A: And I think it is George Davidson, if I remember correctly.

Q Yes. Then you had two graduates?

A Mel Gray, who wrote the report, --

Q Yes. A: -- who was the other one, and Mr. Woodward at the time collaborated.

Q Yes. You say that Stockstead and Davidson obtained the material and that Gray and Woodward were the

ones who placed their opinion on the value of the material.

A No, all of them together.

Q All of them together?

A Yes.

Q Now, I presume that Stockstead and Davidson were two young chaps attending the University?

A Yes. They were really field enumerators.

Q They had been doing what, prior to coming to the University?

A I can't answer that, I am sorry.

Q And Gray was a graduate?

A A post graduate student, from Manitoba.

Q What had he been, prior to going to the University?

A I can't answer that. He had been one year in farm survey work for the Dominion Government. Beyond that, I can't answer.

Q Was he a qualified appraiser?

A I don't know.

Q What about Woodward? Was he a qualified appraiser?

A Not in the sense of being certified, but I would call him a qualified appraiser. He has done a great deal of work in there.

Q What was the extent of his appraisal work?

A You mean in relation to those sheets?

Q No, I would like to know what qualifications he had for appraisal work? Where did he have the experience that would qualify him to look at information collected by Stockstead and Davidson

and give an opinion of it as to what would have been invested in that farm?

A In the first place, he was one of my graduates, and I taught him. That should have some value, and in the second place he had studied in the Oregon State College special work in appraising and on the basis of it was considered good enough to be placed in charge of the work in the Province by the Dominion Government. Beyond that, I can't give you any information.

Q You don't know whether he had appraised properties before? A I can't answer that. I know he had appraised the poultry projects very carefully.

Q This $5,650.00, in any case, which was taken as the average investment for 78 farms was taken as a basic value?

A Yes.

THE COMMISSIONER: You are likely to be some little time yet, Mr. Hunter?

MR. HUNTER: Yes, my lord.

THE COMMISSIONER: Very well. We will recess for a short time.

(PROCEEDINGS RESUMED AFTER A SHORT RECESS)

FREDERICK MOORE CLEMENT, resumed:

CROSS-EXAMINATION CONTINUED BY MR. HUNTER:

Q Dean, gross income, which is the figure you used for these family farms, I presume depends largely on commodity prices?

A Oh yes, yes.

Q And they, of course, vary greatly from year to year? A: Yes. It depends on commodity price which varies during the years from the particular year when the price is either low or high.

Q Yes, that is true. Those would be the two variants, would they?

A Yes.

Q Investment isn't affected by the change in market price of berries?

A Very little. In this particular report, the investment was for the one year.

Q But when you are trying to figure out the investment value, it is a factor that has no direct relationship to the market price of berries? A: Yes.

Q And investment would vary, I presume, if the market price of farms and market cost of labour and materials --

A Say that again.

Q The ratio would vary with the market price of farms and the market cost of labour and material? A: The investment from year to year, you mean?

Q You take any individual farm in any year and try and figure out the investment. You would try and figure out, I presume, how much money had been put into it if the man had just bought it? A: Up to that particular

moment, yes, that is right.

Q It would depend on the market price of farms?

A Yes, the market price of farms comes into it.

Q And if he was making improvements and putting more investment in, it would depend on the cost of labour and material? A. Yes, that is obvious.

Q So that the gross income varies according to two factors, one is the price of berries and the other is the production and investment income varies according to the market price of farms and costs of labour and materials.

A Yes.

Q But the variant is caused by different factors?

A Yes.

Q How can the conversion factor of one point four, or 1.1 to 1 between investment and gross income have any value, when both vary according to different variants? A. I understood you to say that these investments vary according to the price of the particular commodity or improvement you put in at that particular time. I think that is quoting you correctly there and you will find if you check up on your index number for the year that the commodity can be more for the year 1945 than you might have for another year--that is one of your variable factors and your price higher, but the relationship remains the same.

Q But there is no such variant in gross income, because that doesn't depend on cost of production, does it?

A Gross income doesn't depend on cost of production.

Q So the conversion factor you have is between the gross income and investment in the one, according to the market price variation in production, and the other variation according to the market price of farm labour and material cost?

A Yes.

Q Yet you say this conversion factor can be taken from one year, 1945, and applied to 1942?

A Yes, that is correct, because the year to which I applied it was a typical year, as I tried to explain a while ago. It is the average year in that cycle of 25 or 30 years and that the income in relation to the term used, basic investment, as we establish it might have varied slightly out of the general, up and down on price and so on, but there will be a conversion factor that will be somewhere always between the 1.1 and the 1.4.

Q Based on the results in Mr. Gray's report?

A No, no. It goes back a little further than that.

Q Where else does it go? I understood from your report it is based on the results of Mr. Gray's report?

A. No. In making returns of farmers over a period of years, I know from experience that you work from the gross receipts in relation to investment, but you have this conversion factor which will vary little from year to year, but it is sound over a long period of time.

Q Supposing you had a farm, and say in one of the

depression years, when the market price of berries was low. Let's take the year 1934.

MR. McMASTER: Which table are you referring to, Mr. Hunter?

MR. HUNTER: The price of berries, which is in Table X-4 at page 20 of Mr. Gray's report.

Q And in 1934 we have an average price for strawberries of 5.6? A. Yes.

Q And let's assume that that farm, at that time has a house and several buildings on it, and is in good shape agriculturally and has good production. Now, let's assume that in 1945 you have the same firm , the same buildings, which have been kept in good repair, and the same situation agriculturally and they have a good production. There would be quite a difference in your conversion factor, wouldn't there? A. Yes, there might be some difference there.

Q Quite a difference, wouldn't there?

A There will be some difference. I haven't figured it out.

Q It would be a very marked difference?

A I don't know about that.

Q Say you take your conversion factor of 1.46, based on 1945 figures obtained by Mr. Gray and his associates, and apply it to 1942, that is hardly the best method of doing it?

A Applied to 1942, it is a fair method, because 1942 is the typical year, but applied to 1934 when there was a 5.6 price, the farm value of that year would

be half the price of the basic value today.

Q 1945 was not a typical year, was it?

A It is a typical year, in relation to the thirty-year average. If you begin with 1914, and carry on through to 1942 you will find it is a typical year.

Q Do you know what the average price of berries was in 1945? A. Net to the grower, about 11 cents.

Q About 11 cents? A. That is, taking all kinds of strawberries, yes.

Q That is it dropped from 18.4 to 11, did it?

A No, no.

Q It shows in 1944 as 18.4 in your table?

A But , you don't drop by going back. You rise by going up in price. It had risen from 11.3 to 18.4.

Q What was it selling for -- 11 cents, you say in 1945? A. I haven't the 1945 price. I had it, and I read it out. I could get it very quickly.

THE COMMISSIONER: Q: Let me understand what your evidence is, Dean. I have understood you to say, Dean Clement, for the year 1945 the average price was 11 cents? A. No. I misstated that, if I did. The 1942 price for the typical year was 11 cents.

MR. HUNTER: Q: Perhaps you can get the average price for 1945? A. The 1945 price would be in the neighborhood of 20 cents.

Q So when you are applying the conversion factor, based on gross profits, you are comparing two things that are not comparable, aren't you?

A No, I don't think so, my good friend, on that. Suppose the price of berrkes had been low and they put a conversion factor on of about 2 and had the Jap farms valued at two or three times that --

Q Just a minute, Dean, let's stick to our knitting here. In 1945 you say you believe the price to have been somewhere around 20 cents?

A That is right.

Q Your conversion factor is based on gross profits?

A Yes.

Q In 1942 it appears to have been 11.3 cents?

A Yes, correct.

Q So then, you are basing your conversion factor on something that is very far from a typical year, if 1942 is a typical year?

A Right, but it makes no difference in principle, my good friend.

Q It makes a difference in arithmetic, doesn't it?

A No, it doesn't. I don't think I have made myself clear on the point. Either that, or there is some other factor in it. When you deal with these figures, the investment of $5,650.00, and the gross so and so, you are not dealing with a farm that exists, exactly like those figures. You have established, as they do in industry, and as economics and as economists, and statisticians do, what we call a representative firm, and then, after

you have your representative firm, or representative factor, you begin to work from that base line, up and down, and there might be a Japanese farm or an Occidental farm which cor-responds to this, but in sampling and in operating principles you have to work from your base line to your representative farm or industry.

Q I understand that, Dean. When we come to the gross profit, presuming a man has the same production in 1945 as he has in 1942, he will have twice the gross profit, at least, won't he?

A Yes.

Q So, when you make a conversion factor, based on the relation of gross profit to this static factor of average investment, you are going to have a very different result when you take it in 1945 and apply to 1942, a normal year.

A That is why we don't do it. You go back again on the facts as presented. Your production figures are on the basis of three years, not one year, and we would like to have gone further, could we have obtained the figures, and I think the report would have been stronger could we have gone back for, five or six years, but that wasn't possible. But, to take any one year is grossly unfair. Three years is little enough, but it is fairly accurate, and better than one. Five years would have been better.

Q But the figures you are using are taken for one year , in Mr. Gray's report? A. Yes.

Q And your conversion factor is made from his report, is it not? A. Yes.

Q And the gross profits of that year , presuming the production was the same, would be at least twice as great as in the average year of 1942?

A I get your point, yes.

Q So, the conversion factor, if taken from Gray's report, it is unfair to apply it to the 1942 figures, which are supposed to be an average year, or stated to be.

THE COMMISSIONER: Q. What is your answer, Dean Clement?

A The answer is this; had we taken a factor such as double the return, the conver-sion factor would have been about 2 or 3, which I know is wrong. This is a hypothetical case, and it simply draws attention to the fact of an individual farm where you will get striking variations, but it doesn't draw attention to the fact on the representative farm you don't get these variations.

MR. HUNTER: Q: Isn't it a fact it shows how unreliable this method of basing it on gross income is?

A I would say it shows how reliable it is and what is more is it is a check on the two or three other methods which we used in coming out as accurately as it did. I am sorry it came out so close, as a matter of fact. It shows the appraisals are very , very sound. There is only one other addition to the appraisals that were made by myself of the calculated net values, estimated on rents. This adds something to it that is very material.

I am not taking it as a factor all by itself, I want that clear, it is an additional factor.

Q But your conversion factor, based on gross revenue, is inapplicable to the year, 1942, isn't that correct? A. I am not admitting that.

Q I see. Now, in Mr. Gray's report, he endeavors to ascertain net income, doesn't he? He works out something which he calls a labour income?

A Yes.

THE COMMISSIONER: You are reading from what page of Gray's report, Mr. Hunter?

MR. HUNTER: I am about to read from page 9, my lord, but the labour income is worked out in the earlier part of the report.

THE COMMISSIONER: Table 3 contains the labour income per acre, found at page 11.

MR. HUNTER: Q: Yes. Now, he works out what he calls a labour income. Perhaps to shorten things, Dean, you could define to us what he means by a labour income? A. If you take the exhibit which is the representative farm you will get in there the statement of the operators farm income.

Q Which exhibit is that?

A I can't recall it. It is this exhibit (indicating).

THE COMMISSIONER: Q: At what page is it found, Dean?

A It isn't in the Gray report.

MR. McMASTER: No, it follows right after that.

THE COMMISSIONER: In Exhibit 2?

MR. McMASTER: Yes, my lord.

THE COMMISSIONER: Small fruit study, 1946. Is that it?

MR. McMASTER: That is correct, my lord.

THE WITNESS: In there, you have a figure called, "Operator's farm income, $1538.00 . Below that you have an assumed interest on capital investment which is 5% of the investment mentioned above, which is $282.00. The farmer has left for his labour $1256.00.

MR. HUNTER: Q: Yes, and on page 8 of Mr. Gray's report you will notice that in the first paragraph there it says, "Returns are expressed as labour income . . . . . usually the farmer himself". In other words, that includes everything, except his own individual salary?

A That is right. It is his salary as manager and for work.

Q Or the profits? A. No, his salary for management and labour. If you had to set a figure for his labour, we will say $100.00 a month, well then you would have $1200.00 for his labour and he would haveleft $56.00 for his management, and he may have nothing left for profit, but this is labour, not profit.

Q He could go on for years losing money and living on his capital, and many do?

A Yes, that is right.

Q Because, he could have been living on the revenue from his investment?

A Yes, and also on the earnings of his wife and family.

Q Yes. A. Some do that.

Q Then at page 10, under "Average-Sized Fruit Plantings"—

I am sorry, page 13, under "Size as Related to Efficiency in the Use of Land". It says, "The figures (Table 111) . . . . .to be around three acres."

A Yes.

Q "The same applies to the berry plantings . . . . in a more efficient manner", and I presume one of the main reasons for that is having sufficient land for the rotation of crops, and so on?

A I would like you to develop it if you would care to.

Q Yes, I am proposing to develop it.

A Go ahead.

Q When you were calculating your productive value, that factor, I presume, wasn't considered , whether it was a farm that had more acres or less acres?

A No. It takes in farms with more acres or less acres, or average lands. It is a representative farm.

Q But you didn't look at the farm and say, "It has three acres and it is more valuable than the less than three acres and therefore it isn't inferior"?

A No.

Q The calculated value doesn't take that into account, but you hope it averages out?

A We found it out after we made the calculation, not before. You make your calculation, you see,--?

Q Yes.

A.-You have to make your calculation, and we found it out in reporting it. You can't go back and discover it and put it into your calculation. That wouldn't be good

science. We found that out after the calculations had been made.

Q Found which out? A. About what you read on page 13.

Q But never discovered?

A Yes -- greater incomes , and greater efficiency, and so on. That was found out after calculations had been made. So, we couldn't put it in the calculations before we made them.

THE COMMISSIONER: Q: It was a conclusion arrived at after, as a result of your calculations?

A Yes.

MR. McMASTER: That is referring to the Gray report?

MR. HUNTER: Referring to the Gray report?

Q I thought you were referring to your own report.

A I am sorry, I was referring to page 13, I am sorry.

Q I am referring to your own report. When you were calculating the productive values, that wasn't a factor which affected the productive values?

A No.

Q If that acre of land was all he had, and he had a high production for the year you stated, and you took the productive value based on that production, whether it was one acre and innefficient and likely to be inefficient, or five acres likely to be efficient -- A. You apply it on all farms to get your representative farm, that is correct.

Q And he concludes of the farms on which he had records that a negative income occurred in 50% --

labour income I am speaking of -- in 50% of the enterprises that had over 80% of the receipts from berry farms, they have lost on three acres in small fruits? A. Yes.

MR. McMASTER: Page?

MR. HUNTER: Q: And he also concludes that where they have more than three acres, that only one of the farms had a negative labour income?

A Correct.

Q Whether or not the farm had more or less than three acres in small fruits, would that make a difference in the net income?

A In the particular farm, yes. It wouldn't affect the formula.

Q It would make a difference in the net income?

A Of the particular farm?

Q Yes? A. Yes, that is correct.

Q So, again, that is a factor which is ignored by taking the gross income, then?

A Oh, I suppose you can state it that way, but you are picking out sample factors that are just a part of the whole.

Q Sometimes if you have enough in the chain they make a whole? A. Yes.

Q And normally in calculating a farm you would calculate the agricultural value you use the net income system?

A Would you state that again?

Q Normally, where you are calculating the agricultural value of a farm -- let's drop that question, I am sorry. Where you are calculating the productive

value of a farm, normally you do it based on net income? A. If it is a capitalistic farm, yes.

Q Whether it was three, or more or less acres, it would make quite a difference if you took it on that basis? A. No. On the base referred to as 80%, on the 3.7 acres with average labour income of $1821.00, I don't think I would call these capitalistic farms, because you would have very little left if he paid himself $100.00 a month., and allowed himself something for management, if he wished to do so. He would have about $600.00 left. $100.00 a month wage would hardly keep his family.

Q Yes. When you take this gross income factor, you are doing that for the reason that you say there is no such thing as an average net income for those properties?

A On the average, those are the things. At the same time, when I say that, those farms would rent for a certain amount of money which could be capitalized to give a value, because they have houses on them and provide work. From that angle you can capitalize the net value, which I have done.

Q But for a person who owned a farm they would have no net profit and no net value?

A With a family farm, and we have literally thousands of them in the Valley now.

Q That is the man who can operate it with his family?

A Yes.

Q And pay no wages? A. Except in the rush seasons, as you know.

Q Now do you know how many of the properties in your tables, tables 1 to 4, had over three acres?

A Are you referring to the Gray report or to the Clement Consulting Services?

Q I am referring to the Clement Consulting Services?

A No, I can't tell you. I can check that up, but I don't know.

Q According to my calculations, which may possibly be somewhat wrong, because I am not a mathematician, I took the acreages of those properties and I found that out of 43 properties with which you deal with productive value, that only 16 of them had three or more acres in the small fruits?

A Did you include rhubarb in there?

Q No, I didn't. A. All right.

Q And you used the same conversion factor for both types? A. Yes.

Q That is, for those which had three and those which hadn't? A. Yes.

Q Wouldn't you say that was improper?

A Well, you can argue that from a statistically angle, but I think you will find that those Japanese farms that had around three acres in small fruits, possibly with some asparagus and rhubarb, had fairly high returns, not because of the acreage but because of the intensity applied in the hand labour.

Q In Mr. Gray's report, when he speaks of small fruits

he includes rhubarb and asparagas?

A In most cases.

Q In his calculations in saying under three acres it is unprofitable, 50% having no labour income, he is including rhubarb?

A I expect so.

Q How did Mr. Gray's student in this case know that the information which was obtained from these Co-ops., and canneries was correct? or did they get all their information from the farmers?

A I couldn't be sure of the answer. Generally speaking, in every instance those men are asked to go to the sales organization such as the Pacific Co-Op., and the Fraser Valley Producers and get the total sales. passing through the organization. They do check up by checking the monthly or annual sales statements submitted to them by the Co-ops. There would be a few excpetions in getting it from the original source, the Co-op., or the sales agency.

Q How do you think they would know whether products from a number of firms were not marketed by one man?

A Well, I don't see how they could make an error. They are sitting down talking to the man and his records are there. I don't think it is possible, under the circumstances in the case of a field enumerator.

Q You regard them as infallable?

A Oh, no, they make mistakes., but one mistake will balance another, and generally speaking, they sit down with the man and take a half a day, or sometimes

a whole day and they go over his property. They take his inventory and examine his farm and find his records and get all the facts on that farm as they exist on a long questionaire.

Q These experts, Stockstead and Davidson did that?

A I don't call them experts. I said student boys.

Q Let's recapitulate a bit and see what your production values are based on. They are based on a small percentage of the large acreage in fruits?

A Oh yes, I don't recall the percentage. I think we figured around 15% as very high on the sampling.

Q It is a small percentage, in any event?

A I wonder if we could get it?

Q I have already given one municipality, which is 7%. A. Anything over 5% is sound.

Q And you have no way of knowing that the products of more than one farm were sold under onename?

A No. You ask my son that. He checked that, so I am told.

Q And your calculations are based on records of three or less years? A. Of productivity, yes, that is right.

Q And these were years with reasonably high berry prices? A. Just a minute now, please. Just a minute. I will get exactly what they were. They were based on 1939 with prices at seven cents and 1940 with prices at 6.9 cents and 1941 with prices at 8.1cents.

Q And they are not high, are they?

A No, they are not.

Q And the conversion factor you used is based on high prices? A. The conversion factor we used was based on relatively high prices, yes. High, compared to the figures we have just given.

Q You have stated your results are not applicable to Pitt Meadows ? There is no information on it to show what it is.

A It is very difficult to study Pitt Meadows because of water conditions.

Q Your calculations of capitalized value is based on gross revenue, and that is not the usual practice?

A That is right.

Q And there is no authority other than your opinion to state that this method has any value?

A I know of no authority.

Q In doing this you ignore the cost of production and location? A. Oh, no.

Q I am talking of productive value, now? When you are calculating productive value, you ignore location and differences in cost of production?

A We are talking of productive value over a large number of farms.

Q And on any one farm -- you have calculated them all there -- you have ignored location and cost of production? A. Yes, but we have shown it. We added the total of the cost to get the picture that I have stated. No one firm can be related in any one year in three years to give

you a figure. It is a large number of firms.

Q So that in any one particular productive value here, it has really no bearing as related to others? A. It has value as a supplement to the other values we have put on them.

Q But between properties there is no equity, because you have no idea of the cost of production of one farm, as opposed to another in making the calculations? A. On the basis of calculation, if you want to give a single farm, you are perfectly correct, but we are not dealing with a single farm. We tried to take a sampling of Japanese farms and get the picture of that sample and apply it to the whole.

Q Location has no meaning when you are determining that productive value?

A One location, as opposed to another location has an important bearing.

THE COMMISSIONER: Q: I would like an answer to that question, Dean Clement?

A Location has no meaning when giving the productive value, based on three years as we have done here, in one particular farm in any one particular locality, but taking one in one locality and another in another locality you get your complete picture, and a conversion factor is sound. It is a total picture we are trying to get, and you have to get all the factors in one individual farm.

MR. HUNTER: Q: I am interested in the specific figures,

Dr. Clement? A. May I ask which ones?

Q I am looking at Tables 1, 11, 111 and 1V. Now take the second one in Table 1, Mr. Moriyama with his three properties. Do you know that farm?

A Yes, I think so.

Q I see. Now how many of the other properties are there next door to it?

THE COMMISSIONER: I did not hear your question, Mr. Hunter.

MR. HUNTER: Q: How many of the other properties are in the neighborhood of that?

A They are all in the Mission district, but how far away I can't tell you.

Q Can you give us one there that is quite a long way away? A. No, I wouldn't attempt to do that, because I went to those properties in the Mission District, and treated the Mission District as a whole. As to locating them on the map, one to the other, that is impossible.

Q If one of those properties happens to be on the main highway it gets no more productive value than back in the bush?

A You have two extremes, but in principle that is right. That is putting on a real estate and a sale value which we didn't do. The values are to be conservative, which I wanted.

Q Your conversion factor is based on the figures in Mr. Gray's report?

A Yes.

Q You don't know whether those properties are similar

to the property you were studying?

A Beyond this, that they are all small fruit farms, scattered through the same district.

Q You don't know how accurate Mr. Gray's information was? A. Oh, I do know that.

Q Do you know, or do you just think?

A I assume it is when a man brings me a report, who is a post-graduate student- - that he has not in any way modified his figures from the exact truth. We have caught boys at that once in a while.

Q I am sorry, I didn't hear your last few words.

A We have caught boys at that once in a while, trying to cook figures in that work. Mr. Gray is a man of integrity.

Q I am not questioning his integrity, I am questioning his accuracy.

THE COMMISSIONER: The Dean has told us he believes the figures to be accurate.

MR. HUNTER: Yes, my lord.

Q Do you know, or have you any knowledge as to whether Mr. Gray's average gross income figure is correct?

A No. No man could swear to that. I believe it to be correct, since he submitted it to me and took an examination on it.

Q And , summing up, you make no distinction between farms with more or less than three acres -- small farms -- in working out your productive values.

A No. In working out productive values we took farms with more and less than three acres, and got the general picture.

Q So, now when we look at the conversion factor, it is based on a fairly small percentage of fruit acreage? A. It is based on 78 farms out of --

Q 4,000, I think you said, or 6,000.

A I will get it exactly. It is based on 78 out of 2,661.

Q And it is based on one year's experience of revenue?

A Right.

Q And there is no comparison of your properties and Mr. Gray's? A. Not as definite, specific comparisons, side by side, except they are all small fruit farms.

Q And you are applying it on the gross revenue instead of net? A. That is correct. That is a good way to do it.

Q For possibly inaccurate figures for investment and revenue? A. I didn't get that.

Q For possible inaccurate figures for investment and revenue? A. For inaccurate figures on the investment? No.

Q You believe they may be accurate, but there is a possibility they are not, is that correct?

A Everything is possible, but in this case it is very improbable.

Q You are making no distinction as to acreages and small fruit? A. No.

Q You have defined several times your productive value and agricultural value. In the last paragraph of your report, Dean Clement, it says, "With reference

to Table V1 . . . . . value by 179.6%. Should that not read 79.6%?

A Yes, that is correct. Suppose the Soldiers' Settlement Board value was $100.00 -- there is a typographical error there. It should read 179, which is 79 greater than the 100.

Q It exceeds it by 79, or in other words it is 179% of 100? A. Yes. Thanks, very much. I stumbled on that when I read it this morning.

Q Then it goes on and says,"which is within approximately 3½% of the values obtained by the application of statistics and direct examination". Now this is referring to Table V1, that is where diredt appraisals have been made personally by you, I believe? A. Yes.

Q And I assume from the wording of this paragraph that you used the words "direct appraisals" as synonymous with agricultural value?

A Yes, that was the intention. I am sorry on that.

Q I mean, that is what you meant. They are synonymous?

A Yes. They are synonymous for the purpose of this report.

Q Exactly, that is all we are interested in, is this report. Now these direct appraisals, they were made by you, as I understand it?

A Yes, that is correct.

Q Would you mind just clarifying my mind again and define for me what you call a direct value?

MR. McMASTER: A direct which?

THE COMMISSIONER: A direct value.

A It is a term that is used to establish the agricultural value by examination of the property, and these properties were looked over by myself and so on.

MR. HUNTER: Q: Yes, and how do you calculate this direct value? A. In the first place, you go to the district and from your general knowledge and general observation in the district size up your property.

Q Now let's try and be precise, because I can see we are going to have some trouble getting down to something precise at all. What do you do? Looking over the district, do you decide whether it is a good, bad or fair district, or what is your mental process at that time?

A If I go into Matsqui, I know from observation and experience that the lands are more valuable than at Pitt Meadows and are more productive than Pitt Meadows, consequently they have greater value. I know that from experience and from previous study, and I know that there is a relationship between the Mission values and the Surrey values, and so on.

In other words, you look at a district and you know how production values would compare there, as compared to another district. Now whether you are quite well acquainted with these districts or not -- Surrey has relatively flat land with sand, loam and clay whereas at Mission you get into high lands and on high rolling land and you take that into consideration. In other words, you go into

a district , and you know Pitt Meadows might have one value but Surrey would have a greater value.

Q When you talk about whether it is a good or bad district, you are referring purely to whether it is good or bad from an agricultural point of view?

A Yes, in relative terms. I wouldn't like the people of Pitt Meadows to think it is a bad district. I wouldn't like that.

Q You are referring to its productive capacity?

A Yes.

Q When you have gone in there and considered that factor, what would be your next step?

A The next step, ordinarily, is to examine their property in relation to the surrounding properties.

Q Yes, and having done that what mental process do you go through? A. You look it over, and if they are available, you check up on the assessed values on this property and so on, and have before you those things, and what did somebody else think of it in 1942.

Q I thought you said, when defining earlier agricultural value, that it was the amount of money which a person could afford to invest in a property over a long period of years and expect to have reasonable return on what he spent?

A That is right.

Q Why would you compare this property with other properties or assessments, if all you are interested in was how much money you could afford to put into the property, to get over a period of years a

reasonable return on your investment?

A You have to know your general soil conditions, as spread over a period because the broad production conditions are spread over, actually.

Q It is purely a question of what you can afford to put into a property to get a return on the property. Surely what is in the municipality five miles away shouldn't make a difference?

A Because you know right away where a property is, comparable to an adjoining property. You didn't let me finish. I don't appraise the farm by going into a community and say it is like the surrounding farms, and it will produce so and so. We take all factors. We take a look at the farm and the man and the soil and so on, and the general conditions and the buildings, and we don't stop there. That is just another factor that tends to clarify it in your mind and that is another fact that adds something to your general knowledge of that particular property, compared to other property. Then you take a look around what we call perennial crops that are in the soil that produce a yield immediately next year, like a good raspberry or strawberry patch or asparagas beds, and so on.

Q Now just a moment, that would be from the point of view of ascertaining, or partially ascertaining what your income would be, over a long period of years?

A. No. We haven't got that far along yet. We take that all in. After you have gone through those four, you take another look

at it. Say you have some man who wants a farm and a home, and these are home farms capable of paying a rent of so many dollars per year. Let's say he would be willing to pay $300.00. Twenty years at $300.00 is $6,000.00. That is a good deal for twenty years and if you take your present worth of that at 5%, it would be --

Q You are capitalizing it?

A I would say that the farmer is worth $5,327.00 in the light of those factors. If you make a direct appraisal, based on all of these factors and take all of those things as they have done, then we get these figures which I have presented.

Q What you finally arrive at is what you call an agricultural or direct value?

A An agricultural value.

Q It is a basic value, is it not?

A It is a basic value. If anything they are conservative, and naturally we are conservative, advising with regard to farms. It is the basic value. It is what it is worth, from the point of view of the man purchasing it and living on it and paying for it, and I wouldn't hesitate to advise any clients of Clements' Consulting Services to buy at the price advocated here.

Q When you get a basic value which has relation to fair market value, that would depend of course on whether the property was selling at a high value or a low value?

A. It is how the values appear to Clement Consulting Services. I want to correct that. In 1947 and 1948 when they were

put on, the values put on by the Clement Consulting Services in August, September and October were below market values. They will be about market values two years from now.

Q Let me get that again.

A The values put on by Clement Consulting Services in 1948, which was the early part of August, September and October mainly were very conservative, compared to market values.

Q Which values are you talking about? The ones you put on in your report?

A Yes.

Q You say they are conservative, with respect to market prices at that time?

A Yes.

Q On what do you base that?

A Because, there was a general demand for land. At the time there was a large amount of berries in storage and it was expected that they would be sold for rather a good price to the Old Country. Since then the situation has worsened very badly, referring to the poultry business and this report would be just about right a year from now. There are about 3,000 people receiving some sort of relief in one of the best districts. They are not hatching eggs, but there is going to be a shortage. The whole thing has gone flat for the moment but it will be better a year from now. It will be the same value. I am trying to give you a figure over a year.

Q That is right, for your basic or agricultural value?

A Yes.

Q You have made a further statement they happened to be conservative as compared to fair market value, in the year 1942 . Is that what you are referring to? A. Yes, it was conservative, even then.

Q You said that you had made a study of fair market value at that time, I presume?

A Not in the sense of going out and going to the real estate men and so on, but I know prices were on the up late in 1942.

Q And did you make an analysis of prices at that time and compare the properties?

A No.

Q How can you say the fair market value was above yours, unless you have done it?

A I know properties were selling at $100.00 to $150.00 an acre for small properties from general understanding of the district, because these were valued then from $60.00 to $100.00.

Q How many properties do you know of that sold at from $100.00 to $150.00?

A I can't name them. It is too far back.

Q Can you give specific properties?

A No.

Q Dan you remember clearly in 1942 that was the price? A. They were on the upgrade.

Q Selling for from $100.00 to $150.00 an acres in that year? A. Yes.

Q It is absolutely clear in your mind?

A Yes. It was 11 cents for berries, compared to 6.7 before.

Q You can't remember whose property sold at that?

A No.

Q Or who gave you the information?

A No. If I could go back and pick it up, I would do so.

Q You can't remember that at all?

A No.

Q But the other factor is in your mind?

A Which factor?

Q THE COMMISSIONER: Have you any particular municipality in mind? A. I was speaking of two municipalities, Surrey and Maple Ridge.

MR. HUNTER: Q: Doubtless your counsel will be able to produce that evidence. Now let's go on. I think you mentioned before you had never appraised land for the purpose of determining fair market value?

A No, I haven't. You are speaking in terms of appraising it for what it should sell at.

Q Yes, fair market value?

A The way we do that is this, we give a man a report. We will say it is a specific farm. If it is agricultural value we will say worth $5,000.00, or a little more, say $7,000.00 for a larger property then it has its agricultural value, and if it has a beautiful outlook over an elevation, say down to the Fraser River. It may have certain features with regard to the lay-out of the house and so on, and

a little park. You can pay as much as you like for it, but don't expect the farm to return it to you. The fair market value is the agricultural value plus what a fellow will pay for other factors that go with a farm.

Q That is a new definition of fair market value.

THE COMMISSIONR: Mr. Hunter, are you likely to be some little time longer?

MR. HUNTER: I could easily be another half hour or so, my lord.

THE COMMISSIONER: I think in the circumstances, since the Dean has said he is free in the morning, we will adjourn now and resume at ten o'clock tomorrow morning.

(PROCEEDINGS ADJOURNED UNTIL FEBRUARY 2,1949 ,10.00 a.m

I hereby certify the foregoing to be a true and accurate report of the said proceedings.
J. P. Harrolin
Deputy Official Stenographer

JAPANESE PROPERTY CLAIMS COMMISSION

(Before the Honourable Mr. Justice H.I. Bird, Commissioner)

Vancouver, B. C.,

February 2nd, 1949.

PROCEEDINGS AT HEARING.

(Pages 1431-1518)

Drummond. DVLA. chief - 1474

cross 1474-1488

re exam 1488-1491

Talley Questions chief 1491-1502

cross 1502-154

The Commissioner.

Vancouver, B.C.,

February 2nd, 1949, 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

GEORGE HENDERSON DRUMMOND, being first duly sworn, testified as follows:

THE COURT: Yes, Mr. McMaster?

DIRECT EXAMINATION BY MR. McMASTER:

Q Mr. Drummond, would you be good enough to outline to the Commissioner briefly your academic training with respect to your statistical ability?

A Well, I was trained in Scotland as you might naturally conclude.

THE COMMISSIONER: Mr. Watson has a companion here this morning.

THE WITNESS: At the University of St. Andrew's, where I took an M.A. degree, and I got the Economics degree, which took me to London -- the London School of Economics, where I spent over two years doing research work, and finished up with a degree in economics, and as far as statistics go, I was trained under Professor Boley, who was probably one of the most outstanding men in his field in Great Britain.

MR. McMASTER: Q: And what has been your experience with regard to teaching statistics?

A Well, in British Columbia-- I came here 20 years ago and started teaching statistics at the University of British Columbia: First, a general course,

and then later on, after about two or three years, I taught two courses, a general course and an advanced course.

Q And what experience have you had of a practical nature as a statistician apart from your academic work, at the University? A: Well, Ihave done quite a number of jobs-- I will put it that way -- chiefly for the Government. In 1935 to 1936 I was employed by the British Columbia Government to analyze a statistical basis for the health insurance Act; and I worked in Victoria in the summer of 1935, and then I was retained for pretty nearly a year after that to give advice on statistical analysis, or such things as the estimation of income, and the estimation of occupational groups, wages, dependents and all these things that were necessary for the proper fulfilment of the provisions of the Act. But after that, of course, that was really left in the air, to put it quite simply, and all the work was left without any completion to it.

Q That is, the Act was not implemented?

A No, the Act was not implemented.

Q And what other experience did you have?

A Well, I remember Mr. Batullo asked me to prepare a pension plan for the Pacific Great Eastern Railway. That was before the war, and I did that, but again, unfortunately, I don't think it was ever carried out.

Q And did youhave any connection at all with the Sloan Commission? A: Yes.

Q On the Forestry Commission?

A Yes, the Sloan Commission. The Commissioner asked me to prepare about three briefs to present to the Sloan Commission. One was on taxation of forest resources and the other was on the establishment of a Forestry Commission, and the third one, which was purely economic, dealt with the effect of changes in the rates of exchange on our export industry.

MR. McMASTER: May I have Exhibit No. 97, Mr. Secretary, please? Perhaps, my lord, I might show the witness a copy of this exhibit.

THE COMMISSIONER: Yes, and Mr. Watson will get the original in the meantime.

MR. McMASTER: Q: I refer you, Mr. Drummond, to Exhibit No. 97, which is a report that was filed by Mr. Cobus, dealing with the relationship between the 1941 census of Canada, agricultural farm values, andthe D.V.L.A. farm appraisals in the lower Valley. Have you had an opportunity to study that report?

A Yes, I have read that report.

Q And what comments would you make in regard to it?

A Well, I would say I think Mr. Cobus did a very good job, incidentally, and secondly, he is quite right in taking the census figures in these areas, which are as reliable as one can get for the basis of a comparison.

Of course, my own work devolves from the figures here, and what struck me here in these cases, particularly, was the percentage was very high --

and the same thing applied when you dealt with not occupied farms, but acreage. I would call these large samples.

Q That is with respect to the rates?

A Yes, that is right.

Q And do you consider the methods that Mr. Cobus employed sound or otherwise?

A Yes, they are quite sound, based on working out percentages and proportions. That is quite all right.

Q Now, may I have Exhibit no. 101, Mr.Secretary, please? I will show you Exhibit No. 101, which is another report filed by Mr. Cobus,dealing with market sales, assessments and D.V.L.A. purchase prices. Have you had an opportunity to study that report, Mr. Drummond? A: Yes, I remember this.

MR. HUNTER: That is Exhibit 98, is it not?

MR. McMASTER: No,101.

THE WITNESS: Yes. The one very important thing here, I remember, -- that is the section -- the basis for excluding certain sales.

MR. McMASTER: Q: Yes? A: The trust transfers and inter-party transfers and so on, and from a purely statistical point of view that was very much justified. I think one of the most important things in dealing with statistical data, you have to be sure of your data, and if you have any doubt about it at all you have to put it out. That is, if you have any doubt of the reliability of the data you are using, it is far better to take

them out in any particular study you make. I thought that was very well done.

Q Now, if among those types of sales ~~xxxxx~~ that were excluded there should happen to be free sales, would that affect the validity of the method, and the results of the method, in your opinion, to any appreciable degree? A: I don't think so, because the sample you are using, if you are represnting it to them -- if you do by mischance exclude free sales as you describe them, that ~~x~~ should not affect the general conclusions one bit.

Q I draw your attention to page 2 of 101, where Mr. Cobus has set out, with regard to the year 1943, a number of properties that are included in what are defined as market sales.

A Yes.

Q And then he also sets out the number of properties as 84 included in the D.V.L.A. sales, and he sets out the percentage in 1943 of the total farm acreage, and the percentage of farms in page 2 of his report. Do you consider that to be a fair and adequate sample? A: Well, this No. 71 -- these are actual cases I handled in my own analysis. I certainly would not have done so, if I had not thought them to be representative of the area. Now, the percentage of farms -- that is 14% -- that is pretty good from a statistical point of view, and the acreage is 5.14%. Yes, I think that is valid enough, and the same would apply to the 84 cases under the D.V.L.A. They are mentioned in

here.

Q Thank you. I produce to you, Dr. Drummond, a report which is described as a statistical analysis of the relationship between market prices, D.V.L.A. purchase prices and assessed values.

THE COMMISSIONER: What is the exhibit number?

MR. McMASTER: I am having them identified now, my lord, and the graph, which is just tucked in the back of the report. A: Yes.

Q Would you be good enough to identify that for the Commissioner? A: Yes. This is the work I did on the two groups -- the D.V.L.A. purchase prices group and the market prices group. This is my work.

Q On the basis of Mr. Cobus's report relating to the year 1942 and '43? A: Yes.

THE COMMISSIONER: What do you call that?

MR. McMASTER: A statisitcal analysis of the relationship between market prices, D.V.L.A. purchase prices and assessed valued.

Q You have a copy of that report in front of you and the graph, Dr. Drummond. I would ask to file that as the next exhibit, my lord.

THE COMMISSIONER: Now, this is based on which of the Cobus reports?

MR. McMASTER: On 101 and relating to the 1943 year.

(REPORT MARKED GENERAL EXHIBIT NO. 102)

MR. McMASTER: You will recall, my lord, Mr. Cobus's report, No. 101, deals with other matters besides.

THE COMMISSIONER: Yes, I appreciate that.

MR. McMASTER: Q: This report is restricted to that. Mr. Drummond, would you be good enough to tell the Commissioner the manner in which you analyzed Mr. Gibbus's report, and then make any explanation that you think would be helpful to the Commissioner. A: Well, the data comprised two groups of properties with respect to which we have assessed values and prices, so that each piece of property has $2.00 attachments. It is a safe value -- and secondly, its price, and the problem that it presented to me was to find out statisitcally the relatinship between these two groups.

Now, I took them to be large enough samples of the area from which they were drawn to be representative of the conditions prevailing there, and the real problem is to find out by various statistical methods whether these two groups of things-- of properties, were identically dissimilar, and in what respect they might be dissimilar.

Consequently, I used a standard statistical method to analyze them -- to really break it down into three main methods.

The first one was to compare two groups -- what is called frequency distributions: That is, comparing them incondensed form so that we could draw conclusions from their general characteristics; and the second method was to apply what is known correlation analysis.

That is summarized in this chart that I made

to show the relationship as between D.V.L.A. prices and their corresponding, or associated assessed values.

And secondly, the market price for the sample 84 in the same way: That is, prices as against assessed values.

Now, that was done to see if the associations tended to be closely together or wide apart, and if wide apart, to find out, if possible, the degree of divergence and probably any reason I could find for that divergence.

Now, I considered that both these types of analyses -- the frequency group of analysis and the correlation analysis were not sufficient in themselves to confirm the tentative conclusions I made from them both.

And the third type of analyses is also a standard statistical method known as sampling analysis.

I think it may be better, as I go through this report, to make some ex parte statements on the method I employed, because I know quite well that I have got to use technical terms, as you do in most scientific studies, that may not be quite clear to the ordinary person who is not acquainted with the ordinary methods, and I think it would be a good thing, with the permission of your lordship, to digress from time to time.

THE COMMISSIONER: I am sure it will be most helpful to me, Dr. Drummond, because I am in the category you referred to. I have no particular knowledge of

economica, so I shall be glad of any information you can give me.

THE WITNESS: Shall I read it now?

MR. McMASTER: Yes, if you will be good enough.

THE COMMISSIONER: The reporter need not take this report down. It is there, except any remarks you wish to make on it.

A The title, as you know, is "A Statistical Analysis of the Relationship between Market Prices, D.V.L.A. Purchase Prices and Assessed Values."

THE COMMISSIONER: Dr. Drummond, I just wondered, if you should digress from the text, if you will call the reporter's attention to that, or is that going to make it difficult for you?

A No, I could quite easily draw attention to the fact I am making a digression. (Reading).

"The data comprises two groups of paired values . . . . . .$845, or between $401 and $2091."

Maybe I should make an interjection here to explain some of these terms.

The "standard deviation" is a measure of how the items are spread around the average. Now, you know as well as I do an average is not significant. It does not tell you a great deal of the items that make up the average, unless you know the spread on either side; so if you have a high volume of deviation, it means your items are spread over a long range. If you have a small deviation, it means you have a spread around about the mean -- that is not nearly as high.

And the important part in making these comparisons -- you see, the standard deviation is $1487.00, but the average of the 84 D.V.L.A. purchase prices is only $1246.00. The standard deviation is $845.00. And if you measure these two things -- which measure two-thirds of the items around the mean, this tells you in the market price there was much more spread in the actual pieces of property for some reason, as compared with the spread of the D.V.L.A. prices. For instance, you can see that if you look at this for a moment. Well, it is not clear in this thing here, but you might see that in the frequency distribution. If you will look over to the frequency distributions on page 3, you get the idea, which shows the range of values from low volume to high volume, and you can see from these frequency distributions if you had a mean or an average for any one of these, and plus another value, how the two-thirds of the items were spread and you would get the measure -- without the items being spread over a whole series of volumes.

Now comparing the "third and fourth," on page 2 -- if you talk of market prices, which is Column 3 in frequency distribution, and D.V.L.A., which is column 2 on page 3, you can see it at a glance. Here you have volumes ranging, for market prices, in column 3, all above zero up to $6,250.00, whereas in the case of the D.V.L.A. prices they range from the same bottom level of $249.00 only up to something between $3500.00 and $3.749.00.

Now, the standard deviation there is ~~kk~~ a summary way of describing that characteristic, but I don't think I need to go further into that now, because we handle the thing in a different form later.

Now, resuming here, I say: "Certain deductions may be drawn from the simple statistics . . . . . This is now illustrated:"

I take it your lordship does not want me to read these figures.

THE COMMISSIONER: No, not unless you have some purpose in doing so.

A No, I just present them.

"When the data are arranged . . . . . in the form . . . ."

MR. McMASTER: Just before you proceed, I wonder, with respect to the frequency distributions on page 3, whether you can make any comment with regard to the normalcy of the curves that this frequency distribution represents? A: Well, maybe I should have made a digression there in regard to the frequency distribution.

Frequency distribution is a condensation of a whole mass of data that is measured in the same manner. It may be dollars or bushels, and in the form of the chart you get low values that rise like this (indicating on graph) and taper away like that, in a tail shaped curve, and if the data were ranging around a whole line of volumes, you might get this effect (indicating on graph).

Now, in that form you can compare two groups

of things visually, and from the tables I have given you here, you can also compare them for any range of values -- what proportion of the total curve -- or what proportion of the number here is covered.

For example, if you look here at these frequency distributions, they are normal in the sense that they do rise like that, and taper off to high values. That is, you have a larger number of cases at some central point, like assessed values and market prices, column 1, where you begin at 2, 7, 10, and then there is a slight fall and then you rise to a peak of 14, and then you taper down to 6, 8, 3, 1, 1, 4, away down to 2.

The same would be true of assessed values --of D.V.L.A. prices. Your eyes will drop from a ridge from 10 to 2 and so on, and you have the same characteristics.

And if now, for example, you want to take out any block of values, say from zero up to 1500, you can find out from these figures the proportion of the total sum that is covered in that range.

For instance, let us take up to $1500.00, that is up to the limit -- $1499.00 -- and add these up, 6, 14, 7 and so on, and 37, you get 46 cases for the market prices.

That is for assessed values, of market prices, out of 71.

Now, that is a very large proportion of the total sample in a low range of values between the

mid-point of nothing and 249. The midpoint would be 125-- from 125 up to about $1500.00, ~~xx~~ 46 out of 71 cases are clustered.

Now, if you take assessd values associated with the D.V.L.A. prices, supposing we compare the same range or the same block of values, from zero up to $1499.00, you have 11, 9, 9, 4, 3 and 2, and that adds up to 38. That means that 38 of the cases in the D.V.L.A. assessed values out of 84 were grouped within that range, which leaves a larger proportion, a larger number, really, ranging away up to the upper values, and the way the figures taper off, you can see that. That is interesting.

You could see that better on the chart, putting one chart on the other and seeing how the lines run.

And there is the low range of $1500.00, say, and here are 38 out of 84, a larger number within the same range of values, and that would tell you the assessed values of the D.V.L.A. prices. They are higher on an average, and they have a bigger dispersion -- they spread further out.

And as I have indicated in the previous statements, if you want to compare market prices and the D.V.L.A. prices, let us do the same thing and let us take a block of values from zero up to $1499.00, your market price that you can compare with column 1, assessed values, they run from small numbers, 3, 6, 5, and then 10 -- 4, 6 -- and that

is where the average would be. And they taper away off until you have one case which sold higher up to $1681.00 -- but up to the limit of of 99, you get 22 if you add them up, and if you just jump back to column 1, you will remember the assessed values of 46 were up to 99, and here you have only 22 up to 1499.

Consequehtly, you only compare two distributions, and you see there the bulk of the 72 cases sold very, very much above their assessed values, and your standard of deviation would be higher, and compare those with the D.V.L.A. you get a slightly different deduction.

Take a block from zero up to 1499-- you see the bulk of the 84 are clustered at the lower end, and if you add it up you get 58. Here are 58 cases out of 84 that were sold below $1499.00, and if you jump back to column 2 for the assessed values of these same properties you will find 38 only out of the 84 at assessed values within that range. 58 were sold in the same range of values: That is, sold below their assessed value on an average.

And then again, if you will look at the D.V.L.A. prices in column 4, you will find it is clustered at the lower end and then it tapers off -- 6, 4, 5, 3 and so on. If you charted these, you would see the cluster come up like this and run away like that, whereas the other one would go up the scale a bit. You would start here and taper off. I regret, your lordship, I haven't got a blackboard

to illustrate it.

THE COMMISSIONER: You have made it very clear, Dr. Drummond.

THE WITNESS: Now, I think I have finished this. I will read on-- at the top of page 4:

"When the data are arranged in the form of frequency distributions as above . . . . . to which attention was drawn earlier."

I should interject here that I went over all the cases and put them in columns. That is, I took the assessed value and against that I put the sale price -- both for the ordinary market price, the 71 cases, and the others, and then I was able to say which was sold above or below the assessed value, and from that I have a summary statement here, which I will refer to.

So reverting back to the transcript again: "Comparison of Plus and Minus Deviations of Prices from Their Associated Assessed Values.

"Another sale way of comparing the groups of data . . . . . shows opposite conditions from the other." I do not think I should make any further comment on that, because it is obvious enough the two conditions are opposite to one another. In the case of assessed values, 85 were sold above their assessed values, and in the case of the D.V.L.A. 88% were sold below their assessed values.

"The Correlation Analysis. The association of . . . . . does not enter into the problem."

Now, maybe I should give you an idea what is

meant by correlation analysis. You can see by the chart I have prepared here what I call lines of regression. You can see in the first place the lower one is the D.V.L.A. prices actually received for the properties associated with their corresponding assessed values, and this other line, the black line, represents what was actually obtained in the market for the 71 cases.

The market price is related directly to the bottom scale, which is "Assessedd Value." The bottom scale is assessed value and the perpendicular scale prices -- and they correlate. These little dots represent two groups of things. The black dots represent the price obtained for one particular piece of property, in each case relating to its corresponding assessed values. You could drop perpendicularly in this way and you could get the association -- assessed value and price. And in the case of the D.V.L.A., the distinction is made by using open circles.

Now, these lines that appear here are the average, to show what is called an average relationship. They are worked out mathematically to determine the range by which one thing increased in relation to another.

If we are thinking of the market price, we take the one with the black dots, and the black line -- the slope and the line tells you how fast the market prices increased on an average relative to their relative assessed values, and that is an average in

the true sense of the term, just as we use the term average in our frequency distributions.

It is an average in a sense, if you think of these little black dots being above the line -- if they are above the line, they are plus, and if below, minus. And if you would add all up the pluses and the minuses, you would get a zero -- a perfect fit.

All the deviations on one side, on the top side, are pluses, and all the ones on the bottom are a minus, and the two things are equal. They cancel out. They are a perfect fit.

Now, there are one or two things you might draw from the chart itself. First, it is quite clear that the rate of increase for the prices for the normal 71 cases is much higher on an average than for the D.V.L.A. cases under consideration, and that is proved by what we call coefficient .

The rate of increase is 1.45 for every unit or every dollar of increase -- for the black line-- that is for the prices, whereas the rate of increase in the other case is only .706 for every dollar increase, and that is brought out by the spread of these two things.

So the chart itself is an attempt to show not only how you get the relationship between prices and assessed values in one case and another, and put them in that form with their average relationship, you can see how they spread themselves through the chart and how the average relationship diverges one from the other. I may have to come

to that for another point which I think may need further explanation, but to get back to our typewritten script here again -- I think I finished about the end of the second paragraph:

"The results of the correlation analysis . . . . . (C) The Equation of Relationship is of the simple linear type, namely: Y = a + bX."

I think I should digress a moment to explain these things. I have them described here in the script, but maybe we should just depart from the written description for a minute.

You will notice there are three things by which you measure the relationship. First you have what is called the coefficient of correlation. That is the first one. And the second one is the Standard Error of Estimate. And I was going to remark, don't let the word "error" deceive you. And third, the Equation of Relationship.

Now, the "Coefficient of Correlation ", as I say here, -- " is an abstract measure of the degree of relationship between the paired variables, X and Y." And its maximum volume is 1. That is, if you had perfect correlation, if all these little black dots on the chart would lie right on the line and there would be no dispersion around the line at all. R would be 1 in a perfect sense.

Now, if these little black dots were all higgledy-piggledy all over the chart, there might not be any "r" at all, and there would be no relation between the two things. And when is this significant

at all-- when is there a real relationship, and he would say if it is this .6, which is very close to 1, he is pretty anything from .6 upwards.

Now, the funny thing here is that these two things give a very high value of "r", almost similar to the first, because you get the point of correlationship plus..842. That is for ordinary market prices. And in the second case it is plus .845, and a statistician would accept these values as very high and would say the two things that he is comparing as having a degree of association do have a high degree of association. They do work together, and as one value rises the other value rises in the same relationship, so "r" there is a very significant thing, and it is a very good guide to the statistician that he is handling data which is really correlated.

If the value is below 5, he might have very grave doubts that he is doing something worth while, and this would indicate there is linear relationship. I just bring this out in a summary way by saying, "When r = 1, the linear relationship is perfect . . . . . are closely related or associated is correct."

So that is all that need be said on that point.

"The Standard Error of Estimate", well, I must say a few words about that. I talked about how you got an average and you have an idea of how the things are spread out about the average, and if you think of this line as an average relationship --

it is so drawn through these co-ordinates that I told you of a minute ago --the pluses and minuses above and below the line cancel out and that every point can give us a measure of dispersion around the line, and it is just like the ~~x~~ deviation. This is a measure of the average dispersion of the items around about that line of relationship.

In other words, to put it this way, in order to try to make it simple, if you take the black line there in my chart and look at the black lines clustering around it, now your dispersion is a measure of how these spread out around the line.

Now, if these dots were very,very wide apart on the bottom and top side, you would expect this would be a very big value and cover two-thirds of the cases all around the line. On the other hand, if they are close up against the line where the dispersion is very small -- in this case, if the sale prices were spread in the cluster -- the amount of estimate you would have to take in making predictions would be in a very narrow range.

Now, if you look at the dispersion of the items around the two lines of regression in the chart, you can see right away the black dots are distributed much more widely than the white dots are distributed around the dotted lines.

In other words, for the same reason the prices in the market price group of 71 cases have a wider spread over the chart than the prices for the D.V.L.A. group of 84 cases.

In other words, just look, for example, between the values of zero and $1750.00 for the D.V.L.A. prices. You will notice they are all clustered around close together, and they are really under the line. There are only a few cases --seven or eight, above the line, but you have a whole lot of cases clustered under the line.

Now, look at the black line representing the market prices and you will see they are spread fairly evenly around about that until they come to $1200.00 and $1700.00, and then you get a whole group thrown above the line, and that is what this measure tells you. It tells you, taking all these different dispersions around about the average dispersion, about two-thirds of these cases cluster around the line, plus one side and minus the other.

So what I say here, getting back to the script again: "The standard error of estimate . . . . . about two thirds of all the items plus and minus the regression line."

Now, the next thing is the Equation of Relationship.

MR. McMASTER: I don't want to tire Mr. Drummond out. Perhaps it would be well to recess now.

THE COMMISSIONER: Yes, we will recess for ten minutes.

(PROCEEDINGS RESUMED AFTER SHORT RECESS.)

MR. McMASTER: Mr. Drummond, we were at page 7 of your Report, paragraph (c). I wonder if you would just continue from that.

A Yes. "The Equation of Relationship . . . . any increment in D.V.L.A. price takes place."

Maybe again I should just draw your attention to the chart and give you an idea what this means. If you look at the Y axes -- that is the perpendicular one to the left from zero up to 1,000 and soon, you can see where the line cuts -- that is where the regression line cuts that line, and if you read from zero up to the intersection there, that is "A" in the equation, and it is equal to 233, so if you could imagine drawing a line parallel to the base at the intersection, you could see that for every assessed value coming on to the market you would be adding $233.00 before you started to increase your price at all, you see.

And in the opposite way, the chart is on a small scale and you would see this better if the chart had happened to be on a larger scale, but the dotted line is really below the zero point there, and that is how you get minus 21, and if you plot a line it would be 21 below it and the other $233.00 above it, so there is a spread between the two intercepts.

And again you will observe the rate of increase-- "B" is .706x. Now, you could get a picture of that if you took -- I am talking of the "B" coefficient, or the slope of the line -- you could get a picture of that if you would draw a perpendicular from any point of the assessed values and let it cut the line, and then take another volume, one unit more and let it come up and cut the line in a triangular shape -- and you get a triangle, and it

is a triangular shape -- and it would be the perpendicular of that little triangle which would be equal to "B", and the top line would be equal to 1.45,and another point .706(?). I don't know whether I can make it clear by describing it that way, but you can see by the chart at the "B" intercept that is where your calculations begin to start and before the 233 -- before you take into consideration the increase in price, and in another case you substract $21.00 before you begin to calculate any increase in the D.V.L.A. price, for every dollar increase in the assessed valuations.

"These two equations give us, therefore, a picture . . . .only under D.V.L.A.?"

Now, this little calculation here is quite simple. In other words, if it had followed exactly the line of regression, a $1,000 worth of property would have sold in the market for $1683.00.

"If we want to be more precise in our probabilities. . . . . cover sixty-six and two-thirds per cent of all cases."

Now, you will remember, your lordship, that that does take into account the spread, and if you have two-thirds of the cases clustered along the line then you would have a plus and a minus deviation that would covertwo thirds, and if you add and subtract your standard error of value in each case, you get the probability-- 60% might have sold between these two ranges, and you can apply it to

the other. The interesting thing here is the standard of error that we apply is much smaller in the D.V.A. property than in the open market, which means that the cluster is closer to D.V.A. price than the other. Now, I give an example here.

We may make use, I said, of the standard of error to give us a range of prices, not the exact price, in which the sale might have been made two times out of three of pieces of property, with an assessment of $1,000.00, a range of prices which would cover 66 and two-third per cent of all cases, and I have prepared the two equations.

"The equations may be written in the following forms . . . . . $229.00"

And that gives us the range of values of a piece of property of $1,000.00, which might have been sold as low as $881.00 and as high as $2,485.00, and in the case of the D.V.L.A., $1,000.00 piece of property, in assessment value, might have sold as low as $229.00 and as high as $1133.00.

"It should be noted . . . . . prices 2.18 times greater."

That means at the bottom end of the sale you are comparing $229.00 for the D.V.L.A. with $881.00 for the market price group, and that is a ratio of 3.78 -- at the lower end of the scale, it is 3.78. That is, $881.00 is 3 times $229.00.

In other words, a piece of property that would have sold for $1133.00 under the D.V.L.A. would have sold under the same corresponding analogy at

$2485.00.

And the same would be true on all corresponding points throughout the two ranges.

"Comparison of the two 'b' coefficients . . . . with increased assessments 2.05 times the increase in D.V.L.A. prices."

That is what I referred to before -- 233 in one case and -21 respectively, which suggests the spread between the two starting points. One is above the axis and the other is below, and added together you get 254 in favour of market price.

"However, this comparison . . . . . .The conclusions which we may have drawn" --

Q I wonder if I could interrupt you here, Dr. Drummond. You say "the above assumptions may not be valid." Which do you refer to? A: I said it was clear if the two samples are not drawn from the same population of data, and I interjected here -- "or from two similar populations of data", above assumptions may not be valid."

The conclusions which we may have drawn . . . . . results of further analysis."

Now, this is a normal, scientific method. Maybe I should interject here and put it this way: We compare two groups of things and although that data themselves, and the evidence, as it were, you would say these two things were worthy of comparison, they do represent two groups of things -- like two groups of properties, which are in many respects similar or at least do have the same background,

drawn from the same area, and assessed by the same assessor, and therefore we are justified in comparing these two groups and any conclusion we draw from such comparison is valid, but there may be some difference inherent or otherwise between these two groups that we have not discovered. A difference that might be important enough either to make our previous conclusions invalid, or make us revise them. That is the point I had in mind.

For example, I put it here this way: "This is the normal scientific method. For example, if the D.V.L.A. properties . . . . . .we shall now proceed to apply it."

Now, my lord, there is a technical description here in a few pages that I may have to explain considerably to get a clear picture of what is meant by sampling analysis -- by this type of analysis.

Essentially, the logic of the thing is this -- that if we do have populations -- now, the statistician uses the word"population" not in the sense of human beings, although it could include human beings. It means the population of data that do have the same characteristics. For example, if you were talking about a population of white adult males, you would think of all the white adult males in the population of Canada and you would know they are adult and white and they are males, but if you were going to measure their heights, you would find there are tall ones and short ones and

all kinds of heights, but there is one characteristic they would have. They would have an average height, and if you would take from this population the adult males and measure their heights and get another sample and so on, and you took all the averages, just like the frequency of distribution I drew up -- before you would get a curve, you see, this is called the normal curve of possibility -- it would give you a group of white adults, males, between certain heights, so you would have a curve that would go up bell-shape, like I have in here, from low heights to high heights, and the dead centre would be the average, and you get it in an ascending scale and a descending scale.

Now, this characteristic, which is pure chance, applies to an infinite number of things. It could apply to the leaves of a particular kind of tree. If you were to cut off all the leaves off a tree and measure them, -- you would find the same thing. They would have a tendency to taper from big leaves to small leaves, and the measure in biological data, taking from pigs to elephants, you would get the same characteristic, and that feature of population data, spread in a particular way, gives us a measure of probability, that if we took a sample out we would not expect that sample to have the mean of the population from which it is drawn, but the difference between the mean of the population and its own mean could be measured in the probability of what is called this deviation

taking place, and if we know that it can be estimated in a particular way we can assume that is valid reasoning. For instance, the mean height of man is 5'8, and we can get the probability of a man 6'8. The probability would be extremely small, as you will see, but you can measure the probability of getting a deviation from the mean of 1 foot, so you can do the same thing with any group of data when we assume they have the same characteristic, just as we can get the average in a variety of whites.

The same thing, if you assume two populations which are identical, one population here and another here, a sample here and a sample here, and the differences between these samples would form the same curve.

Now, here we have two groups of assessed values: One which applies to the market prices and one which applies to the D.V.L.A. prices. Now, if you think of the population of assessed values, that there is a sample taken out of the big area or a certain area, at any rate, in which you do have assessed values, and another group of assessed values in another area, or you might even have them all higgledy-piggledy-- all mixed up, but you have one sample that gives you an average and the other gives you the deviation, and the difference between these two samples has to be measured in the probability of these two things being drawn from the same population, of the same values, or an identical population

of the same value.

Or another way of thinking of it is to think of a big range of assessed values from low to high, and supposing you could think of them in height, you have one set ranging from 100 to 1500 and another from 1600 to 10,000. Now, if you had a sample from this and a sample from that, the difference betweem these two could be measured in terms of probability that they were drawn from one population, 1 to 1500, or the other 1600 to 10,000.

It is a difficult thing to explain, but the technique is simple. I am not thinking of a Gallup pole(?), That is not a very good illustration for my purposes, but I am thinking of the kind of sampling that they do with the Dominion Bureau of Statistics, where they come in, for example, and are trying to get all the information they can for the industry, and they chalk it and draw a conclusion from the sample about the whole industry, and it saves an enormous amount of work and it saves an enormous amount of money, and we can apply the same sort of sampling analysis to find out if we have two samples, what is the probability that these two things are of the same kind, and that is the type of analysis that I have tried to explain here.

Now, I shall read this through anyway, and if I have to make any interjections I will warn you in time.

"The logic of the method should be stated at

. . . . . .This gives us a standard of reference"--

Taking one sample out and another sample out, you would get differences and we are assuming that any difference is due to chance and to nothing else, and then we can prove whether we are right or wrong in assuming that the difference is due to chance, so our assumption -- or rather, our hypothesis is the assumption when we compare two samples, or the means of two samples-- the difference that exists between them is not due to the fact that things are different, but it is due to the pure chance that they are selected at random from the general population that they belong to.

"This gives us a standard of reference called the 'sampling distribution' . . . . . they are different things."

Now, what we do here is to set up a coefficient of risk.

"It is necessary to set up a coefficient of risk"--

Now, I may say the next two pages, or at least some of it deals with this theory, and when we talk of a coefficient of risk, it means we set up a risk of being right or wrong in our conclusions, and if you will turn just for a moment to page 13, you will see this chart -- this bell-shaped chart that I have drawn, and this is a double curve showing the expected deviation.

Now, this whole area which is typical of chance varia tion, we call it, the total area, that is 1.00--

Now, we can measure parts of that area along the axis -- along the centre zero there in standard of deviation units. We can compare any kind of measurement, bushels with dollars, because we turn them into a unit of measurement which is abstract, and you will see the sample "X" there as the standard deviation units.

That is the spread of the items, and that gives us an abstract measure to make comparisons between any group of things.

Now, if you will look at this thing carefully you will see that I have marked off at both ends of the curve an area, a shaded point ending at .025, and that means that 2½% of the area, you get the 2½% off the bottom side and 2½ on the top end, and these represent 5% of the total area.

Now, that is measured off plus and minus at one point -1.96, as I have indicated in the scale.

Now, if we do get a measure from our differences of means in a standard deviation unit form that is less than -1.96, we say that has fallen within 95% of the area of the curve, and if we are willing to accept that as proving our hypothesis, then we say the two things, although they are different in their averages, belong to the same population and they are the same, of a kind.

And another thing, if we set up a cefficient of risk of 5%, we say if we get a volume for our standard unit which is greater than 1.96 or less, it shows a volume in the shaded area, and since it

shows it in the shaded area, we reject it.

In other words, we say the difference is not due to chance but some thing else. In other words, they are not drawn to the same population of data, and that is a description of the analysis that is applied. But what I do here, I apply it to compare two groups of things -- two groups of assessment values.

For instance, we find that the assessments for D.V.L.A. properties tend to be higher on an average than the assessed values for the market price values, and we ask ourselves is that due to chance. That is what I am asking myself, or is it due to the fact that the D.V.L.A. properties are really better properties, and if they are, then it would give us a greater difference than 1.96.

And then I apply the same analysis to prices. And here I say: We have a group of prices on the open market and another group of prices at 84 -- determined in one way or another. Now, the problem for me is to distinguish between the two samples of prices, one where the average is greater than the other price, that is, the average price obtained in the open market or greater than the D.V.L.A.

Now, is that difference due to chance? Here is the difference of two average prices. If we think of prices of real estate on the market, and as a population from which you are picking up two samples--one is a sample of 71 and the other is 84 -- the difference between them, is it due to the fact

that they are simply chance differences; that the difference in the average is due to chance, or can we accept the chance hypothesis and say, then, the difference must be due to something else.

Now, that is briefly what I try to do in the next few pages, but I thought it was necessary to say that because the statistician uses terms very difficult, sometimes, to explain to the ordinary layman. They are technical terms and they round off an idea like a hypothesis that take a good deal of explanation.

Now, let me see, I don't know just where I finished there. I think it was about the middle of page 11.

"If we draw an infinine number of samples from a given population" and so on --

Now, this is just a repetition of what I have already said, so I think I should start at the foot of page 11:

"It is necessary to set up a coefficient of risk . . . . . depends on the nature of the problem."

Now, I have applied this method, your lordship, right through, and from the middle of page 12 on you would have a fairly technical description -- that is, up to page 13 -- you have a fairly technical description. Now, shall I read this or shall I start at page 14?

THE COMMISSIONER: Does counsel wish it to be read?

MR. HUNTER: It is just a waste of time as far as I am concerned. I do not understand it anyway.

THE COMMISSIONER: Well, if you go on topage 14 and read from there, Dr. Drummond, as you suggest.

THE WITNESS: Well, I have applied this sampling analysis to the two groups of assessed values to judge whether it may be accepted that they are the same kind of assessed values or not.

"The hypothesis in this case . . . . . equals $468.00."

That is the hypothesis.

Now, you will notice in the figures I have here the difference between the two averages is $468.00. That is, the average for the assessed value for the 71 cases is $1327.00 and the average for the assessed values of the 84 cases is higher. It is $1795.00. So the difference between the two is $468.00, and the question is: Is the difference of $468.00 due to chance or not?

Now, when I worked this out by the typical method of analysis, I got the volume here as 3.04. Now, this volume is much higher than the 1.96, which I have shown on page 13, so the two groups of conclusions is that the two groups are different in kind.

"The question is: Is the difference of $468.00 due to chance or not? . . . . . namely, 2205 is not a sufficient explanation of the difference."

You will remember that Ihave back on page 9, in the paragraph towards the end, the ratio between the two coefficients. It gives you 2.05, which I said the rate of increase of market prices

relative to assessed values was 2.05 times greater in the 71 cases than for the D.V.L.A. prices of 84 cases, and that shows in the slope of the line, and that could be used as a multiplier in the sense that you could multiply the values of the D.V.L.A. properties to bring them up. But I say here; " The use of 2.05 as a multiplier . . . . . A more equitable basis of adjustment would have to be found."

And over on the next page I say: "There is little point in testing assessed values . . . . . compare this with X = 1.96."

And as I say here in the script, "The hypothesis is rejected...The groups are not of the same kind"

Now, I come, my lord, to my final conclusions, summarizing the results of these three different types of groups of analysis.

"We may sum up the findings of our different types . . . . . all the more significant."

"The bias" -- that is purely a statiscal term and it means the data may have weight in a certain direction- "The bias, to use a statistical term . . . . . =2.275."

Now, I should add here -- there is a footnote showing the method of calculating this, and it is quite simple, but thatcan be checked by working on individual properties, as I did myself, but you can do it the other way by using the equation for the total 84 cases, and you can see in the footnote at the bottom of page 17 it is quite simple. It is not difficult at all.

"The use of the multiplier, 2.275 . . . . . would have done in the open market."

Now, let me say what this would mean in the terms of this equation. If you look at this chart, it would be just as if you took all the white dots and laid them all along the line, and you would have no items above the line and no items below the line. In other words, it is quite impossible to reproduce the dispersion of the 71 cases by trying to fit all these little white dots on top of the black dots; but if you remember what we said before, by putting some above the line and some below the line the two cancel out. If you apply the equation Y = 233 + 1.45X -- to the D.V.L.A.'s assessed values, you put all these white dots right on the line, and you are assuming from their point of view that they would be reproduced in the market with a relationship of prices, which on the average was the relationship of prices for the ordinary open market cases.

Now, it is quite true that that is distributive justice, in the sense some would fare better and some would fare worse. There is no doubt in the open market that some of these sales would have been above the line and others below the line, just as they were, and that is the sample we worked on, but since it is impossible to reproduce dispersion and since it is quite unnecessary anyway, you get over the whole group identivically the same result as if you had attempted to make plus and minus

deviations, and it is quite true that some would have done better and some would have done worse, but the better and the worse cancel out and you get perfect adjustment. And that is why I say here, "This would mean distributive justice . . . . . ." That is, ifyou look back at page 3 and compare the frequency distributions, it would seem to indicate that there was a tendency for the better lands to get higher prices,but that is a moot point and not one that I would press.

"This would mean distributive justice . . . . . stronger demand for the better properties."

And then the final conclusion, "It should be emphasized finally ... which they were compared."

THE COMMISSIONER: Well, Mr.Hunter, I suppose you will be all afternoon on the cross-examination, will you?

MR.HUNTER: No,my lord, but I would like the opportunity of going over some of these things at the luncheon hour.

THE COMMISSIONER: I was wondering if you could go on now, so it would save Mr.Drummond theinconvenience of coming back again this afternoon, but I quite appreciate your difficulty in proceeding with the cross-examination now.

MR.HUNTER: Well,this is the first time I have had an opportunity to get some of the significant features out of this report. Before this, I just read it and tried to get something out of it,and I would like a few minutes now to do that.

THE COMMISSIONER: Well, would it be possible from your

point of view to recess for a short time now and then go on?

MR. HUNTER: Well, if you could recess for, say, half an hour, to give me time to get some of these things in my mind --

THE COMMISSIONER: Well, what is your situation, Dr. Drummond? Could you come back this afternoon?

THE WITNESS: I am willing to fit in my time with yours in any way you wish.

THE COMMISSIONER: I do not like bringing you back again, but apparently it cannot be avoided.

MR. McMASTER: Would it be convenient to come back at 2:00?

THE COMMISSIONER: What do you say, Mr. Hunter? Would you like us to adjourn now until half past 2:00?

MR. HUNTER: Yes.

THE COMMISSIONER: Very well, we will adjourn until half past 2:00.

MR. McMASTER: I was just wondering how long my friend will be with his cross-examination, because I have another witness whom I have arranged to come this afternoon.

MR. HUNTER: I will not be very long.

MR. McMASTER: There was just one further question that I wish to put to Dr. Drummond before adjourning-- if I could do that now, your lordship, before we adjourn.

THE COMMISSIONER: Yes, if you wish ~~kx~~ to do so.

MR. McMASTER: Could I have exhibit 98, please?

Q I am referring to Exhibit 98, which was filed and identified by Mr. Cobus, and he explained to the

Commissioner on this map that he had set out, outlined in red, the 84 properties which were purchased by the D.V.L.A., and he set out in blue the private sales -- the 71 private sales. Now, will you take a moment to examine that and make any comment which you would like to the Commissioner with respect to it. A: Well, the first thing is--what is the red?--

Q The red are the D.V.L.A.

A Well, there is a spread right through the whole area and they are associated not too much down here with the blue lines, which are the ordinary market sales, and the areas look lagger for the red ones. Are these drawn to scale?

Q Yes, they show the acreage on each.

A Well, in that case I would say the acreage is bigger in the red than the blue -- from visual examination -- ~~kkax~~ in the D.V.L.A..

THE COMMISSIONER: You say there is a greater acreage in the red, being the D.V.L. A. properties?

A Yes, they look bigger properties to me in the term of acreage.

THE COMMISSIONER: There is agreater acreage per property?

A Yes, yes.

MR. McMASTER: That is all, my lord.

THE COMMISSIONER: What is that exhibit, Mr. McMaster?

MR. McMASTER: Exhibit 98.

THE COMMISSIONER: We will adjourn until half past 2:00.

(PROCEEDINGS ADJOURNED UNTIL 2:30 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

E Blyth

Deputy Official Stenographer

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT 2.oo p.m.)

THE COMMISSIONER: Yes, Mr. Hunter.

GEORGE FINLAYSON DRUMMOND, resumes stand, testified as follows:

CROSS EXAMINATION BY MR. HUNTER:-

Q Dr. Drummond, I assume that in order to substantiate your conclusions, the method of assessment must be consistent? A. You mean, the usual multiplier?

Q I beg your pardon? A. The usual multiplier of 2. something or other -- 2.275?

Q Yes. A. That is at page 17.

Q And that to obtain that ratio the methods of assessment must be consistent?

A Well, what I mean by the method of assessment being consistent, is simply that the assessor followed a set rule for all cases, irrespective of D.V.L.A., or other property.

Q Yes. A. I don't question that at all. I don't, under any circumstances, assume there was any discrimination say between one group of properties and another.

Q And you assume then that his approach was consistent?

A Well, I assume that the method employed by the assessor did not vary. It was consistent from one piece of property to another.

Q It might be consistently bad, but as long as it is consistent, you are satisfied?

A I don't care about that, because I am not raising

a question of how the assessment was made. I don't know that. I don't even know on what basis the assessment was made.

Q But as long as the approach is consistent, no matter what the result, you are saying that is adequate for your purposes?

A I am only accepting the assessments as having been made consistently.

Q Therefore, the bases of your conclusion, are they not, or one of the basis is that they must be consistent? A. Well, I say at the very end here, in No. 6, page 18, "That it is assumed in this study that the assessments were consistent throughout and that there was no discrimination of any kind", and I go on to say, it should be noted that this doesn't invalidate in any way the conclusions I arrived at.

Q I beg your pardon, you say one conclusion doesn't invalidate? A. I don't think any of the conclusions are invalidated by the assumption of a certain method, whatever it was, if it was consistent in making the assessments.

Q In other words, you are saying your base line of assessment is consistent, but if it is not consistent it doesn't make any difference?

A Now, I am not going to get into, Mr. Hunter, problematical things, that it may not have been consistent, because I don't know. I think it is assumed the assessor was a reasonable man in doing his job, and carried out his assessment throughout

the whole of that area on some bases, good or bad or indifferent, and he was consistent even in his mistakes, if he made mistakes.

THE COMMISSIONER: Q: That he proceeded on the same basis throughout?

A That is all I am saying, that he proceeded on the same basis throughout the whole area in making the assessments.

MR. HUNTER: Q: I see. Supposing the assessor is inconsistent, how would that affect your conclusion?

A Well, it might affect the conclusions, but I have no reason to assume he was inconsistent. I mean to say, if I had to make an assumption he was incoonsistent, I would have to go back over the data and find out in what respects he was inconsistent; whether he tended to assess small acreages higher than he should have done, or large acreages smaller than he should have done, I can't tell.

Q Supposing he is just completely inconsistent?

A I would say he ought to lose his job.

Q I think I can agree with you there, but how would that affect your findings? I may say he has lost his job, but let's find out how that would affect your findings.

A I'll tell you, that is a very interesting question, because, you could assume, undoubtedly, that a man had a certain degree of inconsistency, or a bias throughout all the data. I mean, the bias might be up or down. If the inconsistency cancelled itself out, that wouldn't make a great deal of

difference if the number were large enough, but again the problem is in what respect is it inconsistent? In what respect, and how?

Q Are you familiar with the principles of assessment?

A I beg your pardon? The principles of what?

Q The principles of assessment?

A No. At least, I don't know enough about it to give any ideas about assessment.

Q Are you familiar with the principles of fair market value? A. Yes. I am familiar with a general economic theory that if property or commodities come on the market and there are competitive conditions, that the laws of supply and demand and the laws of supply in the sense of the kind of goods that come on the market and the total number that come on relative to the demand, they will create a fair price. That is the basis of the whole theory of competition, and I have no reason to assume in this case there was any degree of discrimination in the market for the 71 pieces of property. That is to say, there were no influences to affect the competitive price. There might be, I don't know.

Q You are assuming there wasn't?

A I am assuming there wasn't.

Q But you are aware there are principles governing fair market value and assessment value?

A I was thinking of prices of property coming on the market, but I am not dealing with assessments. At least, I am not going to make any statement as to

the relationship between how assessments were made on the one hand and how prices were obtained , relative to them on the market, on the other.

Q But you are comparing two things, based on different principles?

A Oh, I am only comparing them in a sense. As I say in this brief, each piece of property has two prices attached to it. One is assessment value which is put in place of the other, based on the method of assessment covering any area assessed by the assessor. As against that is the price the piece of property could get on the market, and I am assuming a free market and a competitive one. I am not assuming that assessments are determined in that way in the market -- I am not assuming that at all.

Q But you are comparing two things that have different variables, are you not?

A No . I am comparing two variables that are somewhat related, like you can compare the heights of people with their weights . You measure weights in pounds, and you measure heights in inches; but you are justified in assuming that on the average a taller man is heavier, or the taller man is the heavier he is, and the smaller he is, the lighter he is, and so on. The measurement of heights and wights should be consistent throughout.

Q You are assuming a very definite relationship, then, between assessed value and fair market value?

A I am assuming, relationship which I think I have

proved by the conclusion itself and the measurements in both cases. You do have a realationship between market price and assessed value. In the first case it is the 71 cases. You do have another relationship between D.V.L.A. prices and assessed values, and that relationship I measured with respect to the co-efficiente and so on, as I mentioned before.

Q Assuming that assessments are consistent at a stated time and market values on the number of properties have changed, without any change in assessment, would that not change the results of the study?

A Well, I think you are right in this sense, that your market values, for the time being have no relation to the way in which the assessments were made. The properties coming on the free market might fluctuate up and down like that from month to month and from year to year, and the assessment may be fairly steady over that period, but that invalidate the conclusion I have arrived at.

Q Doesn't it change the results?

A No. It might change the results in this sense, that in 1943 I got that relationship. In 1944 the relationship might have been a little different. In place of being 8.45, or whatever it was, it might be 8.35, or 8.37, or something like that.

Q The real thing is that assessed values tend to remain fairly stable for a number of years. That has been my experience, and that market values

may fluctuate from month to month and from year to year.

Q And from locality to locality for type of property to type of property, depending on the type of land?

A Yes, that is true.

Q Supposing a certain type of property in the year 1943 had a much higher ~~than~~ valuation than another type of property, wouldn't that affect your study, providing you were considering some of these properties? A. If you have two comparable markets I think you would be right, but if you were dealing with two markets on which you had one type of property being sold on the market and another type of property being sold on the comparable market, you would be justified in saying the two things don't represent the same conditions.

Q Now I think just before we adjourned at lunch you suggested that during a rather cursory glance at Exhibit 98, the D.V.L.A. properties, it had a rather larger acreage than the property sales?

A Yes, from a cursory glance as you say. From a visual inspection of the distribution of the properties and size it seemed to be true. I am willing to be convinced otherwise and get some analysis of the size of farms, to see if that is right, or not.

Q Might that not explain the higher average assessments?

A Well it certainly can't explain the higher assessments for the D.V.L.A. property if there were either larger pieces of property or better pieces

of property.

Q Might it not suggest there was a stronger market demand for smaller properties?

A There might be a stronger market demand. If you let me have a look at your frequency distribution maybe I could tell you that right away.

Looking at market prices, that is column 3, page 3, below the $1500.00 mark, there were 22 cases out of 71. That is 49 cases left out of 71 which tended to have higher market values, compared with your assessments, where 46 out of 71 were assessed at less than $1500.00, which left a much smaller proportion , 25 to be exact, above that limit, and I rather say from this that the tendency was for prices to reflect the higher values there, rather than the lower values.

If we take the division, that is a purely arbitrary thing, but the division I took was 1250 to 1499, and I, looking at column 3, said there were 22 cases below and the rest of the cases above this 49. Now, that would seem to prove quite the opposite. That would seem to prove the market was in favour of the higher priced properties.

Q It would also prove those assessed at the lower values were the ones that were sold?

A If you compare the two types you would say on an assessment basis the bulk of the properties were sold for lower values, but on the market price basis the greater proportion of properties tended

to go to the higher prices.

Q That would indicate the smaller properties were the ones that people wanted and would pay a lot of money for? A. No, I would say the opposite. If that is what it means, smaller in terms of acreage. It would mean that those, along with others as well, had obtained quite good prices, quite above their assessment values.

Q Yes. There was quite a demand for these houses with properties with small assessments?

A Well, I'll tell you; I would have to take individual cases on the basis of acreage with their price and their assessment values and analyse that as a proposition to my conclusion. Right now, looking at that on a comparative basis the actual market values tended to run very much higher than their assessment values, and that would apply pretty nearly to the whole range, except for the two cases that ran up to about $4500.00. The highest case is $3,000 -- $2,999.00, which means to say there are 70 of them. You can say these are all low assessments, that is quite true, translated into market prices . You have a range , as I said before, running to much higher prices, and my figures prove it.

Q But there is nothing inconsistent with your figures to show that the demand wasn't for these small properties?

A Not one way or another. In order to prove that point conclusively,to my own mind, I would require to get for all these properties the area, and set

some standard of what is meant by small property, whether it is 3 acres or 5 acres, or 30 acres, whatever it may be, and set up my standard and compare the groups on that side. That is what would have to be done before I could make an offhand conclusion about it

Q Yes. Now, supposing you were supplied with another group of private sales within the same category, and having the same types of property excluded from it for the year 1943, and they showed a much smaller gap between assessments and sales price for the 71 properties which were chosen by Mr. Kobas, this would alter your ratio between DVLA and the market price?

A If your proposition is this, that we had another sample, not necessarily the 71 --

Q Say another 71 of the same year.

A In the same area, and the same year, and under the same conditions?

Q Yes. A: If we put the question this way; that we had another sample of about the same size from the same topographical area, and under similar conditions, would it make any difference in this year? I don't think it would.

Q It would be bound to make a difference in your ratio? A: It might made a difference in the ration, but I don't say otherwise, because it would be a different proposition.

Q Your ratios would be bound to be different?

A You mean, the 2.57, whatever it is?

Q The 2.57. A: No, I don't think so. I don't see how on earth it could be different,

because when I raise that sample from 71to 242, the equation we admit will be a little different; that is to say, there might be a decimal difference, or something of that kind, when another identical sample would weight this proposition. As long as the constants remain the same,or proportionately the same as the "A" has been, your coefficient to "B" the multiplier, which I call 2.75, would be the same.

THE COMMISSIONER: Is not your proposition negative by the evidence of Mr. Cobus? I understand Mr. Cobus to say he had taken all of the sales.

Mr. HUNTER: Oh no, my lord.

THE COMMISSIONER: In the year 1943.

MR. HUNTER: Oh no, my lord, x

THE COMMISSIONER: Making some few eliminations, because he gave an explanation which seemed to be sufficient.

MR. HUNTER: By no means, my lord, and that is not what his report says. He didn't say he took all of them.

THE COMMISSIONER: I would like that clarified, then.

MR. McMASTER: My lord,I think it states it in Exhibit 97. No, I am sorry, it is 101. In the first place, he states that he eliminated certain sales, on grounds set forth there as being suspect, then he says all the sales remaining were taken into account.

THE COMMISSIONER: That is my recollection.

MR. HUNTER: He says practically all, and I am proposing

to adduce evidence later to show that is not true.

THE COMMISSIONER: You are quite free to pursue the matter and cross-examine him if you wish.

MR. VIRTUE: If this would be of any assistance on it, Mr. Cobus said, according to my recollection, the list came out from Toronto, as far as it had been able to go at that time.

MR. McMASTER: Referring to Japanese property.

THE COMMISSIONER: That is beside the point, because Mr. Hunter tells me now he proposes to call evidence to show Mr. Cobus did not take substantially all the sales made in 1943.

MR. HUNTER: Q: The question, Dr. Drummond, then, is this; supposing you have another group of sales taken from the year 1943, the same types having been excluded, so that these are the same types of property but they show a very, very much smaller ratio or difference between the sale price and the assessment.

A That would be impossible, if the equation were the same, or close to the same. What you are really trying to suggest is that if this sample of 71 were increased, I don't care whether you doubled it or not, but if the sample were increased, duplicating the same data we already have in it that the equation on which the adjusted prices of D.V.L.A. were made would be different.

Q No, I am not suggesting that. May I make my suggestion again? A: Yes. At

page 17 it simply takes the D.V.L.A. prices as they are compared with the adjusted D.V.L.A. prices, as they would be had they taken place in accordance with the equation, 233 x 1.45.

Q Supposing you have this situation; you have a group, not added to that group, but another 71 properties, or another large group of properties in 1941 that are still within the definition of Mr. Cobus, and that they show a very slight difference between assessed value and fair market value, and that you have a further group of D.V.L.A. properties, another 84 in Maple Ridge that show a considerably less difference between the assessed value and the purchase price by D.V.L.A., how is that going to affect your conclusions?

A Well, you know, a statistician doesn't deal with hypothetical questions, but he deals with actual data, and I couldn't tell you what the effect of another 84 cases, or rather 71 cases might have on these equations. I couldn't tell you. It depends on what values they have, and how they are distributed. That is why I was insisting before if you added another group of 71 to this first case, you would have to add them in such a way you are virtually duplicating the actual values I have, and I could tell you right away you are weighting all the values I think right through, and you get the same equation, but if you go further and say you have to base it on other values, I can't tell you. It is quite

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impossible for me to make any guess, or even a pretence at a guess about what the relationship would be.

Q It might make quite a difference?

A It might make quite a difference, one way or another.

Q It might be better or worse?

A I agree with you there.

Q But probably better.

THE COMMISSIONER: From what point of view, Mr. Hunter?

MR. HUNTER: From mine, my lord.

Q Now, I have here Exhibit 58, Dr. Drummond, which is notes by D. W. Reeve on the difference between values for municipal assessments and market values. A: Which page am I at?

Q This is another exhibit.

A Oh, another exhibit, I am sorry.

Q And there is a slight passage here under "Buildings, Dwellings", paragraph 2, which I am going to read to you, if you don't mind listening. It says: "Assessment is not . . . . . these conditions."

Now, I presume that you are aware that purchasers would consider such factors, even though assessment wouldn't, perhaps? Then, are you aware that Dean Clement has stated that the Japanese buildings were generally unpainted and less attractive than buildings owned by Occidentals?

A I don't know that.

Q Would that factor not have some significance?

A Well, let me put it this way; if the two groups

of property under consideration came on the market under identical, free market conditions, and if it is true or were true that the group which we now describe as D.V.L.A. were poorer in respect of equipment, in respect of buildings and in respect of everything that goes to make a farm efficient, compared with the others, it would affect a market adverseley, for instance, for that year.

MR. HUNTER: Thank you, That is all, my lord.

THE COMMISSIONER: Any re-examination, Mr. McMaster?

MR. McMASTER: Yes, my lord, if I might.

RE-EXAMINATION BY MR. McMASTER:

Q Dr. Drummond, if the assessor were inconsistent in terms that would weight his assessment in relation to any type of propeBty, or groups of property, would you ex pect to find as high a correlation as you did find between the sale price-- market sales and assessment?

A You mean that in the two equations I set up -- you are referring to this? (Indicating).

Q Yes. A: That the coefficient and correlation of the figure of equation in both cases is extremely high. It is .845, or .842, if I remember correctly.

Q Now, you have expressed the opinion, as I recall it this morning, that the material which Mr. Cobus produced appears to be a fair sample in relation to the total farm acreage of the Munici-

-pality of Maple Ridge? A: Yes.

Q Then, take another group of properties. Let's assume for a moment that Mr. Cobus didn't get all of the sales outside of the category that he excluded. If another group of properties were taken, or another sample, in other words, of an equal size, would you expect that the results rising from the testing of this sample would be more or less applicable to the other sample?

A That is something like the question Mr. Hunter asked me earlier, if we had another group of sample properties that had been in the free market. You mean not the D.V.L.A. property, but comparable property with comparable quality, or identical with those and there would be no difference at all. At least, I don't see the possibility of any difference, but what I did say earlier was that I did accept the 71 properties there as a good representative sample of the free market in those properties. If the sample were bigger or smaller than 71, the equation might be a little different. It might be even that there would be a higher "B" coefficient than I have here. We have simply to deal with the data as it is there, and I think not with problematical or hypothetical conditions.

THE COMMISSIONER: Q: I suppose that would depend on what proportion the 71 bears to whatever the total is? A: Yes. When I talk about a sample being representative, it simply means the sample I have is fair. If it is

above 30, I will accept it as a fairly good sample, providing it is randomized over an area. That is, it is not a group away in a corner. It is not only from a given section of the area, but what you could pick out at random from the whole area. It is true you will get different sized property from the area, but it has to be picked out of the whole area. When I saw that map, as I did for the first time today, I did have further proof that it was randomized in that sense, because they were scattered all over the area.

MR. McMASTER: If your lordship feels it would be helpful to you, I would ask leave to have Professor Drummond prepare a frequency distribution table, showing the relationship between the size of these properties and prices.

THE COMMISSIONER: I am in counsel's hands.

MR. McMASTER: Well, I will ask Professor Drummond if he will do that, and I will ask leave to file it.

THE COMMISSIONER: I do not propose to say whether it would be helpful to me or not. It is for you to determine whether you wish to lead such evidence.

MR. McMASTER: Well, my lord, I am just wondering whether it would be necessary to bring Professor Drummond back to prove it. I think, as shown in his frequency distributions here, it is consistent with his method.

MR. HUNTER: I wouldn't want him back to prove it, but I would probably want him back to explain it.

THE COMMISSIONER: So far as I am concerned, there is no necessity for it, Mr.McMaster, but I am not telling you whether you should introduce that additional evidence or not. Is that all?

MR.McMASTER: That is all, my lord.

THE COMMISSIONER: Thank you,Dr. Drummond.

(Witness aside).

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MR. COBUS: My lord, I will call Mr. Folley now. Mr. Folley will be giving evidence on the question of chattels.

HOWARD PERCY FOLLEY, a witness called on behalf of the Claimants, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. COBUS:

Q Mr. Folley, what is your occuption?

A Auctioneer and furniture dealer.

Q What form of a furniture dealer?

A Oh, house furniture.

Q House furniture. What do you mean by the term house furniture dealer?

A We handle everything appertaining to household furniture and effects. That includes, of course, all electrical appliances contained in a house, musical instruments, furniture and carpets, that sort of thing.

Q Would you care to outline your experience and your length of time in selling household goods?

A I have actually been in the business for 33 years, and in business for myself 25 next month.

Q Where, Mr. Folley? A: In Vancouver, operating two stores over a period of ten years, but prior to that the one.

Q And besides running these two stores, did you have any other activities?

A Oh, yes. We make valuations for the purpose of probate and for the purpose of insurance. We also go out and give estimates on a home for a

person thinking of having a sale and give them an estimate on the house, prior to the sale, and that sort of thing.

Q You say you do give appraisals to individuals?

THE COMMISSIONER: He said he is a furniture evaluator.

MR. COBUS: Q: How successful in your appraisals of that sort have you been in the past, Mr. Folley?

A Well, I can say this, maybe I am a little conservative, but at the same time I can honestly say this, that in all my experience I have never yet had an appraisal that was lower than the result I got.

Q Do you carry on these auction sales for individuals in your own store? A: No, no. We just do household sales and store sales. As you gentlemen here probably know, last year we were selling merchandise at the C.P.R. once a month, but my main business all throggh the years has been household sales and the odd store sale.

Q At the present time, what occupies most of your time? A: Oh, at the present time I would say it is about maybe 60/40%; 60% maybe in the store and 40% in outside work, making valuations for estates and the like.

Q How many valuations of that sort do you make in a year? A: That is very hard to say, but I would state a minimum of 50, and probably more.

Q Over what period of time? For how many years?

A Oh, I have done that for a period of ten or twelve

years now.

Q Are you able to recall market conditions for house goods in Vancouver during the years 1942 and forward?

THE COMMISSIONER: I am sorry, I do not hear your question.

MR. COBUS: Q: Are you able to recall market conditions in house goods in Vancouver for the years 1942 and forward? A: And formerly?

Q No, forward. A: Forward. Yes. Naturally I have all my records there and naturally, through the war years, things were changing up rapidly year by year, and we know pretty well what was happening in the market.

Q What have you to say of the supply and demand in house goods, let's say for the years 1942, 1943 and 1944 in Vancouver? A: In Vancouver? Well, the supply of new goods was diminishing all the time. Practically everything on the new market was getting less, but personally we didn't have any trouble in keeping ourselves supplied with house goods, although many of the dealers in the same business have spoken to me and complained bitterly that they haven't been able to get things. My only suggestion about that is that being in business as long as we have, and having a lot of very good connections, that we have never found a shortage. We were always able to keep our supply up very well.

Q During the years I have mentioned, what choice

did a purchaser of let's term it household goods, have? A: Well, in 1942, we will say, he still had a reasonable choice, but from each year from then on his choice was ggetting a little more limited, particularly in some specific lines. All electrical applixances, whether radios, refrigerators and all those things, and sewing machines, were getting shorter year by year.

Q Do you know anything of the effect of the development of war industries in and about Vancouver -- what effect that had on the market for household goods? A: Yes. They had the effect of raising prices for house goods for this reason, that,as we all know, there was quite a big influx of people into Vancouver. They had to have furnit ure. When they came here, naturally they hadn't as much money as they had after working a year in the war industries. They were looking for house goods, and the result was the price for hous e articles continued to rise.

Q And in what year can you say the effect of this increase began and the ability to buy was affected?

A Oh, definitely in 1944, and from 1944 on.

Q What about 1943? A: Late in 1943, yes. I guess there was an increase of prices in 1943.

THE COMMISSIONER: Q: As pronounced as 1944?

A As against 1940, or 1941, yes, for this reason; the public, by that time, realized that goods were

getting in short supply. The result was, instead of calling up an auction room and sending their stuff, or calling him and getting him to buy, they realized they could do better by selling their goods privately, and the result was there was quite a fair amount of those goods sold that way. That is why the shortages were on and some of my dealer friends were affected, but as I say, personally I never suffered that way.

Q With respect to the sales resistance of buyers in the years I have referred to, 1942, 1943 and 1944, did you notice it? A: They didn't have much sales resistance. They didn't have the opportunity. It was a question in those years of a person starting out, we will say, to buy. They had ideas of what they wanted, and they wanted to buy, for example, a nice walnut dining room suite. It wasn't a question of being able to buy a nice walnut dining room suite. They ended up by buying a walnut dining room suite, probably something very much against their grain, but that was the only article they could buy, and that applied to a great majority of household effects.

Q In your own stores, and I believe you said you were operating two stores during those years --

A Yes.

Q In your own stores, was your stock turning over more rapidly during those years?

A Oh, definitely, yes. Definitely so.

Q Just how do you account for that improvementin

turn-over of stock in the stores?

A Why, to a great increase in demand, and as I say, the great influx of people into Vancouver who needed furniture. The result was we did a greater business.

Q How did the prices you obtained for articles on the floor of your store compare with the prices you were able to obtain when you held an auction in your client's home? A: Well, on an average, I would say we were getting more. Yes, on an average, probably, I would say we would get better prices in the store, for this reason; when we sold anything in the store, it had to be put in condition and reconditioned, and a person coming in naturally examined the thing more carefully than they do at a sale, and if it isn't in good shape, why, there is always a certain amount of complaint and come-back, which they don't have the opportunity of doing at a sale. Say at an auction sale you buy a table like this, (indicating), to all intents and purposes it looks 100%. They haven't the experience to look where I would look for defects, and when they get it home they find a leg broken and this and that, and they have no come-back, and in addition they have to pay the cartage. That doesn't apply to everything, though. During the latter years, starting, say, at the end of 1943 and 1944 and so on, there is quite a few things I am referring to -- I am referring to things that were in short supply that would

be asked for -- yes.

Q Now, what type of article do you have in mind there?

A Any electrical appliance, such as radios. I can give you a definite example of that. Radios, that prior to the war we refused to take away from a house -- we wouldn't even pay cartage on them -- through the way all that old timers, it didn't matter what year, and they dated back to I don't know what year radios started, but if they were 1920 models, $19.50 was obtained for them, the ceiling price. I often say if I had all the old electric ranges we turned down, I would be a rich man today. We turned them down before, but during the war they brought a fair price.

Q What do you consider to be the proper way of auctioning the type of goods you might describe as capital goods?

THE COMMISSIONER: As what?

MR. COBUS: Q: Capital goods, in the form of refrigerators, washing machines, bedroom suites and dining room suites. When I use the word capital with capital goods, my lord, I am speaking of the type of thing a person buys and considers an investment or an asset to his home -- the larger form of articles.

THE COMMISSIONER: I do not appreciate why you should bother about refrigerators and washing machines, because there are very few of them that I can recall belonging to Japanese.

MR. COBUS: Well then, I would include in that category,

my lord, radios.

THE COMMISSIONER: Yes.

THE WITNESS: Dining room suites, bedroom suites and that sort of thing. Well, if these goods were sold in a house, they naturally stayed in the room they were in. If they are sent to an auction room, they usual procedure is to start off with kitchen utensils and garden tools and incidental articles and work up to the better goods. If there is anything particularly outstanding such as a piano, it is usually advertised that this instrument will be sold at 3 o'clock, for example, and whatever the stage of the sale one may be at, at 3 o'clock that piano is put up for sale, for the simple reason that when some thing particularly good goes up for sale, you are only going to have maybe three, four or five interested parties. You are not getting the crowd for it. They are not wanting that, and there are just three on four interested parties in the piano, and by advertising the fact that you are making the sale at 3 o'clock, you save those people a lot of time. You don't have them standing around for two or three hours. They come at 3 o'clock and they know it will be put up, and they only spend maybe five minutes there. If it is a really good piano, we usually get Mr. Ward to demonstrate it so the prospective purchasers can see and hear what sort of an instrument they are buying.

Q I take it you are attempting to sell the goods,

naturally? A: Of course, I don't know about anybody else, but speaking for myself when I was selling for anybody, and that applies when I say anybody -- I mean anybody and everybody -- my business is to get the last penny out of an article in front of me, irrespective of whom my client may be.

Q May I have Exhibit 21, please. Exhibit 21, Mr. Folley, is a series of advertisements that were filed by the Crown of auction sales. I produce to you Exhibit 21, and the top ad concerns an auction sale at 1047 Seymour Street.

A Yes.

Q Would you just read that advertisement through and tell me what comment you would make on it?

A Yes. Firstly, I am going to give you my reaction, and what I know definitely to be the reaction of a lot of the public from personal contact. To start off with, "Under instructions from the Secretary of State of Canada", so and so and so and so, that in itself, to my way of thinking, is putting a damper on the sales, irrespective of the shortage of goods, because at that time everybody knew exactly what this meant. It meant these goods were Japanese property and as Japanese property, quite a large percentage of the public in Vancouver may want an article that is listed in this sale, but they take the attitude, "It is Japanese, I will go elsewhere." Maybe it isn't right, but I have had the personal experience of people coming

in the store and seeing some particularly nice article, maybe marked $10.00 or $150.00, and they walk in and say, "I want that." It isn't a question of price. "How much is it?" "$15.00." "Fine, wrap it up." Then they probably pick the thing up and look at it and it is made in Japan and they put it down and walk out. We have lost not one but scores of sales that way. There is the odd person, and there still is today, who would look at those things and say, "Well, I guess that was here before the war, we might as well take it, we like it," and they take it, but my personal experience is they are very much in the minority and I have never/attended in all the years one of these sales. I neverwent to them at all. I know some of the dealers went. I never went, because I never had to. I had plenty of goods myself and didn't have to bother going to places like that, but I know there is not one but scores of my customers coming into the store who mentioned the fact,"There is a sale advertised today of such and such a thing, I am not going," you see.

Q Yes. Now,Mr. Folley, what results would you say you would expect to obtain if you were to acution off a series of similar articles at one auction? Say, take for example, radios. If you had a large number of radios, or even in a home sale it happened you had five radios, what results would you expect to obtain if you put up for auction a series of such articles? A: Personally,

I would feel rather unhappy before I started, knowing I wasn't going to achieve what I am there to do, thatis, to get the most for these goods. I can give you a concrete illustration of that, if you want it. Where there is a number of one particular article, and I am talking of radios, irrespective of design and cabinets, you don't get the same price.

Q How do you explain that? A: I think, really, everybody in this room will agree with me, after all is said and done.

THE COMMISSIONER: It is immaterial whether we agree with you, Mr. Folley, or not. What are your views?

A The point is, you gointo a sale and there are fifteen radios, we will say. The first one is put up. Everybody is waiting, thinking "Now, we will get the next one a little bit cheaper than that, and the next one cheaper than that," and so on. The last two or three or four will bring the biggest price, better than the first ones.

MR. COBUS: Q: Has the location of the place of auction any effect on the price to be expected from a sale of ordinary goods? A: With average goods, I would definitely say yes. With something exclusive, we will say antiques, for instance, I would say no, but for average furniture, location has a very depressing effect on prices. That, again, I can prove from experience. If you want an example, I can sell a house of furniture, we will say, out in the east end somewhere. We

can take that identical house of furniture, I mean take the articles piece by piece and put them in a house in the west, in a better locality, and I am willing to say right now there will be a difference of 25% in the price received, outside of just one or two maybe individual pieces, but on the whole I think that would apply.

Q Do you know where 992 Powell Street is in the city of Vancouver? A: I have an idea.

Q Is that a good place to hold an auction of household goods? A: I wouldn't say so myself. I wouldn't go there.

Q Why not? A:For that very reason, that I wouldn't expect to be able to do right by my client.

Q Were some buyers excluded? A: By--?

THE COMMISSIONER: That is slightly leading, Mr. Cobus. Let us get the witness's views.

MR. COBUS: Q: Mr. Folley, a great number of Japanese goods were in fact held at 992 Powell Street -- auctions. A:Yes, I know.

Q In the city of Vancouver. Do you consider that a certain number of potential buyers would be excluded? A: Oh yes, definitely so.

MR. HUNTER: My lord, that is still very leading.

THE COMMISSIONER: Q: All right, let us have your answer. A: Yes. You mean me, sir?

Q Yes, go on. A: Yes, I would say definitely so, in this respect that the people that attend sales -- it isn't everybody in Vancouver that attends sales, but there are a lot of people do, and they are not too fussy. I mean, they are not too fussy about going down to 992 Powell. Not necessarily 992 Powell, it may be anywhere, Cordova Street or anywhere else. They will attend an uptown sale, I am quite sure, more readily than they will go to that end of town. Again, if there happens to be something there that is quite exclusive, there will be the odd one or two go down, but personally I wouldn't want to run a sale down there.

Q Mr. Folley, do dealers attend your auctions when you hold them in private homes?

A Yes. Oh, yes.

Q During the years 1942 , 1943 and 1944, did the dealers attend home sales?

A Yes, dealers were attending the sales, but dealer attendance dropped off in the last few years, for the simple reason that they couldn't buy anything to sell and make a profit on it. The supply was short, the demand was heavy, and the public were bidding bigger prices than a dealer could go to a sale and buy an article and cart it in and recondition it and sell it.

THE COMMISSIONER: Q: That would apply in what years, Mr. Folley? A: I would say that was probably starting in 1944. Mind you,

dealers still went to sales all through, but they didn't purchase anything like the amount of goods they purchased prior to those years, but their attendance hasn't gone down. There are still dealers who go to the sales.

MR. COBUS: Q: Is it usual to put a reserve on certain goods offered by auction?

A Not usual, but it is done. I mean, for the sake of example on that, that I will make the suggestion myself occasionally. We are having, we will say, a sale somewhere out in Fairview, or something like that. This person may have a house full of general goods and there might be a nice old antique chair, a sort of thing you don't expect to find in that house. Well, it is out on the east, and people who are looking for that class of goods -- I am giving my personal opinion again -- I think it depends a lot on district. They look at the paper and see a sale, for example, at 180-7th Avenue East. Nine out of ten I don't think bother to read the ad, because they figure there is nothing there for them. That may be a mistake. Some go, mind you, but that is the reaction. There might be another sale advertised in an auction room or in Kerrisdale, and they look at it because they feel there will be something there that they are interested in, and in that case I would say to the person, "Now, I will make a suggestion to you. I would put a price on this," but it isn't generally done. Auctioneers don't like reserves, and in the

auction rooms today they won't take reserves, otherwise they would have their rooms full of reserves and nothing to sell themselves.

Q During the years we have been speaking about, 1942, 1943 and 1944, is it your opinion that a person wishing to dispose of his household goods would adopt a method of auctioning those goods? Is that the usual method adopted?

A Well,as I said before, people were getting to the stage, if they were selling out completely, that I would get a call, for instance, and I would suggest a sale, knowing if they tried to sell privately they will sell 60% of the things and the other 40% they are left with, for which they got very little from the dealers. I suggested if they sold out completely that they would find out they would make out just as well,sometimes better, than trying to sell this lot privately and sell the rest to a dealer.

Maybe I can illustrate that a little better by saying that some people are a bit averse to sales. They don't like the idea of an auction,and I will make the suggestion to them, "I will buy this from you," and offer them $1,000.00 for the contents of their house. If they let us have the privilege of running the sale in that house, I will give them $1100.00 for the same goods, because I know that it will come out better

Q That is, if you held the auction there?

A Nine times out of ten, I try to point out the fact

I am offering more for the privilege of the sale. It is to their advantage to have a sale, and some times they do and some times they don't.

Q In your opinion, what factors can affect the price you might expect to achieve from an auction sale? I would like you to outline the factors you think are quite important that have an effect on it. A: Locality and attendance. Those, I think, are the two chief t hings. Locality plays an important part in a sale of that kind.

Q Yes, you have given that. What about attendance? What have you to say about that?

A Well, it is a strange thing, but somet times you will advertise a sale -- mind you, it hasn't happened so much in the past few years -- but you advertise a sale and there is hardly a dozen --

THE COMMISSIONER: Q: Confine yourself to the period from 1942 to 1945, will you?

A Attendance would fall off in that period, again through locality and weather. Yes, if a place looked a little bit hard to get at and it isn't a very good day, you can expect a poor attendance.

MR. COBUS: Q: When you speak of attendance, you are speaking of attendance in numbers?

A The number of people attending the sale.

Q What effect has that on prices?

A Well, a full house, I think, is always conducive to better prices. There is always better competition and some people amongst that crowd are what we call

curiosity seekers. There are a lot of curiosity seekers go to auctions, but at the same time, something comes up in the sale and that same curiosity seeker, who hadn't the slightest intention of buying, sees it and puts in a bid, and it makes competition. If you haven't that full house, you are confined to less competition.

THE COMMISSIONER: Perhaps this might be a convenient time to recess for a few minutes beofe you cross-examine, Mr. Hunter.

(PROCEEDINGS RESUMED AFTER SHORT RECESS).

HOWARD PERCY FOLLEY, resumed:

MR. COBUS: If your lordship pleases, there are a couple of questions further that I would like to put to the witness.

THE COMMISSIONER: Yes, go ahead.

DIRECT EXAMINATION CONTINUED BY MR. COBUS:

Q Mr. Folley, evidence has been given before the Commissioner to the effect that in the auctions of Japanese goods held in Vancouver, dealers obtained about 40% of the larger items.

A Yes.

Q As I recall it, you said with respect to the private auctions you held in homes --

THE COMMISSIONER: Just a moment. Do you accept that, Mr. Hunter? I do not recall it.

MR. HUNTER: I have that here, my lord, and I think it isn't strictly accurate.

THE COMMISSIONER: I do not recall any such evidence.

MR. COBUS: I am referring to the evidence of Mr. Binnington, but I may have put it backwards. It seems to me he said the public could have got sixty percent of the larger items, and that the dealers probably picked up forty percent.

THE COMMISSIONER: Suppose you put it on a hypothetical basis.

MR. COBUS: That is my recollection, anyway.

THE COMMISSIONER: Put it on a hypothetical basis.

MR. COBUS: Q: If that is so, Mr. Folley, what conclusion would you draw from that fact as to the prices paid for those goods?

A As to the prices paid?

THE COMMISSIONER: Q: The question is, assuming that dealers were successful in buying forty percent of the goods at the Japanese auction sales, what conclusion do youdraw from that fact, if it be a fact?

A Well, my thoughts as to that would be, your Lordship, on the larger things -- can I state a specific article? We won't bother with important articles. My idea on that would be this, that the public, we all know, were quite resentful and didn'tlike the idea of buying -- of course, not everybody, there were people, I mean, because the sales were attended, but there were people who didn't like the idea of buying Japanese goods, so a dealer, therefore, would be in a position to buy a lot of those things. Once

those things were out of wherever the sale was held and into his store, there was no longer any Japanese connection with them at all.

Q Now, Mr. Folley, will you confine yourself to the question put. What conclusion do you draw from the fact that the dealers were able to buy forty percent?

A For that very reason, that the public were resentful and would let those things go by and the dealer would have a much better opportunity of buying there than in an ordinary sale where the identity of the goods was unknown.

MR. COBUS: Q: Would you care to hazard an opinion as to the likely difference in price that might have been achieved, had that condition you speak of not existed?

A No, I wouldn't. Not having attended those sales, I couldn't speak with any athority at all.

MR. COBUS: That is all, your Lordship.

THE COMMISSIONER: Yes, Mr. Hunter.

CROSS-EXAMINATION BY MR. HUNTER:

Q Mr. Folley, taking this advertisement in which you stated that you thought that putting it "Under instructions from the Secretary of State" puts a damper on the sales, because the public would know these things were Japanese property; assuming that hadn't been put in those advertisements, and it was simply advertised as an auction, have you any reason to believe

that those people attending the sale wouldn't have found out themselves that they were Japanese goods?

A Oh yes, I think they would. I think they would.

Q In thatcase, would they not likely have the same objection as knowing it beforehadd?

A Not for quite a period. After awhile, yes, but not at the stadt.

Q Your suggestion is at the very start of the auction you might have got a few more bidders?

A I don't mean at the start of the sale, but at the start of the period of selling the goods.

We will say they started in August. The general public might not have gotten onto the fact they were Japanese goods until January, February or March of the following year, but then they would, undoubtedly.

Q But you weren't at the auctions?

A No.

Q And you don't know how many people attended?

A No.

Q If the attendances were good then the bidding would normally be good?

A No, I wouldn't say that.

Q I see. In otherw words, then, the question of attendance isn't an important factor at an auction?

A At an average sale, yes, but at these sales I would say no.

Q How do you know, if you weren't there?

A I don't know. It is just my idea.

Q Why do you say no?

A Because it is my idea, and from conversations with the public, and I talked to a few, naturally.

Q Yes.

A And I have had that impression given to me by scores and scores of people.

Q Who were at the auctions?

A Who have been to the sales.

Q In other words, they were widely attended?

A I can't tell you whether they were or not.

Q But scores and scores of people you had talked to have been there, at the auctions?

A Over a period of time, yes, not in any one day.

Q If you have a crowd at an auction, it tends to have more competition?

A It should do.

Q Yes. Now what Mr. Binnington said, and I will read you the transcript, Mr. Folley, is this; this is a question by Mr. McMaster:

"In terms of value, that is total purchase price . . . something like that."

A Yes.

Q What have you to say as to that?

A As I said before, the public's attitude towards these Japanese goods was such that they wouldn't bid on these goods, therefore the dealer had the opportunity of buying a much greater proportion at those sales than at an ordinary sale.

Q Of the smaller goods it shows the public bought a muchlarger proportion than the dealers?

A When he says smaller goods, he means kitchen utnansils and garden tools and the odd bit of crockery and glass. When he talks of larger goods, he means dining room suites and bedroom suites and upholstered chairs. You see, the public would probably buy a kitchen utensil -- alot of them would -- and garden tools, which can be used without that same feeling.

Q I see. Now your opinion was that the public didn't like to buy goods which were made in Japan?

A My personal experience definitely tells me yes.

Q That they didn't?

A That is right.

Q I see. Now, supposing I put this to you, Mr. Folley -- supposing I put this to you --that most of the goods which were sold, belonging to Japanese, were not made in Japan, but were made in Canada? A: If you want me to go into that a little more fully again, I will say that kitchen utensils, garden tools, and things like that, people would buy, and bedroom suites, upholstered chairs and that sort of thing, they wouldn't buy.

Q Even if they were made in Canada?

A Even if they were made in Canada. They knew they were in Japanese hands.

Q Why wouldn't they buy them?

A Because, they wouldn't like the idea of using

those things themselves, after where they came from.

Q In other words, they figured they came from people that were not cleanly?

A That has a lot to do with it. Some of the Japanese here were very, very clean. I have been in Japanese houses that are spotless, but the same thing applies the other way, and by and large with the prejudice there was people think of the poor side, they don't think of the better side.

Q Before the war you had no trouble in selling Japanese goods, no matter what kind of a family they came from?

A I wouldn't say that.

Q There was no change then?

A Definitely, there was a change. A terrific change.

Q What was the change -- from goods made in Japan?

A The change was with the public's reaction. After all is said and done, to a point I think it is natural. Japan was at war with us, and people took the attitude, "We are not going to buy their things". Prior to that, Japanese goods came in and were sold wholesale.

Q How many Japanese goods, and I am referring to goods made in Japan, -- how many goods of Japanese did you sell during this period?

A I didn't sell any, to my knowledge.

Q So, your knowledge is hearsay, entirely?

A Yes, absolutely. Yes, sure.

MR. COBUS: No questions, my lord.

THE COMMISSIONER: All right, thank you, Mr. Folley.

(Witness aside)

THE COMMISSIONER: Have you anything else for today, Mr. McMaster?

MR. McMASTER: No, my lord, that is all for today.

THE COMMISSIONER: While it occurs to me, since the argument was presented on the subject of fair market value, I have had filed with me by Mr. Virtue, a written memorandum of argument. I do not know whether Government counsel has seen it.

MR. HUNTER: I have a copy, my lord, but I haven't had a chance to read it.

THE COMMISSIONER: Would you have that in mind, and indicate to me some time next week whether or not you desire to add anything by way of reply?

MR. HUNTER: Very good, my lord.

THE COMMISSIONER: And, Mr. Secretary, I wish you would communicate with other counsel concerned, and indicate to them it is my intention within the next two weeks to hand down my conclusions on the fair market value argument, and if any of them desire to add anything to the argument that has been put in by Mr. Brewin, I wish they would do so at once.

MR. HUNTER: You mean, in the form of writing, my lord?

THE COMMISSIONER: It will be more convenient for me

if it is presented orally.

MR. HUNTER: It would be more convenient for me, too, my lord.

THE COMMISSIONER: Much more.

MR. HUNTER: Perhaps we could set a date.

THE COMMISSIONER: So far as Mr. McMaster is concerned, I know that his side has said its piece. I am referring particularly to Mr. Norris, Mr. Pratt, and some of the other counsel who are not associated with Mr. McMaster and Mr. Brewin. They have all been notified, six weeks or more ago.

MR. HUNTER: Yes.

THE COMMISSIONER: And have been furnished, I believe, with a copy of the transcript of argument. At least, they were informed it was available in the Secretary's office. So, I think it is about time they were preparing themselves, otherwise I propose to hand down reasons, which I have already drafted, but may have to redraft in view of other submissions.

We will adjourn now, until 10 o'clock tomorrow morning, Mr. Secretary.

(PROCEEDINGS ADJOURNED UNTIL FEBRUARY 4th, 1949, AT 10:00 A.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

J. F. Hanrahan

Deputy Official Stenographer

JAPANESE PROPERTY CLAIMS COMMISSION

(Before the Honourable Mr. Justice H.I. Bird, Commissioner)

Vancouver, B. C.,
February 4th, 1949.

PROCEEDINGS AT HEARING.

(Pages 1621-1712)

Ritter Hirshaurealty 1621-1652
Armstrong —do 1652-1677
Dalton do 1677-1712

The Commissioner.

H.B. Itter,
In Chief.

Vancouver, B. C.,

February 4th, 1949. 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

MR. J.A. MACDONALD: My lord, I am appearing this morning on behalf of the claimants, and we propose to lead general evidence on the property sold by tender and catalogue, with particular reference to the urban properties, and I now propose to call first Mr. Itter.

HAROLD BYRON ITTER, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. MACDONALD:

Q May the witness sit down, my lord?

THE COMMISSIONER: Yes.

MR. MACDONALD: Q: What is your occupation?

A Real estate broker.

Q And are you on your own or with a firm?

A I am in partnership with my father, W.H. Itter & Son.

Q How long have you been in the real estate business?

A Since 1929, myself, personally.

Q Have you been with this firm the whole time?

A Yes.

Q And you say you are a real estate broker. Have you had any connection with appraisal work?

A Yes, I have done quite a bit of appraisal work for three of the large oil companies, and lawyers, and estate work, and for the mortgage company. I was appraising for the Empire Life

Insurance Company at Kingston, Ontario, in passing loans.

Q And is there anything else in your experience that you would like to draw to his Lordship's attention?

A I have been very active in real estate sales, in the market itself, selling real estate and knowing values at the time.

Q And were you engaged in the real estate business during the years we are interested in, particularly 1943 to 1946?

A Yes, quite actively.

Q Do you recall the Custodian's sale of former Japanese properties at that time?

A Yes.

Q In a personal way do you mean you had anything to do with them?

A Yes, as an agent I received one of the catalogues, and looked up some of the properties, and I went out to see some of them, but I did not make any tenders on them actually for clients but I was interested in the sale.

Q Do you recall anything of interest regarding the properties that you did see?

A Oh, the properties that I went to inspect on the whole were in pretty poor repair, and were in need of decoration. They were not in asaleable condition or in the best saleable condition.

Q Are you familiar with the Custodian's method of sale?

A: Yes.

Q By that I mean, and my friend can correct me if I am wrong, an advertisement appeared in the press, which is the first page of the catalogue -- referring to the catalogues-- that catalogues were available: That appraisals were undertaken by the Custodian's office, that the Advisory Committee had a sale price which might differ from the appraisal price-- from the appraisal-- that the sale was by tender, and there were other specially advertised properties. Now,I would like to ask you something about that sale, if you are familiar with it. What differences, if any, would you find in this method of sale, from the case of a vendor selling his property in the more usual way?

A The general way a vendor would sell his propperty would be to list it with anywhere from two to five different agents at a certain price; and these agents would advertise the property, and would possibly hold it open for inspection; and in some cases, too, if the property was in need of repair, they would suggest to the vendor in order to get a better price he should decorate the house or do incidental repairs to make the property more saleable.

Q And are you at all familiar with any sales in bulk, say by a mortgage company?

A Yes, I was quite active in selling houses for mortgage companes -- foreclosure holdings -- properties they had taken over by foreclosure, properties like the large companies had,probably 100 or over,

and they never gave any exclusive listing to any one agent. The listings were open to all the agents. And sometiemes they would ~~it~~ decorate the house before they offered the house for sale in order to get a better price.

Q When you say there were no exclusive listings, are you aware that the Custodian's office named an exclusive agent for about the first fifteen months of sales? A: Yes.

Q And have you known of that procedure to have been adopted anywhere else, in your experience?

A Not in a large group of properties, but sometimes a single owner will grant an exclusive listing to an agent for the sale of his property.

Q Have you ever run into a sale by tender?

A Well, I have seen where an attorney will offer a property for sale probably when closing an estate, and will ask for tenders, but I have only seen it once or twice in twenty years.

Q And what was your reaction at the time in respect of asking for catalogues from the Custodian's office? A: Which is that?

Q Do you know what response there was in respect of agents asking for catalogues from the Custodian's office?

THE COMMISSIONER: Well, can the witness speak of that, anything other than his own reaction?

MR. MACDONALD: Well, I am asking him the question.

Q Were you named in any of the catalogues as agent?

A No, I wasn't. Our firm was not designated as an agent for any of the Japanese properties.

Q Did you receive catalogues?

A Oh yes, we received catalogues in the mail from the Custodian.

Q And what activity did you take in the matter?

A I did not take as much interest as I would have if our firm had been designated as agents for certain properties, but I was interested in making sales of the properties.

Q You were interested for what reason-- for your commission? A:Yes, that is why I am in business.

Q Are you familiar with the arrangement whereby in the first 15 months approximately commission was paid only to the parties named in the catalogue?

A Yes, as I understand it, any agent who sold property, which was given exclusively to some other office, only by arrangement with that office they could share in the commission, and naturally I would not show as much interest in only getting half the commission as I would in getting the full commission.

Q And what was the activity of your firm generally in regard to these properties?

A Well, it wasn't very great. I did check up the catalogue and went out to see possibly six or seven properties, and took it up with some of our clients.

THE COMMISSIONER: And were your clients interested?

A Well, I can remember one case where the client wanted possession of the property, and possession was not available and he lost interest right there.

Q He lost interest on that account?

A Yes.

MR. MACDONALD: Q: Can you be of any assistance to the Commission in advising him as to what kind of clients would be interested in these properties?

A Well, as far as I can determine and remember, I would say that the majority of those interested in buying the Japanese properties as offered by the Custodian were speculators. I think the delay in getting the house, or in getting acceptance of these deals -- as I understood, it took two or three months before the buyer heard that his tender was accepted, and the general buyer who is buying for his own use at that time would be only interested in getting possession of the property. That was the reason why he was buying it, because he wanted some place to live, and he could not afford to wait three or four months to know whether his offer was accepted, as opposed to a speculator who is buying for speculative purposes. His interest was not as vital.

THE COMMISSIONER: Q: Are you speaking now of the attitude of the speculative purchasers, or just what you know as a fact? A: I am stating my opinion at that time as to who were buying Japanese properties.

Q Conjecture on your part? A: Yes.

MR. MACDONALD: Q: What would be the attitude -- not of the agents generally but of your own firm, when the catalogue was received? I don't want to lead. Would you advise the client in any way, to begin with? A: I don't quite understand the question, Mr. MacDonald.

THE COMMISSIONER: Just put the question as you wish to put it, and if it is leading I have no doubt counsel will take exception to it.

MR. MACDONALD: Thank you.

Q I would like to ask you this: Would you, on receipt of the catalogue, on contacting clients, would you be acting for the clients or acting for the Custodian? A: I believe I would be acting for the client. I would be trying to get the client a good buy.

Q Would you ever advise the client on bidding?

A Yes, I should do that in a normal way of our business. If the property is not priced -- and that was particularly true of the larger properties, where the owners will not put prices on them and they will consider an offer and it is up to us to say the lowest price that the vendor will sell at and then ask the buyer to make an offer.

Q Were you in the position at any time of advising a client as to the lowest price that he might get this property for?

MR. HUNTER: I think this type of question is much too loeading. I think he should ask Mr. Itter what he did and let it go at that.

THE COMMISSIONER: I gather at the present all we are getting from Mr. Itter is what the attitude of the purchaser would be --- if he had any clients that would be likely to be of some interest--as to what the buyer's attitude was. A buyer's reaction is interesting, but it is not of very much evidentuary value.

MR. MACDONALD: Well, I would like to ask the witness if he can remember dealing with any particular client--

THE COMMISSIONER: You mean in relation to Japanese properties?

MR. MACDONALD: Yes, my lord.

A I remember one particular property, a two-storey frame apartment building, I believe it was, at the corner of 2nd and Burrard, and one of my clients was interested in the purchase of it, but I don't believe he ever did make an offer on it. At least, he did not make an offer through us.

MR. MACDONALD: Q: Did you advise that particular client with respect to it?

A Yes, I believe the client and I went to inspect it, as to how much -- or what price we should suggest that he should offer. I have forgotten now, but I do remember going out to the propety and looking at it for him and I was acting for him in trying to arrive at a price that we thought the Custodian would sell at.

Q Did you, on receipt of a catalogue, advertise any Japanese property? A: No, I didn't.

Q To your knowledge, did any other real estate agencies in Vancouver advertise any of them?

A Well, I followed the real estate advertising pretty carefully and always have, and to my knowledge I never did see an agent advertise a Japanese owned property.

Q Have you any other comments that would be useful to the Commission on the method of exclusive listing in the first 15 months?

A That the Custodian, appointing a certain agent on a particular property-- I believe the first thing the agent would do would be after he had inspected the property, to submit the proposition to his clients -- possibly speculative clients within his own office and show the property -- after having received an offer from one of his clients, his efforts would be directed to trying to get this deal closed, and he would not seek other offers. I imagine he would be representing the buyer entirely. If the prope ty had been listed generally with all agents having the right to sell, there would be a competition of offers and the Custodian would certainly have received more offers on the properties, if there had been a general listing rather than an exclusive listing, because there would be more agents seeking offers.

Q Do you recall any complaint at that time regarding what you complained of awhile ago, of having a tender accepted or getting a conveyance?

A Well, one particular deal I had on a Japanese house property, the place had been rented, and my client was not interested because he could not recover possession, but I know a lot of people were not interested and as a matter of fact, I was talking to one of my clients yesterday. He has bought a lot of property here, probably ten or twelve houses a month,and he was a straight speculator, but he had no interest in buying this property because of the delay and the red tape involved.

Q Would it have any effect on the price that the bid, as you put it, was by a speculator?

A Yes, because a speculator only buys when he knows it is below the market price, but a buyer, when he is buying for personal use, he is buying it for what it is worth for his own use, and he is not buying it to re-sell it or to make a profit.

Q Is there anything else that would lead you to believe-- anything factual that would lead you to believe that the speculators were prevalent among the bidders at that time?

A I knew other properties had been bought, or I heard they had been bought and had been re-sold, and Iknew they were speculators and they were not buying for their personal use. They bought them in poor condition andspent a few hundred dollars decorating them and fixing them up and putting them on the market at a higher price, and they were bought for making a profit.

Q In regard to properties that were specially advertised, have you anything to say as to the number of times an advertisment should appear?

A Do you mean in the general sale of real estate?

Q Yes. A:That is a hard question to answer, but I have known properties to be advertised as many as 20 and 25 times before a sale was effected, and then the agent will find a buyer, and if you look up the classified ads today you will find the same house being advertised by four or five different agents on the same day.

Q I would like to show you a catalogue-- No. 2 issue-- which I believe is already an exhibit before the Comm ssion. Does that appear to be one of the catalogues you referred to?

A Yes, this is the catalogue.

THE COMMISSIONER: It has been identified as a catalogue.

MR. MACDONALD: Q: I wonder if you have any comments to make in regard to the attractiveness or salesmanship involved in that catalogue?

A Well, there is not much merchandise shown in this catalogue. It merely gives the street address and legal description, and description of dwelling or vacant land. It would not create a great deal of interest.

THE COMMISSIONER: Are you referring now to prospective purchasers or to the agents to whom those were distributed?

A Well, it would apply to both. The agents who are

designated here would naturally show an interest, because it was their duty to work on these properties, having been appointed, but I am speaking now of the agents who were not designated. I know if I am selling real estate, I cannot sell it on the basis of just the address, and that I have to do some merchandising and some advertising and use a little flowery language.

THE COMMISSIONER: The evidence before me as to the catalogues is to this effect: They were distributed to all the real estate agents in the areas in which the properties listed were located.

MR. HUNTER: In British Columbia.

THE COMMISSIONER: Yes, throughout the province, but they were not distributed to the public nor to prospective purchasers, unless that was done by real estate agents.

MR. MACDONALD: Q: Would there be any handicap or disadvantage to the Custodian in that there does not appear to be an asking price listed in the catalogue? A: Well, I am a great believer in pricing merchandise before offering it for sale, and I never put an advertisement in the paper without putting a price on it in the advertisement, and I do think there should be a price -- that all merchandise should be priced when offered for sale.

MR. MACDONALD: Q: What effect does that have on a prospective purchaser? Is it beneficial or detrimental to an agent to be able to say there is a

an asking price of so much?

A Yes, because then you have a starting price, and without a price on the property there is no minimum. A man can make any offer that he wishes.

Q Now, I would like to ask you, ifyou will refer to that catalogue, if you will notice it -- I think you will notice that there is am requirement that the property will be paid for by the purchaser wholly in cash and there will be no terms. Have you any comment to make on that?

A Well, long terms will always bring a higher price in real estate, and more particularly at that time. I know the mortgage companies sold on very reasonable terms -- anywhere from 10 to 20% down, in an effort to get a higher price.

Q Well, can you recall the interest rate at that time? A: The prevailing rate at that time was 6%, I believe.

Q What time are you referring to?

A 1943 and '44.

Q And do you feel the requirement as to cash only would limit the number of purchasers at that time?

A Yes,it would. It has only been in the last three to four years that there has been so much cash available for real estate purchases, and at that time the buyer was buying his home or his property with 25% down,I would say.

Q If you refer again to the catalogue, you will notice there an expression that the Custodian offers the properties for such interest as are vested

in him.in the properties. Have you any comment to make in regard to that? I think you will find it in the front there, "such interest as is vested in him." And what I am asking you --

A Well, I think I understand. It leaves some doubt in the mind of the purchaser as to whether the Custodian has the right to sell this property,or whether he is going to give title after the purchase, or whether there are going to be any repercussions after the property is bought, or whether he is going to have this property, like in a tax sale where they give the owners two years to redeem the property, and a purchaser might offer on the property and 18 months after that he will find that the owner has redeemed the property and the purchase money is returned to him.

Q Do you know of any case of any kind at that time?

A I don't recall any particular cases, but I know that several clients would rather go out and buy direct from an owner, knowing thatin a week or ten days that would have a title to the property they bought and would not have to wait three or four months to find out whethe they owned the property or not.

Q Now, do you feel that there would be any particular effect owing to the fact a great number of properties were offered for sale in the period of a year --I believe 870? Would that have any effect on the fair market value or fair market price?

A Well, in a sense it would be dumping on the market

a lot of properties at one time, and if they had been released for sale in smaller parcels, it would probably have meant that they would have realized a greater price.

MR. HUNTER: My lord, I think my learned friend should get his informtion correctly. These properties were not dumped on the market in a year. They were put on in small quantities.

THE COMMISSIONER: Well, we have had evidence on that and Mr. MacDonald is at a disadvantage, because he has not been appeaing here and the statement of Government counsel is correct, and my information is that these properties were sold over a period of three years.

MR. MACDONALD: I understood that the first offer made was 870, in the first two catalogues.

THE COMMISSIONER: I can check up on that, I would not be sure. Can you recall the evidence, Mr. Hunter?

MR. HUNTER: I think that is more properties than there were all together, my lord.

THE COMMISSIONER: Well, I have got the effect of Mr. Itter's evidence in any case. You say if it were a fact that 870 properties were offered in a year, that would be detrimental to the price that might be realized to the owner.

A Yes.

MR. MACDONALD: I would like at this point, Mr. Itter, to refer you to general exhibit 55, which refers to certain specific properties where more than one appraisal was made. Would you just glance at that?

A I have seen this before, and I think the discrepany in the appraisal is unusual. I see in one case one appraiser appraises the property at $1500.00 and another appraiser at the same time appraises it for $3250.00, and there is too great a spread there, indicating -- well, it is indicating there is a difference of opinion among the appraisers.

Q Would you be able to suggest what would be a normal difference between appraisals?

A Well, as an appraiser, I don't often have access-- the present work I do for oil companies, they are always two appraisals taken, and I don't have access to the files as to the other appraisal that has been made before I have made an appraisal. In my opinion, there should not be such a wide spread as is shown here.

THE COMMISSIONER: Who are the appraisers mentioned in Exhibit 55? A: The ones I read?

Q Yes, who made the appraisal to which you have just now referred to?

MR. MACDONALD: You may refer to that there.

THE COMMISSIONER: The witness did refer to a specific property.

A That is case 196. I presume Mr. Cleland made the $1500.00 appraisal and Mr. J.R.Reeve made the $3,250.00 appraisal.

MR. HUNTER: And what is the date of that?

A April, 1945.

MR. MACDONADL: You might refer to another example where the dates are given.

A Well, Mr. Reeve, inApril of '43. There is a spread there too. Here is one here: Case 253, Mr. Reeve, in June, 1944, appraised this property at $4500.00, and in April, 1944, Mr. Coulthard appraised the property at $7200.00.

THE COMMISSIONER: What case?

A 253, and Lloewen & Harvey -- the appraiser, appraised in January of the same year the same property at $3,000.00.

MR. MACDONALD: Q: Does that indicate a normal spread?

A No, that is too great a difference, in my opinion.

Q Have you any idea -- this is opinion evidence -- have you any explanation as to why there should be such a wide range? A: Well, it may be the feeling against the Japanese at that time was pretty strong, and that may have affected the appraisal; or the condition of the buildings. But why Mr. Coulthard would say it was worth $7300.00 and Lowwen & Harvey would say it was worth $3,000.00, Lowwen's & Harvey's was in January and Coulthard's was in April of the same year -- I cannot understand that.

Q Would you suggest in your opinion that the Custodian should have taken more than one appraisal -- or only one appraisal at thattime as a guide?

A Hh, I certainly think he should have had at least two appraisals on each property.

Q I would like to show you one further example that

is not on that exhibit.

THE COMMISSIONER: Would you mind handing me up exhibit 55, Mr. MacDonald?

MR. MACDONALD: Yes, my lord.

Q I would like also to refer to a category case, 1372, covering the property of 230 Alexander Street. I show you an appraisal which is already accepted, I believe, of Johnson & Reeve on that property, made 21st of April, 1943, for $1500.00. and I show you an appraisal on the same property made on the 6th of April, 1943, by A. R. MacKenzie of $4375.00. Have you any comment to makeon the variation in that case?

A Well, somebody is wrong. There certainly could not be that difference. It is an indication to me that one or both of the appraisers were allowing some factors that should not be allowed to affect their opinions, andI cannot for the life of me understand how one man can say a property is worth $1500 and another man say it is worth $4350.00.

THE COMMISSIONER: Now, what is the effect of your evidence, Mr. Itter? Do you suggest the appraisers were incompetent? Is that your suggestion?

A No, I wouldn't say that. I know Mr. Reeve and I think he is a competent appraiser, but I do not know Mr. A. R. MacKenzie, but I merely suggest that some of the appraisal work, the feeling against the Japanese may have affected their appraisals, and knowing that it was a liquidation sale, they more or less put in lower appraisals.

Q You mentioned a short time ago, Mr.Itter, that some purchasers in the market at that time would be looking for vacant possession, or vacant store premises. Would a prudent purchaser -- a prudent vendor have investigated the possibility of obtaining vacant possession?

A Yes.

THE COMMISSIONER: Well, that is a matter of conclusion which I would have to draw in the final analysis, Mr. MacDonald.

MR. MCACDONALD: Yes, I think that is a matter for argument later.

Q Have you any recollection, Mr.Itter, of sales generally that may be of help to the Commission in the period of 1943?

A I have been checking through my files in the last few days on sales in 1943, and comparing the sales to the assessed value, and as far as I can remember the sales which were made at that time, they ran 150% of the city's assessed value, and I could not find any sale of any property we sold at assessed value or lower than assessed value.

THE COMMISSIONER: This was in what year, Mr. Itter?

A In the year 1943.

MR. MACDONALD: Mr. Itter,I am asking this as opinion evidence:

Q In your opinion would the prices realized have been greater or smaller had the Custodian or the Japanese owner listed his property with an agent with

an asking price and sold in the usual way?

MR. HUNTER: That question has already been asked and has been answered.

THE COMMISSIONER: Has already been asked and answered.

MR. MACDONALD: Very good. I shall just see if there is anything further, my lord.

Q You mentioned a little earlier, Mr. Itter, tax sales. Have you any further comment to make as to tax sales and market value?

A Well, the price of the property bought at tax sales is, in my opinion, always less than what the same property would bring when a buyer is buying for his personal use. Those buyers that appear at tax sales are generally speculators, at least a greater portion of them are speculators, just buying to sell at higher prices.

Q Would there be any difference between tax sales and the method adopted by the Custodian?

MR. HUNTER: My lord, that is a leading question and I don't like it at all.

THE COMMISSIONER: Is the witness willing to make any comparison between sales made at tax sales and sales made by the Custodian? Oh, I will allow that question.

THE WITNESS: I believe the Custodian followed the system of tax sales very closely -- as in the catalogues. The city of Vancouver offers their property for x tax sale on the same basis, except that they usually would have a price opposite the property in their catalogue, with the total amount

of arrears and interest due on the property, and no bids were ever accepted under the price put opposite the property.

MR. MACDONALD: I did not draw particular attention, Mr. Itter, to where your real estate experience was acquired. A: In the Vancouver area, in the Lower Mainland.

MR. MACDONALD: That is all.

MR. VIRTUE: My lord, I would like to ask one question, if your lordship thinks it is a proper question.

THE COMMISSIONER: All right, you put your question, Mr. Virtue, and I will rule on it.

MR. VIRTUE: I would like to ask the witness his opinion, as an experienced real estate agent, as to the method adopted by the Custodian in selling these properties.

THE COMMISSIONER: Well, that is what he has been giving here for the last half hour.

MR. VIRTUE: Well, I would like to know what he thinks in detail, and have his opinion on it.

THE COMMISSIONER: Well, we have his views. He doesn't think much of it.

Yes, Mr. Hunter?

CROSS-EXAMINATION BY MR. HUNTER:

Q Mr. Itter, when a private client comes to you, do you usually try to have him grant you an exclusive listing? A: Yes, I do.

Q You prefer to have an exclusive listing, don't you? A: Yes.

Q Why do you prefer tohave an exclusive listing?

A Well,to cut out competition from other agencies' sales.

Q Yes, and why do you tell your client you want it, or is that what you tell him?

A Yes, I have said that. I have said I did not want to enter a dog race on a sale of a property, bidding with other agents, and I could do a better job if I were the exclusive agent.

Q Well, is that what you tell him? Isn't this what you tell him,that you would do a better job because you are an exclusive agent and that they will get better service? A: Yes.

Q And is that argument wrong?

A No.

Q Well now, isn't the Custodian, in listing exclusively, liable to get the same results?

A Well,it is questionable whether the Custodian would or not, because he would get better results with four or five agents who are working on the property, but whenI am asking for an exclusive agency,I am thinking --

Q Well, you are not thinking of your clients?

A No.

Q Although you are telling them that you are.

THE COMMISSIONER: You don't want to be quoted on that.

A I have, in many cases, where we have sold a property for a client and sent for him to complete the sale -- that he must sell his own property, and I have told him then not to give it to me

exclusively,and he has offered it to four or five agents so that he can complete the first sale.

MR. HUNTER: Q: Then you are of two minds. You don't know whether it is worse or better, or you would not tell your client that, or are you trying to deceive your clients?

A No, I would not deceive my clients.I don't do business that way.

Q Well, how can you afford to ask your clients to give you the exclusive listing?

A Well, I don't know, I think there is something to be said on both sides of the question.

Q Then there is something to be said on both sides of the question? There are arguments both ways?

A Yes.

THE COMMISSIONER: Well, I presume, Mr. Itter, if you have an exlusive listing, you feel you can afford to devote more time andeffort to making a sale than you can if you are in competition with a dozen other salesmen?

A That is right. But I do think if a property is not listed exclusively, that there will probably be more offers made for it. There will be more advertising appearing, and the owner might get the benefit of the market more than he would do otherwise.

MR. HUNTER: Q: In other words, itis six of one and half a dozen of the other. In one case you might get more offers and in the other case you might get more assiduousness on the part of the agent?

A Well, it is a big question whether it is best or not.

Q Well, surely it has some merit or you would not suggest it to your client?

A That is right.

Q And you would not be able to stay in business very long if you were doing something against your clients' interests all the time?

A No.

Q Now, you seem to have the impression that it took two or three months to learn whether your offer was accepted. Where did you get that impression?

A I heard of other people who had made offers on Japanese property, and they told me themselves that they had had to wait a considerable time to learn if the offer had been accepted or not.

Q It would be more like two or three weeks, wouldn't it, than two or three months?

A Well, the figure I had in my mind was two or three months.

Q Well, it is just a recollection you have?

A Yes.

Q Do you know of anyone who made a bid, and how soon after the date for tenders to close it was before they received back their communication?

A No, I don't remember any particular case.

Q Now, when you say that it is your belief in selling it is an advantage to name a price, that belief is not universally held, is it?

A Well, it is in the real estate market, I believe,

you can justify that by reading the classified advertising every day, but I don't know what per cent., if I were asked to guess, but I think 85% of the houses advertised in the papers are priced.

Q But there are quite a number that are not priced?

A Well, not as great. I know that I will not allow any of our salesmen pay any attention to any ad that appears without a price on it.

Q But some do advertise without a price?

A Yes, in the last few years, but they are ashamed, I think, sometimes, to put the price in the papers.

Q But there are dealers who feel they do better if they don't name the price, or they wouldn't do it, isn't that right? A: Yes.

Q Now, when you are tendering on a property -- let us suppose that you have a client come in and he is interested in a property which is advertised for sale by tender, and he says to you "I would like to buy that property," now what would you next step be? A: I would ask him what he was prepared to pay for it.

Q And you would possibly advise him what it was worth, in your opinion?

A Yes, or possibly I would be more interested in trying to advise him what was the lowest price that he could buy it at.

Q Yes, you would naturally be interested in that. but at the same time you would be aware, if the property was already appraised and they were not going to sell it under the appraised value, it

would have to be the equivalent or higher, wouldn't it? A:Yes.

Q And if there was any bidding to do, wouldn't it be well to have it around the appraised value or even higher? A:Yes.

THE COMMISSIONER: Well, are you suggesting it was possible to ascertain the appraised value before the sale was made?

MR. HUNTER: No, I am suggesting, to be on the safe side, it would be better to put your bid reasonably high so that it would not arbitrarily be thrown out.

Q Now again, you said something which I think is probably true, and that is that long term sales bring a higher price than cash. Well, there is a reason for that, isn't there?

A Well, if the vendor has to have cash for any particular reason, he is willing to take a little less rather than having to wait for the money.

Q Well, there is another reason too, isn't there? There are a lot of properties which are sold on long terms in boom markets and when the depression comes, go into default?

A Well are you suggesting that they sell on long terms with the hope of recovering under foreclosure?

Q No, I am suggesting it is better to accept your cash for a smaller amount than take your chances on a larger amount. A: Yes.

Q And that was surely true during the depression?

A Yes.

Q So when you sell for cash, you naturally expect to get a somewhat lower price, isn't that correct?

A Yes.

Q How many properties can you put on the market in a year without having a dumping effect, do you know? A: Well, that is a general question. I believe there are something like 85,000 homes in Vancouver, and I would say that it may be 20% of them, if offered for sale, you would need to give them time.

Q In that case, dumping a few hundred more over a section of the city would not have any great effect in a city of this size, putting them on at a time? A: The fact that there was liquidation, and a feeling against the Japanese, and knowing they were being removed from the country and all other properties were offered over this period of three years, as you say -- I don't want to get off the track here, but I think any offers made for Japanese properties, they were only interested because they were going to get them cheap.

Q And if I suggested that a lot of people bought them to live in, you would think I amwrong?

A Well, Idon't know. I am only going on what I have heard and learned at the time, and I would say the greater portion of the tenders were from speculators and from those who were buying for resale.

Q But that is just hearsay, as far as you are con-

cerned? A:No, not all of it is hearsay. I have been told of a number who did buy and sell at a higher price.

Q But you haven't any record of that?

A No, I haven't made any statistical record.

Q And you don't know the number?

A Yes.

Q And when you say that, you are only going on some slight evidence of somebody who was talking to you? A: Well, I might have been talking to the actual buyers of these properties, and knowing the profits that they made.

Q Well, that is just one or two persons, and there are half a dozen of these properties, and your information is very slim with respect to the whole number of properties, is it not?

A Yes, it might be.

MR. HUNTER: Thank you.

THE COMMISSIONER: Any re-examination?

MR. MACDONALD: Yes, my lord, just one or two questions.

RE-DIRECT EXAMINATION BY MR. MACDONALD:

Q First as to exclusive listing, Mr. Itter, I want to see if you can comment on that situation in the context of the present situation, where the sales were by tender? Would exclusive listing affect the number of offers -- the number of tenders?

A I believe so. I recall mortgage companies and their large holdings of real estate, and to my

knowledge they never granted an exlusive listing to an agent, and I believe the reasons were because they felt they were going to get more offers on their properties because they had more agents working on it.

Q And in regard to the element of speculation, could you advance an opinion on this question: Would the method of sale adopted by the Custodian be more likely to appeal to speculators or non-speculators? A: I believe the method of sale adopted would be to attract speculators. The very fact that it was Japanese property would attract speculators, if they knew or felt it was a liquidation sale and these properties were going to be sold low enough for them to sell them at a higher price.

THE COMMISSIONER: I conclude from your evidence that your view is it was inevitable, when the Japanese properties were sold, that the public would seek to take advantage of the fact that it was Japanese properties in making an offer?

A Yes.

MR. MACDONALD: Now, in regard to the requirement of 100% cash --

THE COMMISSIONER: That has been covered already, but go ahead and put your question and I will rule on it.

MR. MACDONALD: Q: Do you know what the ratio of cash sales in 1943 would be to sales on terms?

A No, I couldn't say. I could only guess at the proportion, but I would say the majority of sales

were long term sales in that period.

MR. MACDONALD: That is all, that is all.

THE COMMISSIONER: All right, thank you, Mr. Itter.

(Witness aside).

MR. MACDONALD: I will now call Mr. Armstrong.

NEVIN McGREGOR ARMSTRONG, being first duly sworn, testified as follows:

MR. MACDONALD: My lord, do you propose to have a break this morning?

THE COMMISSIONER: We will sit through until half past 12, but we will have a break now if you prefer it.

MR. MACDONALD: Well, I have only this witness available this morning now, but I will have Mr. Dalton here this afternoon. They are just short witnesses.

THE COMMISSIONER: Very well, we will recess now, but you might swear the witness first of all and then we will have a short recess.

(Witness already sworn).

THE COMMISSIONER: All right, Mr. Secretary, we will recess for a few minutes.

(PROCEEDINGS RESUMED AFTER A SHORT RECESS)

NEVIN MCGREGOR ARMSTRONG, resumes stand:

DIRECT EXAMINATION BY MR. MACDONALD:

Q What is your name, witness?

A Nevin McGregor Armstrong.

Q And where are you employed?

A I have been with the Central Mortgage and Housing for the last four or five months.

Q What employment have you had in connection with appraisals or real estate?

A Well, I was with the Toronto General Trust from 1935 until 1945. Since that I have been in real estate until the last five months.

Q Anything previous to 1935?

A I was in business in real estate and insurance from 1927 to 1935, my own business.

Q Where? A: In Vancouver.

Q And where were you with the Toronto General Trust? A: In Vancouver.

Q And have you anything else to say in regard to your qualifications in those fields that you think that you should mention-- any other employment? You have mentioned your experience from 1927 to date. Did you have anything to do in those fields before 1927? A: Well, I started with the B. C. Permanent Loan Company, a mortgage company, in 1915, I was with them for 12 years.

Q In connection with real estate and appraisals?

A Yes, in the later years with real estate and appraisals.

Q Have you any record of letters of introduction?

A Yes, I have one covering my ten years with the Trust Company and my 12 years with the Loan Company.

Q If they are short, you might read those.

THE COMMISSIONER: I do not think it is necessary. We have it that Mr. Armstrong has been engaged in the real estate business in various capacities since

1929, and that is enough for my purpose.

MR.MACDONALD: I might mention that Mr. Armstrong looked at the Japanese properties in the summer, and it might be of importance later with regard to appraisals. Is that not a fact? Have you had occasion to look at some of these Japanese properties that we are dealing with?

A Yes, in May or June Mr.Dewar asked me to assist him- I happened to be free at thetime.

MR.HUNTER: Q: That is last year?

A Yes, in 1948.

MR.MACDONALD: Q: How many did you look at?

A How many did we look at?

Q Yes. A: I would say up to 100.

Q Did you appraise them? A: No, we didn't. We made no attempt at appraising them at that time. It was more or less an inspection.

Q Now, are you familiar with the method of sale adopted by the Custodian--

A Yes.

Q -- which has been partly described in this room this morning? Were you familiar with it at the time? A: Yes.

Q In what capacity? A: I was manager of the real estate department of the Toronto General Trust at that time.

Q Did you have occasion to have anything to do with the Japanese properties in that capacity?

A Well, in a very limited way. We had, I think, three

or four properties in whichwe were interested in one way or another: Either we were collecting rent on them,or we had a mortgage or some thing of that kind on it.

Q And you mean by that the Toronto General Trust were named in some of the catalogues, do you?

A Yes, for three or four properties.

Q And can you compare the method of sale adopted by the Toronto General Trust with the method used by the Custodian? Has the Toronto General Trust Company ever disposed of properties on a large scale? A: Well, we had an accumulation of foreclosures on trust properties in the '30's that we disposed of, and I think the chief difference would be that we inspected all of our properties andput prices on them and we issued a list to agents throughout the city, offering to pay them a commission on a sale of the property.

Q And did you grant exclusive listings?

A No, we appointed them agents.

Q How wide a listing did you grant?

A Well,we used to send out lists to all the registered real estate brokers in and around Vancouver.

Q To whom was the commission payable?

A To the agent effecting the sale,

Q What is your opinion as to the relative merits of exclusive listing in a situation of that kind,and a general listing? A: I think we felt that we would get a better coverage by

listing with a number of agents. Some agents we found specialized in certain types of property or in certain districts.

Q What services would the Toronto General Trust, say, render to prospective purchasers? Or what services would the agents render as compared with the servides rendered by the agents for the Custodian?

A Well, I don't know anything about the agents acting for the Custodian. I know the agents and ourselves were quite prepared to give all the information we could at the time to prospective purchasers, in showing the properties and so on.

Q And what about advertising?

A Well, the agents did most of the advertising. We did not do much ourselves. We adopted a policy in working mostly through the agents at that time.

Q When the Toronto Trust were named for the three or four properties, did they advertise--

A The sale of those properties?

Q Yes. A: No, I don't think we did. At that time we were working largely through agents and were always quite prepared to do that. We did not have any salesmen out ourselves.

Q You mentioned, Mr. Armstrong, the Toronto General Trust in their liquidation of property placed, did you say, an asking price --?

A Yes.

Q Is that the phrase you used?

A Yes.

Q Was there any advantage in that?

A We thought there was.

Q Would you make that available to the agent?

A The price?

Q Yes. A: Yes,yes.

Q Did you feel it was of help to them in securing a good price or not? A: Yes, we did. It was always thought to be a starting point anyway, even if we had to accept a lower price.

Q Can you draw any comparisons between the sale by tender and the sale by asking price by an agent?

A Well, the few times that we endeavoured to sell by tender, there were cases where we had had a great difficulty in interesting anybody in the property,and as a last resort we asked for tenders, or called for bids or offers.

Q Have you ever heard of a case where those circumstances did not apply, where ordinary vendors sold by tender? A: I cannot say that I ever did, except for some special reason where it might be difficult to arrive at a price, -- the asking price.

Q Taking it from the point of view of the propspective purchaser, would a prospective purchaser be more liable to come forward, or less likely to come forward if it was a tender on one hand and an asking price on the other?

A In my opinion,he would be more interested if there was a price quoted.

Q Why would you say that?

A Well, he has some place to start. And if he does not feel that price is right, he can always make an offer. Generally, if there is no price quoted, he is afraid he is going to offer too much, and it is going to start low.

Q Now,you have heard something in this Court room this morning about the proppertion of speculators-- the suggestion that speculators were prevalent among the customers who would interest themselves in this sort of sale-- that is, the Custodian's sale. What do you say to that?

A I am in a greement with that, from the knowledge I gained last summer, in talking to the present occupants of the property that we looked at.

Q What led you to draw that condlusion?

A The sales that had taken place-- the date and the time at which the property had been re-sold and so on.

THE COMMISSIONER: You are refering now to the matter of re-sales? A: Yes.

MR. MACDONALD: Q: And what type of purchasers would you say would be attracted to theCustodian's method of sale on the one hand, or the ordinary method of sale on the other hand?

A I think it would depend on the type of property, to some extent.

MR. HUNTER: My lord, I submit this is all opinion evidence. This witness has said they had only used the method a few times with the Toronto General

and it is largely speculative.

THE COMMISSIONER: Well, his opinion evidence is avowedly a matter of weight.

MR.MACDONALD: Q: Now, Mr. Armstrong, Iwould like to ask you about the factor of what has been termed dumping. If we can assume two or three hundred properties were offered for sale in the first two or three catalogues, what effect would that have on the price asked for each property?

A Well, it would have the effect on the properties that were going to be sold -- I think the effect that tenders were asked would interest speculators rahher than people who were looking for properties for their own use at that time.

Q Now, reverting somewhat to the previous question. There has been reference to delay and I think the evidence of Mr. Shears -- my friend can correct me here if I am wrong -- was that it took one or three weeks to get an answer to a tender and one to three months to receive a conveyance, as the catalogue shows the right resting in the Custodian to cancel even an accepted tender before the conveyance is finally given. What effect would that delay have upon the purchasers?

A I think it would have an important effect in most cases.

THE COMMISSIONER: That is to say, if the party was interested in the property today they would likely be interested in three months?

A Well, from my experience, I don't think they would

contemplate a delay of two or three months when making their tender. If there was a delay of two or three months-- I don't know.

MR. MACDONALD: Q: When you refer to them, are you referring to any particular kind of purchaser?

A Will you repeat your question?

Q Could you amplify your answer. Those looking for a home or wanting a warehouse, or those buying for re-sale, could you explain your answer with respect to the different types of purchasers, if there is a difference?

A Well naturally, if a person were looking for a home to move into, time would be an important element, and they would ascertain the particulars as to the time they could get their title, but I believe in the majority of cases the properties were tenanted, in any event.

Q If speculators were prevalent, as you have suggested, this is merely by way of opinion evidence, what effect, if any, would that have upon the prices offered? A: Well, in most cases they would be trying to buy at a low price and fix the house up and re-sell it. There was a lot of that, even in our own property -- people making a business of doing that.

THE COMMISSIONER: Well, I presume the Toronto General Trust would rather make a sale of that kind, rather than rehabilitating the place themselves and offering the place for sale?

A It depends on the property. Some properties we

could fix up and others we sold through agents.

MR. MACDONALD: Q: Do you recall the Japanese properties at that time, if they were clean or dirty or dun-down? I don't mean last summer. Did you have occasion to look at them?

A Well, some of the properties are very old and again some are quite modern houses, and I think the older houses in the older districts -- well, ~~they~~ they were just old, that is all. They were clean enough for their age, in many cases.

Q Can you make any comment on what Mr. Itter, the previous witness, suggested, that an agent named in the catalogue would be primarily acting for his clients with regard to price rather than the Custodian? You heard that evidence. Do you agree with that? A: Yes, I would agree with that.

Q Can you give any instance in your own experience bearing that out? A: No, I am afraid not. We were not actually selling Japanese properties, but I know from our experience with agents they always considered that a mortgage company or trust company should be left to themselves. Their clients seem to lean that way.

Q Is there any significance to you in this evidence which I believe has been before the Commission: That of the first offering 52% were tendered on and 25% were acceptable tenders? Is there any significance in that, in your mind?

A No.

THE COMMISSIONER: You should explain to the witness why ~~x~~ tenders were considered not acceptable: The reason being that they were lower than the appraised price placed on the property by agents employed by the Custodian.

MR. MACDONALD: Q: Yes. What I am asking you is this: 25% of the tenders were below the appraised price. Can you suggest anything, or is there anything of significance there?

A No, except owing to the fact that at that time there were a number of people looking for cheap properties that they could fix up and make something on. That is the only thing. They were not bidding for their own use. That is what it would convey to me.

Q They were bidding what for-- re-sale?

A I would think so.

Q What would be the position of someone with an alternative purpose-- say someone looking for a home or a store or even a warehouse-- with an alternative purpose? Would he be likely or not likely to bid on the Custodian's properties?

THE COMMISSIONER: That is a matter for argument, I think, Mr.MacDonald.

MR.MACDONALD : Very well, I will leave that.

Q Now, I want to refer you to the problem of the requirement that cash be paid for the properties. What effect, if any, would that have on the price realized? A: I think it would have an important effect. I know it did in

my experience, especially with houses. Cash was not plentiful at that time.

Q And what is the practice of the Toronto General Trust? A: Well, in our own properties we were prepared to accept as low as 10% down for a number of years.

THE COMMISSIONER: Q: You were selling properties that had come back on your hands following mortgage foreclosures? A: And trust properties was well. In many instances we had to get all cash for estates and one thing and another, and we found at that time buyers expected an awful lot for their cash.

MR. MACDONALD: Q: I would like to refer you now to two instances of the catalogue. These are issues 2 and 3, and I would like you to make any comments on them that you think are ofhelp to the Commission in regard to their general usefulness, and comparing them ifyou can with the practice of the Toronto General Trust?

A Well, I -- I didn't realize, or I didn't think that these catalogues were distributed to the public, but to agents.

MR. HUNTER: To both. It was not just one catalogue that was sent to an agent. He was sent a pile of them. Each real estate agent was sent a pile of these catalogues, where required.

THE WITNESS: Yes, I realize that. Well, the only comment I could make on that is you could not sell a property from this catalogue without first

having seen it, but I presume the agents named there would know more about them or would know all the particulars about each property.

MR. MACDONALD: Q: Are these catalogues similar to listings by the Toronto General Trust?

A Well, we went into more detail as to the description of the property and so on.

Q Did you feel that added to the marketability?

A Well, we tried to make it as interesting to both the agents and the purchasers in endeavouring to have them really work on it.

Q Do you attach any significance to what was referred to earlier this morning, that the Custodian offered such interest in the property as was vested in him. A: Well, it would cause some doubt, I believe, in people's minds as to the title.

Q Did such doubt exist in your mind at the time in question? A: Yes, I think it was generally believed that there was a question as to the Custodian's right.

Q Would that have any effect on the number of tenders, would you say, that were received?

A Yes, I would think it would, for the reason that a man would not want to go ahead and take up his property until he was sure he was going to get title.

Q Is there any significance to Clause 5, that the Custodian reserved the right to cancel every accepted tender and to refund the deposit at any

time prior to delivery by him of the conveyance?

A Well, I think that is answered in regard to taking two or three months to get the title. It is not likely he would want to do anything until he had proper title to the property.

Q Would that have any influence on theprice or the number of tenders received?

A I really don't think so.

QM Now, I would like to show you Exhibit 55, dealing with appraisals, Mr. Amrstrong. I believe you have seen that. A: I glanced at it this morning.

Q Have you any comment to make in regard to the range shown in that exhibit?

A Well, I think with experienced appraisers there is much too great a difference. We usually try to get within 20% of each other, and if we don't we think there is something wrong.

THE COMMISSIONER: What is the basis of your criticism on this line of attack, Mr. MacDonald? Are you attacking the competency of the appraisers?

MR. MACDONALD: No, we are taking the position that this was a novel situation, and it was difficult for an appraiser to disregard the fact it was a liquidation policy. It was not a normal method of sale. It was a sale by tender and the appraiser was necessarily making an estimate of the price at which these properties would go at, which would not be the same as an ordinary sale.

THE COMMISSIONER: Well, how does the variation in the

appraisals affect that feature?

MR. MACDONALD: Well, my lord, we draw attention to that because we feel, apart from this novel situation, there would not be any such a variation, and secondly, we feel numerous properties, where there has been only one appraisal, the Custodian might have called for two appraisals. We say it would be unsafe to rely on one.

THE COMMISSIONER: All right.

MR. MACDONALD: Q: Would you say that variation was normal among qualified appraisers, Mr. Armstrong?

A No, I cannot say as to that. Mind you, there would be a difference between appraisals, but not such a large difference.

Q Can you suggest anything--or can you be helpful in that regard as to why there would be such a variation in this particular situation?

A Well, not knowing some of these appraisers, I couldn't, other than the general feeling at that time, which was anything but happy about the whole situation.

THE COMMISSIONER: You mean by that the appraisers would appraise low because there was an antagonism to Japanese generally? A: I think there would be a tendency in that direction.

MR. MACDONALD: I would like to ask you one general question for your opinion, Mr. Armstrong, and perhaps it will close out what you have been saying:

Q What do you think about private listings with an agent or several agents--do you think it would

yield a better price than a sale by tender, which method was adopted by the Custodian?

A Yes, I do think it does in every case.

Q Can you give an estimate of what improvements you might expect from private listings?

A No, I am afraid I could not do that, but as I say, special agents specialize in certain properties and in certain districts, and we always try to work through the agent who we thought would give us the best service, and he knew the district or knew the buyers in the district.

Q Thank you, thatis all. Your witness.

MR. VIRTUE: May I ask one question, my lord?

THE COMMISSIONER: Yes.

MR. VIRTURE: Q: The last witness said something that there was a general feeling at that time that this was a liquidation sale, and that had some effect. What is your opinion about that?

A I would agree with that.

A All right, thank you.

THE COMMISSIONER: Yes, Mr. Hunter?

CROSS-EXAMINATION BY MR. HUNTER:

Q Mr. Armstrong, you said you believed an asking price on a piece of property was desirable, and it helped the agents in securing a good price.

A Yes.

Q But actually it means that you would never get a higher price than that. Isn't that what it means?

A That is quite true.

Q And if you have a reserve bid on a tender and won't accept anything lower, aren't you likely to get just as high a price as putting in a high price which you are going to receive?

A I don't think so myself,. It is pretty generally understood-- or at least it is a pretty general practice-- you might put a price higher than you anticipate getting,and usually you do, but it certainly gives the average person a chance to bargain on any sale.

Q Well, if they are putting in a bid on a property, where there is a reserve bid and the property has been appraised, aren't they likely to make a higher bid rather than be too low?

A Would they know the reserve bid?

Q No. A: Well, I have always found a person is very, very nervous of paying too much for a property or paying more than he thinks should be paid.

Q Well, that is human nature, isn't it?

A Yes.

Q But if wants the property, he will pay the reserve bid? A: Well, if the man wants the property he will put in a good bid. It just depends how badly he would want it.

Q Now, I noticed you stated tha few times the Toronto General Trust sold by tender was when they had trouble selling property?

A That is quite true, other than I believe we have had to sell by tender for legal reasons.

Q Yes. Well then,when you say the reasnnyou sold by tender was when you had trouble selling property, I presume there was no reserve bid in that case? A: Oh yes, there would be a reserve bid. I have known where we have tried every method of removing a piece of property and then finally decided to call for tenders.

Q And it would be a pretty low reserve bid in that case, I presume?

A Yes, I suppose so.

Q Now, you say from knowledge you had, you believe speculators were prominent as purchasers of the Custodian's properties. Are not speculators always on the lookout for property that they can make money on? A: They are.

Q Well, was there anything abnormal about these speculators coming forward to bid on Custodian's property? A: I don't suppose there was, other than the type of property would attract speculators.

Q Well,isn't it a fact that most of these properties were tenanted? A:Yes, I believe so.

Q And a tenant in a property -- when you could not get the tenants out at that time-- was more attractive to people who were interested in longer term investments?

MR. MACDONALD: I don't think my learned friend should suggest that because it was tenanted, they could

not get possession.

THE COMMISSIONER: Well, there has been a great deal of evidence to that effect, Mr. MacDonald, and do not overlook the fact the rental controls were on at that time.

MR. MACDONALD: Well, his Majesty has certain rights-- inthe Crown.

MR. HUNTER: The Custodian is not his Majesty.

THE COMMISSIONER: You are not on secure ground there, Mr. MacDonald. There were controls on at this time and there has been a great deal of evidence to that effect before me.

MR. MACDONALD: Well, I would submit it is a matter of argument, my lord.

THE COMMISSIONER: And the evidence certainly all indicates that controls were on at this time.

MR. MACDONALD: But within a certain period after giving notice, someone wishing a home could obtain possession.

THE COMMISSIONER: Well, thatis your friend's question: That possession could not be given immediately.

MR. HUNTER: I did not get your answer.

THE WITNESS: Would you mind repeating your question? I have forgotten it.

MR. HUNTER: Q: Where immediate possession of property could not be given, speculators would be more likely to be interested in the property as an investment other than people who wanted a home?

A Well, I don't know. That is a point I would like to be clear on,-- when those certain orders were

issued -- it became increasingly difficult to get possession of a house as time went on, but in 1943 I think you could get possession on giving six months' notice.

Q But a person who needs a home, he prefers to get immediate possession, does/he not?

A Yes, that is true, but at that time we did not find it so difficult to sell tenanted houses, unless there was a change in the regulations.

Q So more people would have been interested in this property? A: Yes.

Q Now, I noticed you said it was your belief that agents primarily would be acting for their clients rather than the Custodian.

A Yes.

Q That is your experience with the Toronto General Trust? They usually figured the Trust Company could look after itself,I think you said. Well, did you find that because of that you tended to get lower prices? A: No, but my pointthere was that we were always battling with the agents to get a higher price and they were always trying to convince us that we should take their client's offer.

Q But you did not feel you had to take their advice?

A No.

Q And you are not suggesting the Custodian had to take their advice? Now, it has been suggested that it was very difficult to get a cash sale. My experience in real estate, as a lawyer, is that

a cash sale makes very little difference. You just place a mmortgage and go ahead and complete it on a three-cornered deal then, isn't that true?

A Yes, that is true if you can raise a mortgage, but I would say the greater ppercentage of Japanese properties were not mortgageable.

Q You mean they were so inferior?

A Yes, in many cases the districts had deteriorated and so on.

Q They were just a very poor class of property, is that right? A: Depending on the district.

Q Now, I notice you made another statement. You said at that time the buyers expected an awful lot for their cash. Well, I presume from that it is your opinion it was still a buyer's market in 1943?

A Yes, up until the early part of 1943 it was known as a buyer's market, or at least we described it as such.

Q And you suggested that there was some doubt as to the Custodian's right in making title to these properties. Who was suggesting that the Custodian would sell property without having the right to do so, because it seems to me that that is a little far fetched? A: Well, I just recalled that was an impression that seemed to be abroad at that time. I did not investigate it, but that was the impression that prevailed in real estate circles.

Q Well, would you assume that somebody affiliated

with the Dominion Government would sell property that they could not give title to?

A Well, I don't know, but the thing might be upset six months later. I might buy property today and move in and in six months or a year later, the whole thing would be upset.

Q Well, I don't think it would affect you very much. You would not expect the Custodian would sell property without authority, would you?

A Well, it might be reversed.

Q And you would not expect the Central Mortgage & Housing Corporation to sell without authority, would you? A: Well, they have authority at the time, but that authority is sometimes reversed at times.

Q Well, it does not change prior sales, does it?

A It depends on title.

Q Well, I put it to you that most reasonable people would not expect the Custodian to do things like that. A: Well, I believe it has become quite common there is a little sentence in the title where the Crown can expropriate.

Q Well even without that the Crown can expropriate, can it not? A: Yes.

Q Now, in Exhibit 55, where you show there is quite a large difference -- where it shows quite a large difference between certain appraisals of property, I presume you agree with me appraisers are human and make mistakes?

A That is quite right.

Q And over a large number of appraisals it would be unlikely that some would be a far off the fair market value and others further away. And possibly you will agree the reason why two appraisals were made was because there was something wrong with the first one; they could not sell on that basis, or it looked wrong in some way, and that is whey they had the second one made.

A It could be.

Q Or else, it was that some time later they figured the market had changed?

A Well, these are all fairly well -- no, there is quite a difference.

THE COMMISSIONER: There were one or two dealt with by Mr. MacDonald in which the appraisals were made in the matter of a few months.

MR. HUNTER: Yes, my lord.

THE WITNESS: In this respect, if I might, I would like to draw attention to 1080 --the highest appraisal was in 1943 and it was lower in '44, and it was the reversal of the trend at the time.

THE COMMISSIONER: Q: At what price was the sale made in that instance? A: I don't know.

Q It is shown on there. A: Oh, pardon me. It was made at the valuation -- the valuation in '43 was $8500.00 and the valuation in '44 was $6500.00, and it does not give the date of the sale, but the sale is made at $9,000.00.

Q The sale was nine thousand?

A Yes, but it does not give the date.

Q That would indicate that the first appraisal was closer to the market price?

MR. HUNTER: Possibly the appraisal was made at a time that they could not sell and possibly in a year or so later they did hit the market and sold on a rising market.

THE WITNESS: Yes, that might be so.

MR. HUNTER: Q: Now, you say you think there would be a tendency to appraise low because of it being Japanese property. That is pretty speculative, isn't it?

A Well, I just recall the feeling at that time and the talk among real estate agents. It was a sloughing off proposition, to a large extent. That was the feeling abroad at that time.

Q But an agent tries to sell at the highest price he can get. That is his business, isn't it?

A No, we did not find it so. The agent is first looking for his commission, and the lower price the faster he will make his commission.

Q But if he is with a reputable firm that is not starving, he tries to get the highest price and offer a longer term? A: I am afraid that has not been my experience. He is first looking for his commission, and it is easier for him to make two sales at a low price than one at a high price.

Q Well, if he is appraising a place that he is not selling, surely, he will not put a value on it that will make him look ridiculous, isn't that right? A:Yes.

Q For instance, if he put a value of $1,000 on it and they sold it for five, he would look pretty silly, wouldn't he? A: Yes.

Q There is one other question. I don't know if you know how the policy of sales is implemented. Were you at the original meeting held by the Custodian? Most of the trust companies were represented there.

A I was at one or two and I believe our manager was at most of them.

Q Where this policy of sale was laid down-- the trust companies and real estate men were there.

A Yes.

Q Well, would they be likely to recommend a policy like this if they considered it sound?

A Well, I think probably they considered all the factors in the case at that time, which would be the quickest and easiest method of disposing of this number of properties, not necessarily having in mind the best price. That would certainly be considered, and there must have been other factors involved.

Q It was placed before them they were to obtain fair market value, and that was one of the factors mentioned for their consideration, that this was not to be a gift.

A No.

Q And I presume the trust companies would advocate a policy of that kind, and it would be after some serious thought?

A Well, I am afraid I cannot tell you very much

about those meetings, because I personally did not attend them.

THE COMMISSIONER: Any questions?

MR. MACDONALD: No, but I am not sure about my friend's last question,that the fair market value was referred to.

THE COMMISSIONER: Well, there has been a good deal of evidence on that point, and if there is I shall have to rely on the evidence rather than what Mr. Hunter has brought out.

(Witness aside).

MR. MACDONALD: I would like to call Mr.Dalton this afternoon, my lord.

THE COMMISSIONER: Mr. Dalton is the only witness you have for this afternoon?

MR. MACDONALD: Yes.

THE COMMISSIONER: Well,we will adjourn now until two o'clock.

(PROCEEDINGS ADJOURNED UNTIL 2;00 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

Vancouver, B. C.,

February 4th, 1949. 2;00 P.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

ARTHUR TENNISWOOD DALTON, being first duly sworn as a witness for the claimants, testified as follows:

DIRECT EXAMINATION BY MR.MACDONALD:

Q Mr. Dalton, I understand that you are the City Assessor? A: Yes, Mr. Macdonald.

Q And how long have you held that position?

A I was appointed in September, 1944.

Q For the City of Vancouver, is that correct?

A Assessment Commissioner for the City of Vancouver. Previous to that I had been assistant assessor for two years, and for five years previous to that I was on the Assessment Board, a Board of three. So that, in fact, I have been at assessment since 1935.

Q Yes. Now when you arrive at an assessment for a particular property, Mr. Dalton, what factors do you take into consideration?

A Generally, of course, I consider all evidences of value. There are two factors in the assessment of all property; one is the improvements and the other is the land.

In the improvements we consider the reproduction cost as an important factor. We depreciate that, and, of course, we have to consider the comparative angle as well. That is, as soon

as you arrive at the value of a certain structure, there will be a good many in a city the size of Vancouver of the same kind of structure, and you have to keep your eye on the comparative side of it.

You have to have in mind a good many factors that come into it, and I would, if I might, my lord, if you would care, I willread some of these factors.

THE COMMISSIONER: Q: What areyou reading from, Mr. Dalton?

A A hand book put out by the National Association of Assessing Officers. That is an Association of the whole United States, and most of the assessing associations in Canada are connected with it. Would your Lordship care to look at it?

THE COMMISSIONER: Go on.

A I merely ask to quote this, to show that in the successful use of a comparative method, an appraiser is required to have in mind the following factors, which are taken into account; the area of the land, the type of street frontage, proximity to intersecting streets, character of street traffic, accessibility to alleys, accessibility to the water and the general topography.

Of course, when I am valuating land, I don't check all these things off. An appraiser in time automatically looks for those things. Then

there is the character of public improvements, such as streets, and sidewalks, and all that, sewers, accessibility to public utilities, supervised water, sewer stations, and all that kind of thing, zoning restrictions and private restrictions, proximity to social, recreational and educational centres, such as churches, schools and parks, and the character of surrounding private improvements; that is the neighbourhood charadter, which I keep an eye on pretty closely, and the density of population in the neighbourhood. That is another thing, which I think is important. Income level of neighbourhood population. That is something which is very difficult to obtain, and I haven't, so far, given much weight to it. Then the racial characteristics of the neighbourhood population, and the population trend. I am just reading these off, but an experienced assessor seems to carry those things in his mind, and looks for those things.

MR. MACDONALD: Q: Mr. Dalton, I understand your office keeps a record of market prices within the city of Vancouver, is that correct?

A Yes.

Q What are the mechanics of that record?

A In my own private office I have a large wall map, as large as that door there (indicating), and it has every piece of property on it. Of course, every sale that takes place comes to my office from the Land Registry Office, automatically.

The sale is compared with the assessment on each property; that is, the ratio of sale to assessment. That is recorded on the map by pins. If the sale hasbeen at its assessed value there is a certain coloured pin used -- a yellow pin, it happens to be. If it is below assessment, there is an orange pin, and so on. If it is more than fifty percent above assessment, it will be a green pin. So I can tell at a glance at that map the whole of the city of Vancouver the sales and how the assessment is running with the market in general. That is followed out very closely every year.

Q Now, Mr. Dalton, do you take account of every sale? A: Every sale is put on there by a clerk. I don't do it myself, but it is part of a clerk's duty to put every sale on there.

Sales are also marked on the value mapswhich I use in valuating land and the ratio of every sale to assessment is marked on my maps which I take about in valuating land, all over the city. I myself value land, with an assistant, but in improvements I have seven or eight valuators.

Q Mr. Dalton, in one point,in speaking to me, you referred to certain exceptions or sales that didn't find their way into your records. What did you mean by that?

A Idon't know, because all sales are recorded there. They all come from the Land Registry Office and go into our records. By the way, I am guided bythe Land Registry records.

MR. HUNTER: If Mr. Dalton doesn't remember, I don't wish his memory refreshed.

THE COMMISSIONER: You must not lead the witness.

MR. MACDONALD: No. I was trying to clear up a point, my lord, that possibly willbe cleared up with a future exhibit.

Q I would like to show you, Mr. Dalton, a graph, and Mr. Cobus might give his Lordship a copy. It purports to be a graph of property assessments in the city of Vancouver. Are you familiar with that?

A Yes. That was prepared under my instructions.

Q You might describe what that graph is.

A That graph shows the trend of assessments and the total taxable assessment from the year 1930, which year I entered the assessment office, up to date. It is taken from the city financial statement, and these figures in the city financial statement are taken from my roll, of course.

MR.MACDONALD: I would like to mark this graph, my lord.

(GRAPH MARKED GENERAL EXHIBIT NO. 103).

Q Mr. Dalton, am I right in saying that the graph shows an upward trend, beginning about January, 1940? A: That is right.

Q Would that indicate anything in relation to market price? A: Yes. Market price is a very important thing to an assessor in arriving at actual cash value -- one of the most important factors. But the assessor,

obviously and naturally, follows the market with his assessment and lags behind it one or two years.

So I would say, therefore, that that would indicate to me at once that the market began to rise, possibly a year or two before that assessment rose.

There is another factor comes into that, of course. That curve is composed of the total land and improvements assessments. The land assessments certainly wouldn't --I wouldn't raise land unless the market showed me that it was above assessments, but the improvements assessments could rise before a market could, due to increased construction. So that you have to take into account the effect of the increase, if there is one, in building construction at that time.

THE COMMISSIONER: Q This graph is an aggregate for the whole of the city of Vancouver -- aggregate assessments for the city of Vancouver?

A Yes, my lord, for land and buildings.

MR. MACDONALD: Q: And you mentioned a lag of one or two years. Now you were not assessor at that time, Mr. Dalton?

A Do you mean at 1940?

Q Yes. A: No.

Q What I want to know is whether this is standard assessment practice, or would be likely to be followed by your predecessor?

A Well, I will say yes, it would be followed by

them, but I would like to quote this -- this is from the journal we appraisers get all the time -- not just assessors -- the appraisers' journal published by the American Institute of Real Estate Appraisers. All appraisers take it, as far as I know, and it has articles by different prominent authorites all over America.

I will just quote one here in which he says that the assessors should follow along behind the sales market a year or so with his value. I merely quote that to show that it is just not my own opinion, or what I thought my predecessor did, but it is, I am sure, a general practice. I think it is obvious that one would do that, otherwise there might be a sudden upsurge of the market and it might drop off again, and any assessment assessor has to try and keep his assessments fairly steady, otherwise it interferes with the general financing of a city, I understand.

Q Now, Mr. Dalton, I want to show you another document, what I would like to suggest would be an exhibit. That will be Exhibit 104. That is an exhibit showing the relationship of assessment to market price at a period beginning July, 1945, and ending April, 1946. Can you identify that, Mr. Dalton?

THE COMMISSIONER: Now, how is that going to help me, Mr. Macdonald?

MR. MACDONALD: Well, my lord, we unfortunately couldn't

produce one for 1943 and 1944.. I will be leading opinion evidence on those years. These are sales, my lord, in the period 1945 and 1946.

THE COMMISSIONER: They are very limited, aren't they?

MR. HUNTER: Just a handful, my lord.

THE COMMISSIONER: Yes. In relation to the whole, I should not think there would be one-half of one percent of those sales that were made in the period 1945-1946. Why clutter the record with evidence of matters of that description, when the important dates are 1943 and 1944?

MR. MACDONALD: Yes, my lord. This particular study wasn't made at that time, my lord, and I would like to ask the witness why it wasn't done, so there is no suggestion we are withholding evidence.

THE COMMISSIONER: There is no suggestion of that. I am simply pointing out to you that you are adducing material that cannot be of any assistance to me in the problem with which I am faced here.

MR. MACDONALD: Yes, my lord. I felt that the witness, giving mathematical evidence as to this period, I might direct questions as to opinion evidence for the previous years.

THE COMMISSIONER: I doubt very much if Mr. Dalton would be inclined to relate the rise of prices in 1945 and 1946 to what had occurred before. He might be.

THE WITNESS: My lord, as assessor, I can't do any guessing. That is what we call "guesstimate", or "guesstimating", and I didn't make those records

until I came into office. I can guesstimate it, but I hesitate to do it.

THE COMMISSIONER: That is just as I thought. I do not propose to receive this, Mr. Macdonald, it would only cause confusion..

MR. MACDONALD: Very good.

Q Mr. Dalton, would you refer again to the graph, Exhibit 103? Now, have you made any studies of this ratio of market price to assessment?

THE COMMISSIONER: In what period?

MR. MACDONALD: Q: I might suggest the period first before 1930.

A That is difficult to answer. I was valuator for this city of all the big buildings down town, from 1930 to 1935. In 1935 I was given charge of the improvements of the whole city, but as I did that I became interested in land at the same time, and naturally then I would study it, but I didn't study it or concentrate on it the way I have since I became assessor. One reason is it requires somewhat of a staff to do this kind of thing, and I wasn't able until I became assessor to use the staff as I liked. My predecessor didn't see it that way.

Q Now, have you made any studies subsequent to 1940, Mr. Dalton, apart from your official duties? A: Did you say before or after?

Q After, at the moment I am dealing with.

A Oh, 1940? Yes, I was studying land privately

myself at that time, of course gaining all I could from my work at the office, and you can't study assessment of land at all without running into this market value problem. So I began at that time to study it, but as I said just now, I didn't begin to really get down to figures and graphs and things of that kind until I became assessor.. That is why I can't give you these curves prior to 1944.

Q Mr. Dalton, referring again to Exhibit 103, I think you gave evidence a moment ago as to when market prices in your opinion passed assessment. When would that be?

A I wouldn't want to be tieddown to a definite year, because in all this matter of market and value you are dealing with a very nebulous thing. I think all appraisers will tellyou that. It is a matter of judgment, a lot, and if I may answer in this way I would say it is my opinion that the market began to go up about 1938 or 1939.

Q I didn't quite hear you. When?

A About 1938 or 1939.

Q When you say the market began to go up, you mean it overtook assessments?

A Yes. The number of sales increased appreciably then and property began to sell for more than it had just previous to that. There was an upward trend.

During the years of the depression in the thirties, everything was going down, and

about that date, 1938, and 1939, there was a change came.

THE COMMISSIONER: Q: Your chart, Exhibit 103, shows a continued drop until 1940.

A Yes, my lord, because the assessor, as I said before, lags a year or two after that market. He has to make sure, if there is an increase in the market, that it isn't just a flash in the pan, that it is a steady thing. He may err there, but he has to be careful.

MR. MACDONALD: Q: Mr. Dalton, in following a rising market, how close in your opinion should an assessor come to the market values?

A According to the Charter it has to be actual cash value. There is all sorts of discussion as to what that means, of course, because this market price is a very variable thing.

I may have one city block with twenty lots in it, and they may all be of the same value. I would say so, and all evidence might agree with me, and our assessment is uniform, the same for all, and yet you will have sales all the way from assessed value to two or three hundredpercent above. That is market price, of course, but it is a very nebulous thing. You can't say you are going to follow it closely.

It is like, if I might use an example, following a car out on the highway at high speed. You keep quite a fair distande behind him and he might get further ahead of you, but

you don't follow him right away, and he might come back on you a bit, and you have to look out that you don't get too near or too far away, but I think you can't get up within 10 percent or twenty percent of your market. In the beginning, you don't know what that market value is. That is one of the problems of assessment.. In fact, I think it is the problem. It is just a question of how near you can come to it.

People might say that according to the Charter you have to have that price. The Charter says market value, not market price, and there is a difference. If you get up to within an average of the market price and the market price drops a bit, then you are in trouble. Your assessment then can be attacked pretty severely. So, in trying to take care of that condition, you may get quite a bit below at times.

Q Mr. Dalton, the next variation in that graph, I notice, is at the end of 1941 where there seems to be a slight upward trend again, or a further upward trend, I should say. What, if anything, would that indicate?

A That in the opinion of the assessor, the market definitely was on the rise, and he could safely follow it.

Q And I notice another change, which appears to be more substantial, beginning in 1944.

A Well, that increased acceleration, shall I call it, was due to the increase in building construction

for that year. There was quite an increase in building construction that year and it would naturally accelerate that curve.

Q Then again there is a substantial increase in your graph shown at the beginning of 1945, Mr. Dalton?

A Yes, and of course in 1945 my assessment was coming into effect seriously, and I was definitely of the opinion that the market was going up steadily, and that assessors had better get after it pretty quickly, and ever since I have come in I have raised my assessments as fast as I dared. In other words, as soon as I came into office, I accelerated it. My predecessor had had very bitter experience in the depression, and he was very cautious --more cautious than I would have been. He lagged a little more than I did, and as soon as I came in, away I went.

Q Can you give the Commission any estimate of how close to market price your assessment came in 1945?

A There again, my lord, when I start out my assessment, about this time of the year, I look at that wallmap, which has the sales for this year, and I find there is a preponderance or a marked preponderance of green pins on it which means the sales are more than fifty percent above my assessment. That would indicate to me that I could increase, or raise my assessment quite a bit, but there again, if I find that the average

is, we will say fifty percent above assessment, that is, the average of the market price above assessment is fifty percent, I can't raise it more than fifty percent, or I can't say forty or thirty. I have to use my judgment.

So, when you ask me how much the market is above my assessment, that is a question that I am very careful in answering. It varies a bit, and I would say that at present it might be fifty percent.

My lord, you can see I have to be somewhat conservative in answering that, because I might be attacked. Your Charter says it must be that, so I want to be careful how I answer it, so I would say it was about fifty percent; and there again when I started my assessment last year at the beginning of the year, the market was accelerating more than my increase in assessment.

Supposing I raised it fifty percent. Just to make it clear, suppose I raised it fifty percent. I would find when I got to this stage the market had gone up eighty percent, and I am still thirty percent behind, and that is what you have to deal with in this matter of market and assessment. I am using fifty and eighty there for the sake of argument.

THE COMMISSIONER: Q: Is there any statutory limitation on the percentage increase that you can apply as there is a statutory limitation on the percentage

decrease?

A No, my lord, not that I know of. The qestion has often been raised.

Q I am right in that, am I not, that there is a Statutory limitation to an increase?

A An increase?

Q Is it an increase or decrease?

A Decrease, and there it isn't very general. I can reduce assessment all I like, but when it goes to the Court of Revision if the appellant isn't satisfied there, he can go to the Appeal Board, which you will understand, my lord. If the assessment has been dropped more than ten percent from the previous year, the Appeal Board can't further reduce it. The Court of Revision can reduce it all it likes, and so can I.

Q That is what was running in my mind.

A So that and the Court of Revision can do what we like, but the Appeal Board can't go beyond ten percent lower than the previous years assessment.

MR. MACDONALD: Q: You said at one point that the market, in your opinion, was fifty percent above assessment. What period was that ?

A That is at present. At least that, it might be more.

Q Can you take us back and give the situation, say at the beginning of 1946, from your records in the assessment office, oryour own records?

THE COMMISSIONER: I am not a bit interested in 1946.

MR. MACDONALD: Q: I would like to take you back, Mr. Dalton, to see if you can give an opinion as to the percentage in 1944 and 1943?

A The city in general, and when I say that it doesn't include the downtown section -- that is all the rest except the downtown, and including 181 and 186 -- 1945, didyou say?

Q I wanted 1945.

THE COMMISSIONER: Q: The question was 1943 and 1944.

A Of course, my lord, I haven't any records for 1943 and 1944.

In 1945 it was on an average, oh, about thirtyeight percent above the market. That is for part. Downtown was different to that.

Q Let me follow you there, Mr. Dalton. In 1945, what was the condition of assessment, above market or below?

A About thirty-eight percent above market, on the residential parts of the city. That is everything but downtown -- the suburban commercial.

MR. MACDONALD:Q: You said thirty-eight above market, didn't you? Didn't you mean maket above assessment?

A Oh yes, I beg your pardon, of course. I think I should say here, too, that I treat the downtown section differently to the rest, because

sales begin to take place and the market to run away from assessment in the residential district two or three years before it does in the downtown property.

I didn't begin to raise my downtown assessment for about two years after I had raised the other, for that very reason, that sales downtown did not warrant a raise or an increase in assessment until only really the year before last.

Q Now, can you tell us, Mr. Dalton, the estimate for the year 1944?

A I have no record of that, and, as I said before, I hesitate to give an opinion. If I did make a study of the matter, I would probably make a graph of all these years back there and continue to theoretically check back to the time that the market crossed the assessment and see what kind of a curve it gave me. If it was a steady curve I might be able to level it off and give you a figure, but that would be just theoretical, and not probably according to fact, and if the market dropped or came away, I would be out.

Q But it would be helpful to the Commission in this way; how close to market price would you

b bring assessment in 1943 and 1944?

A There was a time during the depression when assessment was higher than the market. That was our trouble, and now the market is higher than the assessment. So, obviously, there was a period in which they crossed. I think that was in 1938 or 1939, and at that time that assessment and that market price were the same thing.

It must have been at the same timethen, that is obvious.

Q I notice an increase in your graph for 1943 and 1944. Would that increase have taken place, say you were within ten percent of market at that time?

A No. Assessors have a lot of power, and a lot of responsibility, and they have to act on their owne I act on no instructions from the Council, or the Crown, or anybody. It is all onme, and some assessors are more conservative than others.

I will tell you straight, my lord, unless I see a sale is more than thirty percent above my assessment, I would hesitate in raising it.

I don't know whether that is a definite enough answer, but as I say this matter of value is a nebulous thing. It is hard to pin it down.

Q You would suggest, then, in 1943, and 1944, the rising assessment was thirty percent or more below the market?

A At that time my predecessor was handling things, and I couldn't say for him; but in my time you can assume that I wouldn't get closer than thirty percent.

The market can drop over night. We had that during the depression. With any assessment man, you have to allow quite a margin of safety there. I may be wrong. Perhaps my successor will say, "Dalton's assessment was under assessed".

Q From your observation of your predecessor's methods in the office, would you say he was conservative?

THE COMMISSIONER: I think we have as much from Mr. Dalton as he can give us on that.

MR. MACDONALD: Q: Mr. Dalton, one other question, before we leave this: In these records of market prices that you have been giving, have you taken account of every sale in the city, or are there any exceptions?

A All our records take account of every sale, but the weight that I attach to the sale is another matter.

For instance, I have to consider, and all assessors do consider, whether a sale or transfer was voluntary or normal. We have to find that out if we can whether the parties to the sale were reasonable parties in the transaction concerning the property, and whether the buyer endeavoured to get the property as cheaply as possible, and the seller endeavored to get as much as possible.

I quote this, my lord, that failure to meet these requirements on sales on the following conditions are generally considered poor evidence of value and may somewhat modify it -- transfers between relatives. That is obvious, I think. Transfers between inter-related corporations or between corporations and majority stockholders. I have run into that in one big case. Transfers

between resident and a non-resident; transfers by foreclosure , taxes or other liens. Forced sales and high pressure salesmanship and all those things have to be taken into account.

I think that accounts for the differences I told you exist between sales.

Then, there is, of course, transfers in which the grantee is a mortgagee, transfers resulting from special needs of the corporate or grantee. That is very important downtown. For instance, if I owned a lot, as an ordinary taxpayer, alongside of the Hudson's Bay Company, and they had to have it, I could make them pay almost anything I liked and they would have to pay it, and would be willing to pay it, but that is not the value of the property.

I think you see the difference between our records on sales and assessment, and how much weight an assessor puts on the individual sales.

Q What were you reading from, Mr. Dalton?

A That same book which I read from just now.

Q No, the piece of paper you were reading from a moment ago.

A: That is copied from the book. I can give it from the book if you wish. I abbreviated it a little, to save time. That is the regular thing. It is really a digest of all the general principles of assessment, for our guidance.

Q Now, Mr. Dalton, you have given general evidence about Vancouver as a whole. Are there any

special areas where a special ratio of market to assessment might prevail?

A Yes, 181, 196, you know, my lord.

THE COMMISSIONER: Q: That is downtown?

A That is from Carrall Street over to Heatley Avenue, and from False Creek over. That market has been very bad there. I look on it as almost a blighted area. Part of it, of course, is used for residences for foreigners, and it is all pretty hard stuff. My rates there are very low, and they are low because sales won't warrant me to increase them.

The old Granville townsite, that is, the part between the Inlet and Hastings Street, and through the west, from Cambie down to Carrall, it is almost all a warehouse district, although Spencer's and Woodward's are there now. That was very bad for quite awhile. That was almost a blighted area. Cordova Street, and in there, was terrible.

There is another section out Cedar Cottage way, over near Victoria Drive which is a very poor district. Then again there is the area west of the Granville Street bridge there, about ThirdAvenue down to the waterfront which is a Hindu District, and that is very bad.

Those are, to my mind, distinctly blighted districts and there are very few sales in them.

Then again, of course, there is this section of Powell Street, where the Japs were.

This is a thing that stands out, in my estimation, from all the rest. Powell Street, from Main Street to Dunlevy in the two blocks there, seemed to be almost a Japanese suburb of Vancouver, and they had quite a high assessment put on them by my predecessors, but latterly I think the property is about some of the poorest stuff in the city. That is a district, too, which is I would say right out of the ordinary thing in Vancouver, involving problems in valuation.

MR. MACDONALD:

Q Can you give me for that district 181, 196, the market price relationship to assessment in 1945? A: In 1945 there were very, very few sales, let me say that, my lord. You will understand, that in striking an average of sales, the greater the number of sales the better your average. If it gets down to half a dozen sales, it is very risky. In fact, if in any year there were only three, I wouldn't use one at all. So there are very few figures, but on the sales in relation to assessment, it was 16% in 1945. 181 and 196 were 16% above assessment.

Q Does that 181, 196 represent a uniformly depressed area or not?

A Oh, the eastern part of it, as I said just now, consists of a lot of residences, and since the war we all know what a demand there has been for residences. Wherever you find residences, you will find the market very high, because there

is this factor present of the demand being higher than the supply. I notice that all over the city. Wherever there is a residential district, the market is high, and this is, I consider, not a true market, but where you come down to the commercial stuff, it gets much closer.

Q Is the old Granville townsite included in those district lots?

A No. That was 181 and 196 I gave you, on the 16 percent.

Q 181, 196 extends how far west?

A From Main Street to Glen Drive.

Q That is east? A: That is east.

Q And westerly? A: To Main Street.

Q Just to Main Street? A: No, I am wrong, Columbia Street.

Q Is this area inhabited residentially, and has it been inhabited residentially?

A The easterly part of 181, distinctly, yes. It is only the westerly portion, really, of 196. On the waterfront there are quite a lot of warehouses and Maritime businesses, and there are some hotels and stores, of course, as you go south towards False Creek, and there are a lot of residences there still.

I want to emphasize the fact that this ratio between sales and assessments is a guide to me,

I am not taking definite figures from it. It is a guide to me as to the trend of assessment. If the market began to drop and began to approach my assessment, I would have to get something new in my methods and watch myself very closely when we got close together. Now it gives you a trend.

THE COMMISSIONER: Q: And that is as much use as you feel safe in applying?

A I beg your pardon?

Q You wouldn't feel safe in applying it to any greater use than to give you a trend?

A No, not at the present time. It would be part of my duty to devise a system to meet the drop and check it when it comes.

MR. MACDONALD: That is all, Mr. Dalton.

CROSS-EXAMINATION BY MR. VIRTUE:

Q Mr. Dalton, you spoke of certain blighted areas, and I refer particularly to the area that you said was around Powell Street?

A Yes.

Q Did the assessment for the years we will say 1941, 1942 and 1943 take into account that factor? That is, would the conditions there along Powell Street be reflected in your assessment for those years?

THE COMMISSIONER: You are not overlooking the fact that this was not Mr. Dalton's assessment in those years.

MR. VIRTUE: Except, he was in the assessment department. Of course, if he doesn't know, he can't answer, but if he knows he can.

A Now, I don't know what was going on in the heads of my predecessors, so I can't tell you that. I have my own opinion, but I can't tell you definitely what they were thinking about. I think I could myself, but I wouldn't want to put it down as evidence.

Q I am not asking you to speak any more definitely than you can. Am I right in this, We can take it for granted that those conditions were known to the assessment authorities in 1941 and 1942?

THE COMMISSIONER: What do you mean by "those conditions"?

MR. VIRTUE: That he has described as blighted areas.

THE COMMISSIONER: Yes.

A I have an opinion there, which I think the Court ought to know, and yet I don't know how to express it. I will try, and if I am wrong, you can correct me, of course.

When I took on as assessor, I considered the front-foot rate for land on that part of Powell Street was far too high, and I have reduced it ever since, my lord. Now, sales are beginning to get somewhere near it, but it struck me then as far too high. Why it was so high, I couldn't tell you, but why it was I can guess. My guess is it was a thriving Japanese business district, which was worth it.

THE COMMISSIONER: Q: You are referring to the assessment rates?

A Yes, I am referring to the assessment rates, and there again I am considering not the market in that respect as the comparable approach, that is the front-foot rate on land on the streets each side of that where it was very much lower, and I considered it just as valuable property. That is where the comparable factor comes into assessment, as well as the market.

MR. MACDONALD: Q: Their improvements were over-assessed?

A I can speak pretty closely to that. I was looking after it, and in my valuation on improvements, I paid no attention to who owned the place, Negroes or Englishmen or anyone at all, and I was valuating pretty well dollar costs of that time. So I think the improvements there wouldn't come in the same category as the land, and my assessment might have been a little higher on improvements there, because I have seen some valuations since the war on property in there, and all the valuations were lower than my assessment.

The property along Powell Street there is pretty badly depreciated, but still I treated it much the same as I treated all the rest. On land, now, I consider this a very blighted part of the city, which has an effect.

MR. VIRTUE: Q: You referred to some appraisals a

moment ago. Whose appraisals are they?

A People come to me who are valuators for mortgage companies and insurance companies, and all sorts of people, and I know them and we compare figures. I see their figures, and they see mine. It is all information to me. It doesn't affect my assessment, and I suppose it is useful to them. They want to know how I arrive at my assessment, and it is done in a friendly way, and anything that has cropped up on the Powell Street area, the improvements were always very much lower than my assessment.

MR. VIRTUE: That is all.

CROSS-EXAMINATION BY MR. HUNTER:

Q In this graph, Exhibit 103, Mr. Dalton, it begins to show a slight increase in the beginning of 1940?

A Yes.

Q There is no way of telling from this graph whether it is due to an increase in values or an increase in building, or a mixture of both, I suppose?

A It is a mixture of both, sir, and, as a matter of fact, when they started to rise land hadn't started to rise, but improvements had started to go up.

It was the improvements which really started it off, although there is no doubt about it in my estimation latterly as I said just now

to his Lordship, the market gave me the trend.

Q Yes, but at this time the graph would indicate in your opinion more the new improvements which were going in and being completed than actual higher assessments on land?

A Yes, sir.

Q Isee. There was quite a bit of building in 1939, 1940 and 1941?

A Well, nothing like there is now. It went up and down, a bit, but there was an increase. Not anything to get excited about at all as an assessor.

Q Now, if there is a general rise in the value of property, under your charter, as I understand it, -- as I understand you to say, your task is to get after it, is it, to try and make it coincide?

A My task is to assess at actual cash value. I have a copy of it here somewhere, what it says exactly.

. Here is my oath, that I have to take when I sign the Roll. "Solemnly certify and swear, as far as my knowledge extends, that I have set down in the above Assessment Roll all the real property liable to taxation situated within the city of Vancouver and the proper lawful value thereof, according to the best of my information and judgment."

--true lawful value -- the clause is there. "All rateable property, or any interest therein, shall be estimated at its

"actual cash value as it would be appraised in payment of a just debt from a solvent debtor".

It doesn't say anything about market value, it says cash value, and amongst leading appraisers and writers all over America, they practically say it means the same thing.

There is a difference, of course, between

W what we call market price and market value. Market price is the price that is paid, irrespective of foreclosures or high pressure salesmanship and that kind of thing. As a matter of fact, it is the most a fellow can get, whereas market value is under normal conditions.

Q I am familiar with those definitions.

A When you mentioned market value, I have to say there is a difference between market price and market value. Market price is what all my records are based on.

Q Yes, but in your Charter it is a cash value?

A Cash value.

Q Which is considered to be synonymous with market value?

A Yes. I would say that the market value -- but that is not the market price of today, in my estimation .

Q Perhaps we could pass on from that, Mr. Dalton, if you don't mind. What I am trying to ascertain is this, how you try and keep your assessments up to the increase -- in cash value or market

value. Do you show them every year, or make a complete new assessment?

A Every year we make a new assessment.

Q Of the whole of the city of Vancouver?

A Of the whole of the city of Vancouver.

Q Is it done on paper, or by going out and examining each house over again, and re-assessing?

A Examining each house and piece of land separately.

Q Your inspectors cover each property each year, so you have a new assessment?

A Yes.

Q Each year, if there is a rise in market values, or cash values, it is your task then to raise your assessment accordingly, and still assess on an equitable basis?

A When you say my task, if I think that that market price is a good indication of the market value, the actual cash value, then it is my duty to raise the assessment.

Q Yes, that would be your task, and at the same time take into account the changes in areas and population as between one district and another?

A I don't base my assessment on market value. You understand that, don't you? As I explained to his Lordship just now, it gives me the trend.

Q If you knew the true market value, or the true cash value, you could base your assessment on it?

A I would make it that.

Q But you are following the trend?

A I have shown, I think, that the market price isn't

reliable. I think I have made it clear assessment is constant, and city sales are all over the place, so the market price, or what we call the market, is a very debatable thing.

Q While you have been with the assessment department, has it been the practice to re-assess every single year?

A Yes, an annual assessment. That is in the Charter.

Q Do you recall whether in 1942 and 1943 there was any change, that is drastic change, in the assessment, or whether the increase indicated here would be entirely due to new building?

A In 1942 the building assessment was $9,599,000.00 odd. In 1943 it was $9,556,000.00. Apparently the building assessment was drpopping, I would say, due to depreciation. In 1944 it was lower again, $9,400,000.00. In 1945 it was the same. In 1946, it began to rise slightly.

Q Just a minute. I am not very interested in the last years, but I am very interested in 1942, 1943 and 1944.

A Then I gave the dates.

Q May I get that clearly, again? May I see those figures?

A Yes. They are quite open to everybody, and there is the land alongside, and the total of the two. Those are straight facts, right from the Roll.

Q Those are the total assessments for the City of Vancouver?

A Total for land, and then total for building, and

then the figures on the right are my own. This is the total of land and buildings.

Q So your assessment has been coming down for the years 1942, 1943 and 1944?

A That is for this district, 181, 196.

Q I am referring to the whole of the city of Vancouver? A: Oh, the whole of the city of Vancouver? You have your financial statementx which gives all those figures every year. Do you want to see that for yourself?

Q Yes, please. Thank you.

A That is public information. The buildings are separate from the land there, and then you have the total.

Q Yes, I see. So there is an increase in both land and buildings for the period 1942 to 1943? I am sorry, no, land was less in 1943, and buildings were up five million dollars?

A I think land dropped until about 1944. That was when I came in. I was the one that started putting land up.

Q According to this, the total assessment for land in 1942 was $112,300,000.00, and buildings, $195,200,000.00 odd. In 1943 the land dropped to $111,000,000.00 from $112,000,000.00 and the buildings went up to $200,000,000.00, approximately five million increase. In 1944 the land went down again, and the buildings went up another two million dollars.

A I was, of course, responsible for that building

improvements assessment almost directly. It was almost entirely in my power. As soon as I came in, in 1945, I started the land up and the buildings went on up. Of course, I must not overlook the fact that new construction affects it.

The first thing I did when I came in, apart from new structures, was to up the reconstruction. Thatwas apart from new buildings. I did it on my own.

Q In the increase in the building assessment and improvement assessment, do you know the proporiton of increase in the increased assessment on improvements, due to new improvements?

A No, but I made qite a study of it, and for a year or two I tried to get out a proper graph on it. Unfortunately there wasn't a sufficient staff and I couldn't do it, but I was studying it, and I think it was very vital. As a matter of fact, Mr. Carl Goldenberg saw it and thought it was important, but I have never been asked for it at the City Hall. It was one of those private studies of my own, and with the imposition of the business tax coming in, I hadn't the time to carry it on. It was a very complicated thing.

Q You wouldn't have the figures for 1942, 1943, and 1944?

A No.

MR. HUNTER: That is all, thank you.

THE COMMISSIONER: Any re-examination?

MR. MACDONALD: Just one question, my lord.

Q You mentioned, Mr. Dalton, in 1945 when you became assessor and had charge of the assessment, land started up. Would that reflect a market increase at that time, or a year or two years before?

A Would you mind asking me that again?

Q I wondered if you were taking into account a time lag, when you put land up in 1945?

A That was my first own responsible assessment, and I cut loose from my predecessors, and I considered the market was high enough above my assessment to raise it as I did. What they had been doing I wasn't concerned with at the time.

As a matter of fact, all along in assessment, my concern this coming year is what value is. It doesn't matter what it was last year, or at any time, or who did it.

MR. MACDONALD: That is all.

THE COMMISSIONER: Thank you very much, Mr. Dalton.

THE WITNESS: Thank you, my lord.

(Witness aside)

MR. MACDONALD: That is all, my lord.

THE COMMISSIONER: Now, where do we stand with the balance of your general evidence?

MR. MACDONALD: I might ask Mr. McMaster to speak to that.

MR. McMASTER: My lord, the only remaining evidence

is the appraiser on behalf of the claimant on the farm land. I expect to call him Monday. I would like to have an opportunity to see your Lordship and counsel when we adjourn.

MR. VIRTUE: I spoke to my learned friend about one other witness. I don't think he will be very long, but a witness of a general nature that will probably take a couple of hours on Monday.

I might tell my learned friend now if we call this witness, it will be a witness on the question of general building costs in 1942 and 1943, as compared with the previous years.

THE COMMISSIONER: I see. Very well. We will adjourn now. Incidentally, before we adjourn, Mr. Hunter still has some reserve cross-examination.

MR. HUNTER: Yes, my lord. I hope to have a fairly accurate ideaof what that will be by Monday. I may not have the material actually prepared by them, but I will know what value it has, so I may do it by Tuesday.

THE COMMISSIONER: We will adjourn then until Monday morning at 10 o'clock.

(PROCEEDINGS ADJOURNED TO MONDAY, FEB. 7th, 1949, at 10:00 A.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

J. P. Hanrahan

Deputy Official Stenographer

GENERAL EVIDENCE

JAPANESE PROPERTY CLAIMS COMMISSION

B E F O R E

(THE HONOURABLE MR. JUSTICE H. I. BIRD - COMMISSIONER).

Vancouver, B.C.,

February 3, 1949.

Falkiu Bulthasus 1519-1557
Christiansen Fishneto 1557-1600
Saguiki do 1600-1617

PROCEEDINGS AT HEARING

(Pages 1519 - 1617)

The Commissioner.

Vancouver, B. C.,
February 3rd, 1949. 10:00 A.M.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

FENWICK FATKIN, being first duly sworn, testified asfollows:

DIRECT EXAMINATION BY MR. McMASTER:

Q Would you be good enough to outline to the Commissioner your experience in the bulb business, briefly?

THE COMMISSIONER: On what subject are we dealing now?

MR. McMASTER: Bulbs and greenhouses, my lord.

A I have had a lifetime experience, your Lordship, and in 1914 I went to the Fraser Valley and commenced and operated the first bulb farm in that district which eventually, under my guidance, became one of the greatest bulb-producing districts in British Columbia, if not on the North American Continent.

MR. McMASTER: Q: What part of the Fraser Valley was that?

A Bradner.

Q And did you have any association with the Bradner Bulb Growers' Association?

A I was the founder and its president and secretary-manager for almost twenty years.

Q What were the purposes of that Association?

A To grow and market co-operatively daffodils, and other bulbs, and build greenhouses and market the flowers, the product of such bulbs.

Q And when did you cease being the president and manager?

A Ih 1944 I got very ill and I was not manager or president for two years, and then they brought me back for one more year, but I couldn't stand it, I had to qit.

Q Have you yourself been engaged in the growing of bulbs and flowers commercially?

A All my life.

Q Can you tell the Commissioner what was the condition in the bulb business in 1943?

A The conditions then were excellent.

Q For what reason?

A Because the prices were tremendously high, the profits were good, and the market was just something we couldn't contend with; we couldn't begin to supplyi it.

Q In 1943, was there any demand for bulb farms in the Bradner area?

A There was to such an extent that bulldozers and every possible machine they could get was brought in to get land cleared and have bulbs planted.

Q From your experience are you able to say what was the usual way of selling a bulb farm?

A Well, the usual way of selling a bulb farm -- frankly I have to say nobody wanted to sell particularly -- butthe way of selling a bulb farm would be to advertise it in a trade paper that reaches all the florists in the

Dominion of Canada.

Q And in arriving at the price, did the bulbs go with the land?

A No. The bulbs would be assessed separately to the land. It is so much an acre and the bulbs, depending on the condition and the grade, would be all assessed separately.

Q Could you give theCommissioner some idea as to what the price of bulbs was in 1943?

A In 1943 you couldn't buy anything cheaper than $18.00x a thousand, and the average price for the better forcing kind was $55.00to $60.00 with some going as high as $80.00 per thousand.

Q And what were the better class of forcing kinds of bulbs?

A King Alfred, Cheerfulness, Magnificent, Garden, -- I could give you fifty different kinds.

Q And what would bulbs be worth per thousand?

A Whatever price they were graded less about $6.50 per thousand for digging and sorting and grading.

Q If bulbs were left in the ground unattended, for three years, say, what would be the extent of the depreciation of the bulbs?

A They would depreciate depending a good deal on the variety. It is quite a complicated situation but they would depreciate quite a little bit, anything up to twenty percent to twenty-five percent.

Q At the end of one year how much would you expect

they would depreciate?

A Practically no depreciation at the end of one year. And if what might appear a discrepancy would need clarifying, I would be pleased to do it.

Q Yes, if you will explain.

A The reason would be that bulbs planted in September or October would have been treated, and the treatment would prevent them getting any disease for the first twelve months, but after that disease could get in and a marked deterioration could take place.

Q Supposing that the bulbs had not been treated in September of the year, how soon would you expect any marked deterioration or disease to set in?

A I would expect to find anything from about 1 percent to perhaps 5 percent in the first year, and after that it would rapidly increase.

Q Are you able to say whether bulbs would be less subject to disease if they were cultivated or not cultivated?

A It is a strange thing, perhaps, but we find where they were not cultivated, there were certain diseases which didn't flourish nearly so well as when they were cultivated, but as a practical man, of course, naturally I like to seem them cultivated.

THE COMMISSIONER: Q: I would like to get this process of deterioration. What percentage of deterioration did you say was likely in the

second twelve months?

A In the second twelve months you might expect ten percent, and in the third year probably as high as twenty-five percent; and to make that plain I would have to explain why these pests that get into them make that difference.

Q Yes. Does that apply to all? I had had the impression that the real purpose for leaving the daffodils in --

A It would depend whether you were growing them commercially orwhether you were growing them for your own pleasure. If it is possible to leave them, it is a well known fact they do increase in vigour and strength over two or three years standing in the one place, but in a place where disease is liable to attack them we find commercially we must take them up and treat them at least every second year, and it is better if you do it every year if you are in the commercial business.

MR.McMASTER: Q: Would you just describe very briefly the normal method of caring for bulbs?

A There is not very much to it. The idea is you keep for propagating purposes the best and most vigourous of the stock. You put them in trays and keep them until about the middle of August when we use a tank with water heated to approximately 110 to 112 degrees and into that we put half of one percent formalin and treat them according to the disease we know

likely to be in them for one hour to three hours, maintaining that temperature right through. After that they are taken out and returned to the trays, dried, and at the earliest opportunity replanted in the ground.

Q What is the usual procedure with regard to the forcing of bulbs?

A The best and strongest bulbs are selected by someone who knows the business, of course, and they are then put into shallow boxes approximately four inches deep. The size doesn't matter so much although we have a standard size. Any ordinary good soil is put in with them and they arethen laid on the ground outside covered with earth after being soaked with water and left until they get well rooted. Afterwards they are taken to the greenhouse and subjected to 50 degrees of heat for five days and the thermometer stepped up to 60 or even 65 degrees.

Q In the bulb business in 1943 was it a general practice to force bulbs and use greenhouses for that purpose?

A It certainly was. There was a splendid price for them and everybody wanted to do it.

Q Have you any knowledge with regard to the construction of greenhouses, and as to the cost of construction around 1940 to 1943?

A Yes.

Q What was it? A: I helped in the construction of many plants and the heating

apparatus, and all the greenhouses built in our countryside, which are now around the thirty mark, were built under my supervision.

Q Can you give his Lordship any indication as to what it would cost to build a greenhouse around 1940 or 1942?

A Yes. In 1942 or 1943 the cost of building a greenhouse, which we reckoned by the lineal foot, say fifteen to eighteen feet wide, would, at that time, be about $15.00 per lineal foot. That is, a greenhouse 100 feet long would cost $1500.00 including the heating apparatus. If you wanted it without the heating apparatus, you would have to take off about 40% of that.

Q I didn't get the size of that greenhouse you said would cost $1500.00.

A One hundred feet long by about fifteen or eighteen feet wide. There is not an awful lot of difference in the cost in fifteen or eighteen feet.

Q Could you advise his Lordship as to whether greenhouses were in demand or otherwise in 1943; that is properties with greenhouses on them?

A Well, they were in tremendous demand. In the first place, of course, it was practically impossible to get glass. It wasn't even possible to get many of the materials that greenhouses were built of, but at that time the price hadn't gone up like it has today, and, of course, it was possible to get second-hand glass sometime

and many of them were built of second-hand glass.

Q What was the usual way for a person who wanted to sell a greenhouse to advertise it for sale?

A Well, he would advertise in the trade paper.

Q And what trade paper?

A The "Canadian Florist".

Q And have you from time to time seen advertisements in that paper?

A I have. I have one in my pocket right now.

Q The Custodian sold some greenhouses in the Fraser Valley in 1943 and 1944. Did you see any advertisements with regard to the sale of any of those greenhouses?

A No, sir. I never had the slightest idea they were even for sale.

Q Did you hear anything about them being for sale?

A I did. I just heard that some had been sold at Haney and we in Bradner would have been awful glad if we had known they were for sale. We would like to have had a chance at them but we didn't know.

MR. VIRTUE: I wonder if I might ask a couple of questions, my lord?

THE COMMISSIONER: Yes.

MR. VIRTUE: Q: What was the situation immediately before and after the war with regard to the importation of bulbs from Holland?

A The situation was that Canada was a wide open

country. There were bulbs coming in from Holland and Japan but with the advent of war that was shut off.

Q That meant the entire market had to be supplied from Canada? A: The entire market. I would like to make it plain that for two years there was a little supply from England and some few came in from Japan up to the time Japan declared war.

Q And then, of course, the supply from Japan was shut off entirely?

A The supply was shut off entirely. The British Government forced the growers in England to curtail their bulbs down to just the necessary production. Then Canada had to rely upon her own industry to supply the Canadian market.

Q And how widely would you ship, speaking of the country as a whole?

A Well, as far east as North Sidney in Nova Scotia.

Q And to what extent?

A We shipped everything we had and we shipped a lot of stuff we shouldn't have shipped.

Q I mean were those just express parcels?

A No, carload lots.

Q What about the situation of the Fraser Valley for bulb production? What do you think about that?

A Well, at the present time, sir, in the greenhouses where I am managing, we have the inspectors

come in every two weeks taking stock of Fraser Valley bulbs, and only yesterday they told me in regard to one particular style of bulb, the Blue Iris, they had never seen anything to equal it and it was the finest they had ever seen.

Q Applying that generally, what would you say of the ability and productiveness of the Fraser Valley with regard to bulbs?

A If you take our district as a central point, I say it cannot be beat.

CROSS-EXAMINATION BY MR. HUNTER:

Q You are, of course, quite familiar with the area around Bradner?

A Yes, very familiar.

Q And you would be familiar with all the bulb growers around there?

A Yes.

Q And you knew that the Japanese were growing bulbs around there?

A Yes.

Q And were they members of your Association?

A I don't think they all were. Some of them were. I couldn't tell you today whether they were all.

Q I remember reading a letter from you in one of the cases in which you complained about three hundred thousand bulbs of Japanese being infected with disease?

A: Yes.

Q Who was that?

A A farm that the Government kept and neither rented nor allowed anybody to touch it, and that was what we complained about.

Q And it was rented and the owner would not permit the tenant to touch the bulbs?

A Would you mind referring to who that case is?

THE COMMISSIONER: I recall it.

MR. HUNTER: I would be glad to send for the folder. I could have it in ten or fifteen minutes.

THE COMMISSIONER: It might be well to have it.

THE WITNESS: Might I suggest it was the Miki place.

MR. HUNTER: Yes.

A Yes. I can explain that perfectly well. The owner, Mr. Miki, who was evacuated to Winnipeg, refused to allow anyone to dig or force his bulbs. The Government, however, on, I think, August 26th, 1943, took it over themselves and I think if you will look you will find the dates of those letters are after that time when our Association complained very bitterly about the condition of those bulbs. Nothing was done to them. They were just left there.

Q You were asked for advice as to these bulbs?

A Yes.

Q And you stated the bulbs were so badly infected, they had no value?

A That is true.

Q And that was in the Miki case and there were over three hundred thousand bulbs there?

A I don't know about the quantity but I know he never had 300,000.

THE COMMISSIONER: I think you had better not pursue this subject in the absence of the letter.

MR. HUNTER: I would like to get that file up, my lord, while Mr. Fatkin is here.

THE COMMISSIONER: Could the Secretary get on the telephone and help you?

MR. HUNTER: Or I could 'phone myself, if we would adjourn for a moment.

THE COMMISSIONER: If you prefer.

MR. HUNTER: I wouldn't be a moment, my lord.

THE COMMISSIONER: All right.

(Mr. Hunter leaves and returns).

MR. HUNTER: They will be up in just a moment, my lord.

Q Now, Mr. Fatkin, these Japanese you knew were growing bulbs in the Valley, could you give us the names of them?

A There was Mr. Kay Imamura, Mr. Yamamoto, Mr. Masio Miki, and Mr. Yamada.

Q Any others? A: Just off-hand I don't recall any others.

Q And these gentlemen were all growing bulbs?

A They were.

Q Was that their full occupation?

A Oh no.

Q You say they weren't on full time bulb growing?

A No.

Q What else were they doing?

A Small fruit.

Q Were they all in smallfruit?

A As far as I know, yes, and some of them were growing asparagus.

Q Small fruit and asparagus?

A Yes.

Q Do you know the qualifications of these gentlemen for growing bulbs?

A I know the qualifications of all these gentlemen. I don't want to appear conceited but actually there wasn't a bulb grower in the log except myself.

Q In your opinion, they were not knowledgeable bulb growers?

A They were not knowledgeable bulb growers to the extent they had not the lifetime experience like I had.

Q Where did they gain their knowledge?

A From the Association, from our meetings, and from actual contact, but I would like to point out that if you had the right kind of soil you don't needknowledge.

Q It is a simple matter to grow bulbs?

A It is a simple matter to grow bulbs if you have bulb soil.

Q Did they all have bulb soil?

A Yes.

Q Were they raising the expensive, rare varieties?

A No, I was the only man doing that.

Q What were their varieties, do you know?

A The ordinary commercial stock. If you would like a list, I can give it.

Q Perhaps we could --

A Mostly King Alfred and Cheerfulness.

Q Werethey expensive or inexpensive?

A Quite expensive. I would like to point out that what we call special kinds, you pay like I do, sometimes up to $40.00 for one bulb and others you can buy at $50.00 or $60.00 a thousand.

Q Where did they buy them?

A Some from me, some from the Association, some they brought in from Holland or any place they could.

Q Did they take good care oftheir bulbs?

A Yes.

Q The bulbs in the ground when they left, you wouldn't have any idea howlong they had been in there?

A I had this idea, that I made periodic inspections over the years of all the bulb farms in Bradner for our Association, and they were all up to date and at the time they were evacuated each of these four Japanese I have mentioned had their places in first class shape and their bulbs in first class shape.

Q That means the bulbs would have been in not longer than what -- two years?

A I don't know what year they were evacuated.

Q Let's assume they were evacuated in 1942.

A Then the bulbs would have been planted in 1941.

Q Did theygrow a wide variety of bulbs?

A About nine to ten different kinds.

Q I wonder if you could give us the names of the bulbs and the prices it would have cost them to purchase them per thousand at that time in 1941?

A That wouldd be a rather awkward question because bulbs can be purchased from several different angles. They can be purchased as forced stock when they would be worth one-third what they would be if sold for forcing, or they could be bought as planting stock when they would be worth about sixty percent of what they are worth when they are ready to force.

Q I am afraid that is a bit obscure. Could you put that in simpler language?

A I will try.

THE COMMISSIONER: Rather than have the witness deal generally with these matters, is he able to tell us what type of stock was bought by these Japanese growers?

A Yes, sir.

MR. HUNTER: Perhaps if we take it name by name, it would simplify it.

THE COMMISSIONER: Yes.

MR. HUNTER: Q Let's take K. Imamura. Do you know what type of bulb he had in 1942?

A I do. His principal kinds were King Alfred and Cheerfulness.

Q Those are what type?

A The King Alfred is a large single yellow trumpet daffodil, the one you see so commonly today, and the Cheerfulness is a double white bunched

f flower.

Q A double white daffodil?

A Yes, more than one flower on a stem.

Q And what would have been the cost of those when he purchased them in 1941?

A At that time he bought planting stock from me and at that time the cost of the bulbs to him would be approximately $20.00 a thousand.

Q Do you know how many he had?

A I couldn't tell you. We go by the acreage and we count seventy thousand to the acre.

Q Do you recall how many acres he had?

A I would say that Imamura had at that time between three and four acres.

Q Is this in 1942?

A Well, it is any time after he commenced in the bulb business.

Q Between three and four acres?

A Yes.

Q And for general calculation you figured about seventy thousand to the acre?

A Yes.

MR. McMASTER: I am just wondering if this subject matter wouldn't be better pursued in the individual cases.

MR. HUNTER: Are we going to have Mr. Fatkin in each

case?

MR. McMASTER: We have one bulb base in the category cases.

THE COMMISSIONER: I think it might be helpful to have it now in view of our discussion a day or two ago.

MR. HUNTER: Q: That would mean then that he would have about $4900.00 in bulbs?

A That would be just in the first year of planting, but in the second year they are worth a lot more than that.

Q When were these planted?

A I don't know.

Q You say they wouldn't have been in the ground more than a year when they left?

A Naturally, but they had been in the business before that. They had bulbs more than a year

Q before they left; and the whole question amounts to this, that daffodils can, when dug, be worth anything from, say, $55.00 or $60.00 a thousand to as low as $20.00. It depends entirely upon what they are like. If you get 70,000 on an acre, I wouldn't want to give you the impression you would have 70,000 worth $55.00 or $60.00 a thousand. That is not correct. The point is this, that once in the ground and in for a year, no matter what size you planted at the time of planting, they would in one year have grown and have become worth anything from $20.00 to $65.00 a thousand.

Q How would you know what they would be worth?

A Well, you wouldn't.

Q You would be guessing? A: The only way we go about it -- and I have had to do it quite a few times -- you walk along the roads and see what you thought would grade No. 1 double nose, what would grade No. 1, single nose, and see what you think would grade something less than that and in the proportions, and by that means arrive at a reasonably fair conclusion as to what an acre or more was worth.

Q But you would have to estimate the numbers of bulbs in each category? A: You would.

Q Supposing at the time these Japanese owners were evacuated these bulbs had been for sale, was your Association in a position to dig them up and get them out? A: Well, the Association would have been in a position to dig them, and the solution was very simple because we had Dutch men -- we had a strange condition. Instead of wanting to buy from Holland and having Dutch men come to us to sell bulbs, they were now coming to us and begging to buy our bulbs, and if we didn't have the time or inclination to dig them, they would get them dug themselves, they were so anxious to get them to the Eastern market.

Q Which Eastern market? A: Toronto, Montreal; the Canadian Eastern market.

Q You feel they could have been dug up at that time if the Japanese had permitted it?

A In that one instance.

Q Theinference is they could have been dug up at that time? A: They could have been dug up at that time, but the Japanese couldn't dig them up because he wasn't there.

Q But there was help at that time available to dig them up? A: Yes.

Q Digging them up, I think you said, cost $6.50 an acre. A:At that time, yes.

Q That was in 1942? A: Up to 1942, 1943, and 1944, and after that wages began to go up.

Q $6.50 a thousand? A: Yes.

Q So that the price would be reduced by $6.50 a thousand? A:That's right.

Q Is that just for digging them up?

A No, that is the final labour to get them ready for shipment by carload or whatever way you choose.

Q And how long could these bulbs have been left in the ground without damage?

A I think after the first year bulbs that have been growing increase -- and by that I mean not naturalized. If the Court doesn't understand what I mean by naturalization, I would have to explain that too.

THE COMMISSIONER: I think I appreciate what you are driving at.

A If the bulbs have not been naturalized after the first twelve months deterioration would take place,

and I will be very pleased to explain to you how and why it takes place.

MR. HUNTER: Possibly it would be well to know that.

A. Your lordship, in the growing of daffodils, iris, and various other bulb stock, they are afflicted with certain diseases or certain pests. Among those pests, particularly prevalent in British Columbia, in any part of it, is what we call the eel worm and the larger narcissi fly. If the bulbs were left in the ground with either of those two pests inside them, the eel worm propagates. It has to be magnified three hundred times to make it one inch in length. It is only one-three hundredth of an inch in size and, therefore, invisible to the naked eye, and it passes through to the ground, after it grows to maturity in the bulb, and water streams and adheres to the bulb and propragates itself. Therefore, it is readily seen if that is checked every year you are not nearly so subject to eel worm as you would be if you left them to propagate.

The greater narcissi fly is a large fly about the size of a blow-fly, and in May and June, depending on the weather, it hatches out. It deposits its eggs on the ground while the foliage of the daffodil or iris, or whatever it is, is still green, and they hatch out into a little maggot which goes down close to the base of the bulb and stays all the winter, a big maggot about the size of the top of my little finger, des-

-troys the inside of the bulb.

That is easily killed by immersion in hot water for one to three hours, and the difference in the length of time is the difference in the class of bulb you are treating, because if you are treating poeticus varieties, which is not much bigger than my thumb, it doesn't take so long. The water penetrates through the smaller bulb that much quicker. Therefore, I think it can be very readily understood why a commercial man, not anxious to lose or sell infected stock, even if he could get past the inspectors, which would be quite difficult, feels he is better to raise his bulbs every year and treat them on the basis that prevention is better than cure.

Q Thank you. Let's go on with Yamamoto. Possibly if I open these files, we might get the names of some of those. Do you know Mr. Yamamoto's initials?

A I believe it was I.T.

Q Can you tell us what varieties he would have had when he left? A: Mostly King Alfred, and a lot of tulips.

Q The King Alfred is the daffodil?

A Yes.

Q And then he had some tulips?

A Yes.

Q Do you know what varieties they were?

A I can't tell you exactly, but they were the commercial forcing kinds, because he got everything from his cousin, who forced them, at Maple Ridge.

Q And do you know how many acre of these he had?

A I couldn't tell you.

Q You are not acquainted with his farm?

A I am well acquainted with his farm, but I never visited him very much because, for some reason or other, he was not a member of our Association.

Q So, you wouldn't know the numbers of bulbs he would have? A: I couldn't tell you.

Q Perhaps you could go on to Mr. Masio Miki. I see a copy here of Exhibit 7, in Case No. 840. It is a letter from the Bradner Bulb Growers Association, apparently signed by you. This letter is dated July 10th, 1945, and it says (reading). I would judge from reading that letter of yours that his bulbs were not kept in a sanitary condition, even while he was there.

A No, they were not.

Q He was a member of your Association?

A I believe so, but I wouldn't be sure about that. We had about 120 members at that time, and, in fact, some of them I never knew.

Q I notice you say that he consistently refused to adopt the sanitation required.

A There was no law to compel a man to do these things and we had to ask them to do it, and if they refused, there was nothing we could do.

Q What do you know about his greenhouses?

A I know I was there when he built them. He had two good greenhouses 80 ft. long and 30 ft. wide,

and he grew mostly tomatoes, cucumbers and that kind of stuff in them. I think there should be a letter somewhere to the Custodian where I told him I didn't agree with Mr. Miki's request for compensation on his property to the extent he asked for.

MR. HUNTER: I am just wondering, my lord, -- it might save some trouble if we could get these letters identified now.

THE COMMISSIONER: Would you get file No. 840, Mr. Watson?

MR. HUNTER: Q: There is a letter here from J. W. Schofield. Who is he? A: He was secretary when I was president.

Q Perhaps you may be able to identify those letters.

THE COMMISSIONER: Perhaps your friend would like to look at them before they are put in.

MR. HUNTER: I thought we had better have the originals. They have already been filed in the case. These are just copies I have here.

MR. McMASTER: It was a Manitoba case, my lord.

THE COMMISSIONER: We will be recessing shortly, so we might take a recess now and give you an opportunity to look at them.

(PROCEEDINGS RESUMED AFTER SHORT RECESS.)

MR. HUNTER: Have you those other files?

THE SECRETARY: Yes, they are all there, Mr. Hunter.

MR. HUNTER: Q: I show you a letter dated September 14, 1944, addressed to the Custodian, purporting to be signed by you. Is that your letter?

A That is my letter.

Q And this report, which is enclosed with the letter, is that in your handwriting?

A That is.

Q And that is your signature on the second page?

A Yes.

THE COMMISSIONER: What exhibit number were they in that case?

MR. HUNTER: Exhibit 6, in case 102, the Imamura case. There is a copy of this in the other case, No. 840, the Miki case, but the original happens to be in this file.

The letter dated September 14, 1944, is addressed to the Custodian of Alien Enemy Property, and says (reading), and the report which is attached and dated the same date says, (reading). Then there is a valuation of the green houses by Mr. Fatkin on this Imamura property, which has been filed as part of Exhibit 6.

THE COMMISSIONER: Was that claim heard by myself or by a sub-commissioner.

MR. HUNTER: Before his Honour, Judge Archibald, my lord.

Q These Japanese, then, made leases before they left, did they? A: Not in the case of Imamura. I took over Power of Attorney. I think Mr.Dospital had some kind of an agreement with Yamada, but as far as Miki and Yamamoto, to the best of my knowledge and belief, the Custodian of Alien Property handled the thing right

through. And I would like to point out I was put off the Imamura case on August 26, 1943, I think, and the report there deals with a much later date, and it is what happened between the time I was put off and the date of that report that causes the pessimistic tone of it.

THE COMMISSIONER: Q: Why were you put off it?

A Because, I think, the V.L. A. had taken over the properties.

MR. HUNTER: Q: This was after the sale, was it?

A I would like to point out that to read that report I make there and not know the circumstances that inspired the report, is certainly not fair to me.

Q I would like to get straight, again, what your impression was of these. You say some were left under your care. Which are those?

A The Imamura place, I had Power of Attorney until August 26, 1943.

THE COMMISSIONER: Q: You had power of attorney over which property? A: The Imamura property.

MR. HUNTER: Q: And what did you do with that property while you had Power of Attorney?

A I seeded it and put into clover all the land I couldn't keep under cultivation, and I spent the Japanese money I took in and put on that place a real good stock of bulbs, because the Japanese was of the opinion that after the war was over he would be allowed to come back there and to back into the business, and that is what he asked me to do.

Q And when you left the property, what did he have there? A: He had about 350,000 daffodils on that property besides quite a lot of tulips and iris, and of that 350,000 practically all of them were for forcing stock, because I had sold the ones that weren't so good and was making the place so that when the Japanese came back to it, he would have a real good substantial business, the same as I had on my own place.

Q You say you had Power of Attorney from Miki.

A From Imamura.

Q We were talking about Miki, weren't we?

A No, I had nothing to do with the Miki place.

Q The Imamura property was the one you had Power of Attorney, where you planted these bulbs?

A Yes.

Q And you say three to three and a half acres of bulbs, with 70,000 to the acre?

A That is when I took it over, but there was a lot more when I was put off.

Q You said you seeded what you couldn't cultivate.

A Yes. There was land there that had stock on I couldn't do much with, and rather than have it go to weeds and rubbish I had it plowed up and I seeded it down to clover.

Q I want to get this straight. When you took over you said there were between 3 and 4 acres under cultivation. A: No, bulbs only.

Q And do I understand you weren't able to look after that three or four aacres?

A No. There was about five acres of asparagus, there was about two acres of loganberries, there was about four acres of raspberries, and there was strawberries and Japanese rhubarb and other things I wasn't interested in. There were no Japanese here to sell it to anyway. So what I couldn't maintain, I had dismantled and plowed the land up and seeded it to clover.

Q Do you recall what you couldn't handle?

A All the asparagus, all the loganberries and stuff like that.

Q I am trying to arrive at the condition of the property when you left it in August, 1943.

A I think anybody would agree it was in perfect shape when I left it.

THE COMMISSIONER: Q: Just a moment. Counsel is endeavouring to ascertain what the situation was when you left it. Will you direct your mind to the question counsel puts to you?

A How many acres were under bulbs when I left?

MR. HUNTER: Q: Yes. A: About five.

Q About five acres? A: Yes.

Q And how many were under asparagus?

A I plowed about half the asparagus. That would leave about two and a half.

Q And how many were under loganberries?

A Two acres, and I didn't touch them.

Q You didn't prune them? A: I didn't

plow them down. I just left them there.

Q Did you take care of them?

A Yes, sure.

Q You pruned them and so forth?

A I don't know what you mean by pruning. You just cut out the old canes.

Q You took care of them in the normal fashion?

A Yes.

Q Was anything else there when you left besides asparagus, loganberries and bulbs?

A Yes, raspberries.

Q How many acres? A: I would say about one acre.

Q And had they been pruned?

A No, I took them out and seeded that down to clover.

Q It wasn't there when you left?

A The raspberries were not there when I left, no. The gooseberries were there.

Q How much of that? A: Oh, I would say not more than about a quarter acre of gooseberries. They were the English large variety.

Q And had you cared for those?

A Yes.

Q Was there anything else?

A It was quite a diversified farm and right now it is difficult for me to recall everything on there, but there was a lot of Japanese rhubarb and Japanese asparagus, which it was no use me bothering with because there were no Japanese to sell it to.

Q What about the greenhouses?

A There was one greenhouse on there new, boilered and piped, and it was a large greenhouse. It cost $2500.00 to build.

Q Do you remember the dimensions?

A Yes, 80 ft. long and 30 ft. wide.

Q And you say it cost $2500 to build?

A It cost $2500.00 to build; and if there appears to be a discrepancy between that and what I said an hour or moreago, don't forget I was talking a greenhouse 15 to 18 ft. wide.

Q When was it built? A: They had one crop out of it before they were evacuated, and that was in the winter and summer, so if you tell me the year they were evacuated, I can tell you.

Q They were evacuated in 1942.

A Then the greenhouse would have been finished in the Fall of 1940.

Q Built in the Fall of 1940? A: Yes.

Q And did they have another greenhouse?

A No, just this one.

Q Do you recall anything about the market price of greenhouses in 1943, or were there any sold that you know of? A: There was none actually sold I know of. There was nobody selling any. I did know of one, a small greenhouse belonging to a Japanese at Aldergrove, but it was small and I don't think it would have any bearing here.

Q Was there some other property you had Power of

Attorney over? A: I had Power of Attorney over the big new piece, I think 80 acres of bush, they bought and had partly developed.

Q But I mean some other owner? A: No.

Q You didn't have it over Yamamoto?

A No.

Q So that when you speak of the condition, this is the one farm you were thoroughly familiar with?

A This is the one farm I was thoroughly familiar with.

Q Then when you left, you had about five acres under bulbs. You said about 350,000 daffodils?

A Yes.

Q This is the Imamura property?

A Yes.

Q And you said something about tulips?

A There was probably 25,000 tulips and an approximate of Dutch iris.

Q And how did theprice of tulips and iris compare with the daffodils?

A Well, that would depend on whether you would be asking from inside or outside. The daffodil of the King Alfred type and the iris of the Wedgewood type would be worth about the same amount. The tulips from $1.50 a dozen down to about 75 cents a dozen. I am speaking of wholesale price.

Q The tulips were 75 cents to $1.50?

A Yes, per dozen wholesale.

Q And you had about 25,000 of those?

A Around 20,000 to 25,000.

Q It makes quite a difference, doesn't it?

A Well, you see you can't count these things. You put so many in a row and count so many rows and get as near as you can.

Q And the Dutch iris, do you recall their price?

A Yes, they were selling at that time from $2.50 a dozen down to about 75 cents, depending whether they were from inside or outside.

Q And you say there were about 25,000 of those.

A Yes.

Q How approximate would that be, can you say?

A I would say it would be within two or three hundred. We plant so many in a row and count so many rows.

Q You said in the tulips there would be 20,000 to 25,000. A: Yes.

Q Would it be the same with the iris-- 20,000 to 25,000? A: I can't be sure about a thing like that. I keep as near as I can, minimums of anything on these places, and I would say 20,000 would be the minimum rather than make any set statement.

THE COMMISSIONER: Q: What was your price again on the daffodils? A: If you are referring to the flowers---

Q I am talking about the daffodil bulbs.

A The bulbs could be anything from $20.00 to $55.00 or $60.00 a thousand. And if it is bulbs you are referring to, those are not the prices.

MR. HUNTER: Q: It is the bulbs I am referring to.

A If it is bulbs, I have to give you a different figure. Daffodil bulbs were from $20.00 or $55.00 or even $60.00, and as I said before, in some instances $80.00.

THE COMMISSIONER: Q: BEfore leaving that, you knew the bulbs that went into that ground. What would be the fair average price of those bulbs?

A I think myself the fair average price of those bulbs in the ground at the time would be about $35.00 a thousand, but I want to point out in fairness and, in a desire to be fair to both the Government and the Japanese owner, I took the whole lot and lumped them in at $20.00 a thousand. I would like to point out to your lordship that in digging the bulbs -- and perhaps your lordship will have dug some and will know what I mean -- you will get quite a lot that are really good and a lot only medium and a lot quite small, and it is on that basis I based my figures -- some not so good, some better and some excellent.

Q In view of the fact the daffodils had been in the ground for over a year at the time you had vacated, what accretion would you expect to have developed? In other words, you put 350,000 in. What quantity would you have expected to find there, if they had been dug up at the time you left the property? A: I would have expected to get more than 33 1/3 increase in that year. They would increase much more the second year, but not the first year.

MR. HUNTER: Q: May we go back to the price of tulip bulbs? Youwere giving the flower prices. Could you give us the price of the bulbs?

A Yes, they would range at that time from $45.00 to $60.00 a thousand.

Q Could you give us an average price, knowing the bulbs that were in there at the time you left?

A I would say they would average about $50.00 a thousand.

Q The Dutch iris bulbs, what would be their price?

A At that time they were selling for about $36.00.

Q That would be a fair price to put on them?

A That would be a fair price to put on them -- $36.00 a thousand.

THE COMMISSIONER: Q: Was there any accretion in the case of the iris or tulips?

A The tulips would grow about three to one and the iris about two to one.

Q In the year? A: Yes.

MR. HUNTER: Q: And from all those prices, approximately $6.50 a thousand would be deducted for digging them up and sorting them?

A Yes. Those prices are ready to handle.

Q Now, you are not able to tell us how many bulbs were on the Yamamoto property?

A I think if you read that report, I was asked by the Custodian to investigate and I went there and whoever was responsible had leased this property, rented it to a Mennonite by the name of Rauslich(?), and he was not interested in the

bulbs and he allowed them to overgrow so badly with weeds and heavy grass that we found it utterly impossible to make any attempt to dig them up; we couldn't make it.

THE COMMISSIONER: Q: That is the Yamamoto property?

A Yes, my lord.

MR. HUNTER: Q: And the Yamada property?

A The Yamada property was held by a man called John Dospital under some form of agreement with the Yamadas, but I didn't know what that agreement was. He used and he sold and he propagated the bulbs, and eventually, I think, most of them seemed to disappear. That's all I will say about that.

Q You said you couldn't see any greater value than $100.00. Of course, this was very much later.

A Yes, very much later.

Q 1944? A: Yes, very much later. I know that Mr. and Mrs. Yamada asked me to look at their place before they were evacuated, and it was then in excellent shape. It was one of the show places around Bradner.

Q But they had leased it to this chap?

A I know he had some kind of tenancy, but I don't know what it was.

Q John Dospital, lease dated 15th April, 1942, from Yamada. A: I would like to point out that at that time they were showing at their best.

THE COMMISSIONER: Q: Pardon? A: About the

15th of April the daffodils are then showing at their very best.

MR. HUNTER: That is Exhibit 3 in case No. 99, Yamada.

Q Do you know anything about the greenhouses on these other properties. You have given us particulars of one on Imamura's property. Do you know anything about the greenhouses on the other properties? A:There was no greenhouse on any Japanese property, except Imamura and Miki.

Q What about the greenhouses on Miki's?

A Miki's were two greenhouses exactly the same style as on the Imamura place,-- 30 ft. wide and 80 ft. long and heated.

Q Two greenhouses,80 ft. x 30 ft.

A Yes.

Q Do you know the ages of those?

A One was absolutely new.

Q When you say one was absolutely new, what do you mean? A: I mean it was just barely finished at the time they evacuated him.

Q It was built in 1941? A: About then, yes; and the other would be about six years old.

Q Do you know the construction of these greenhouses?

A Well, they were all wood. I mean, wooden sash and walls, with the exception of where the glass was, put on cement.

Q Wooden sash and frame? A: Yes.

Q Did you say there was a concrete foundation?

A There was a concrete foundation, yes.

Q And what type of heating plant?

A It was a hot water heating plant, as in the case of both of these Japanese owners, done with 3 inch and 4 inch steel tubing.

Q And what kind of a heating plant, that is the furnace? A: In Miki's case, it was a Dutch oven type boiler, with pipes running around it and the fire put in the middle; and in the case of Imamura's place, it was a farm type tractor boiler with a 4 ft. square fire box and about fifty or sixty four inch tubes, approximately 9 ft. long.

Q Could I have the first part of that again?

A A sort of boiler they haul-ed the threshing machines around with on the prairies in the older days.

Q With what? A: A type of engine.

Q You said something about a fire box.

A The fire box was 4 ft. square.

Q Have you any knowledge of the deterioration of this type of heating equipment?

A Yes, I can give you a pretty good idea.

Q What would be the annual depreciation, do you know? A: The first few years, it would be practically impossible to tell, but after that you can count on the average boiler not needing any repairs for a minimum of 25 years.

Q Good for 25 years? A: Good for

25 years, and with minor repairs can be carried on indefinitely.

Q So, this heating equipment in these plants was in good condition at that time, even when it was six years old? A: Oh yes, absolutely.

Q And what about the depreciation of these wooden frames of the greenhouses?

A After ten years standing like that, you can count the depreciation is about 25% and from then on it is much more rapid.

Q What is it -- cedar? A: Well, some cedar, some fir. A sash bar has to be cut from No. 1 stuff.

Q And you saw these plants erected?

A I didn't see the first greenhouse Miki put up erected, but I was there and put the pipe in, but I did help to erect and bought the boiler and the pipes for the Imamura place myself.

Q Do you know what type of equipment went into them?

A The best that was possible to get.

Q In the Imamura place? A: Yes.

Q Do you know what type went in the Miki place?

A Just the same.

Q That is, these wooden frames, and what type of wood, do you know? A: Yes, they came from Maple Ridge Lumber Company and were cut out of No. 1 fir.

Q They were good stuff? A; They were good stuff.

Q I wonder if you could give us some idea of the increase in the market price of bulbs, say between 1942 and 1943? A: There was a very decided increase about 1942, when it was seen that we were the only part of Canada -- that is British Columbia, I am speaking of -- that could supply bulbs for greenhouse work, a very decided increase took place. We had been selling King Alfred in 1940 for from $25.00 to $35.00 a thousand for No. 1, and by the end of 1943 it had jumped to $55.00 and $60.00 a thousand.

Q That is the price you gave us?

A Yes.

Q That was the price that applied during 1942 and 1943? A: The great jump, I would say, -- it's unfortunate I haven't any books here -- the great jump would have taken place about 1943.

Q That was when this price of $20.00 to $60.00 would be applicable? A:From $20.00 to $60.00. I want you to understand the price I gave was on stock that has to be graded up to forcing stock, but after that the forcing stock took on an almost exaggerated value. England was out of the picture, Japan was gone, Holland was gone and there was none except what we had in the West here.

Q I am trying to get at these prices you have given for these various bulbs. They were prices which I believe you meant to be applicable to the year

1942? A: 1942 or 1943.

Q They would apply equally well to 1943, would they?

A Yes.

MR. HUNTER: That is all, thanks.

MR. VIRTUE: Q: How did the price of glass compare in 1943 with the pre-war price?

A I think in 1943 it would be about 65% to 70% more than it was just a year before that.

Q And what would the cost of construction, that is the type of construction you were familiar with, be in 1943 as compared with pre-war?

A It would be on almost every count in the same proportion as the glass.

Q Up 65%? A: Yes.

THE COMMISSIONER: Thank you, Mr. Fatkin. I must compliment you on your good memory.

(Witness aside).

MR. COBUS: I am going to call Harry Christiansen, my lord, and he is to give evidence on the subject of fishing nets and boats.

HARRY CHRISTIANSEN, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. COBUS:

Q Mr. Christiansen, what is your occupation?

A Gillnet fisherman.

Q Is that your only occupation?

A It has been.

Q How many years have you been engaged in fishing?

A About 25 or 26 years.

Q And what kind of fishing are you engaged in? That is solely gillnetting, and are you engaged in other types as well?

A Just solely gillnet fishing.

Q In what areas have you fished?

A Areas 1, 2 and 3.

Q Would you describe what you mean by area 1?

THE COMMISSIONER: Is there any need to go into that detail?

MR. COBUS: I think perhaps area 1, unless your lordship already knows which is area 1 --

THE COMMISSIONER: Well, I do not.

MR. COBUS: Q: Would you describe what you mean when you say area 1?

A That is the Fraser River and part of the Gulf.

Q What part of the Gulf?

A It takes in, it used to be Gower Point, around Bowen Island and across to a point over at Vancouver Island, the south end.

Q Fishermen at Steveston, would they be considered to be fishing in the District No. 1 which you have described? A: Yes.

Q Were you fishing in District No. 1 in 1941, 1942 and 1943? A: Yes.

Q These other areas you describe as districts 2 and 3, generally speaking where are those?

A Well, it starts to go up towards Cape Caution and from there up to area 3, I think.

Q Where is Cape Caution? Could you relate it to any known coastal point?

A I used to go to Smith's Inlet, and it is just before you get to Smith's Inlet.

Q As a fisherman, have you always operated your own boat? A: Yes.

Q Do you take on a helper when you are fishing?

A No.

Q Is it customary for a fisherman to take on a helper?

A Oh, yes.

Q Among what type of fishing?

A White fishermen, Japanese fishermen --- all of them.

Q When you say Japanese fishermen, you are referring to the custom in 1941, 1942 and 1943?

A Yes.

Q In the years to which I have referred, 1941, 1942 and 1943, where did you procure your nets?

A From Nelson Bros.

Q Nelson Bros. is a cannery? A: Yes.

Q On what terms did you purchase these?

A Well, you ordered your nets and when you got them, if you didn't pay cash at the time, as long as you paid with fish in the same year you got 15% off, but if you didn't pay for them in that year, they wouldn't give you the 15%.

Q If you took the second year, you paid the full amount? A:Yes.

Q Was that a customary practice among fishermen?

A Yes, with the white man, as far as I could make out.

Q Is it usual practice among fishermen to trade in used nets among themselves?

A Yes, once in awhile they do it; not very often, but they do it.

Q Is there a business made, let us say, in the form of a used net broker? A: No, not that I know of.

Q Would you describe the procedure normally adopted as between fishermen if and when they would engage in the trading of used nets?

THE COMMISSIONER: I take it from what the witness said it is an unusual transaction, which involves the trading in a used net.

Q Am I right in that? A: Yes, it is not very often. It has been done.

Q But it is not a usual practice?

A No.

MR. COBUS: Q: I might ask, then, when you speak of it being an unusual practice, would you say it is so highly unusual that there isn't enough trading to worry about? A: No, there is enough, but most fishermen use their nets until they are worked out, and that's about all, and they don't bother about them any more.

Q Have you ever bought a used net?

A Yes.

Q Have you ever sold one? A: Oh, yes.

Q Then would you simply describe the procedure you adopt. A: Well, you go to find a man with a used net and go and look at it and examine it. He tells you it is a year old. You look at it and if you are a good fisher-

man, you will know whether it is a year or three years old, because you can tell by the mending. So you go by the mesh and the twine and if it is worn a lot, you tell the man the net is no good, but if it is in good shape, you will buy it.

Q It is a form of horse trading as between this particular group of people?

A Yes.

Q What criteria, that is, what measures do you use or have you used when you consider buying a net? That is, I would like to know how you would go about examining a net and deciding upon whether you are going to take it or not going to take it, or how much you would likely pay for it.

THE COMMISSIONER: You are now talking about used nets?

MR. COBUS: Yes, my lord.

A Well, you try the mesh first. If it is fine twine, you wouldn't expect it to be as strong as if coarser. You look at it and if it looks in good shape--

Q How do you test it? A: Try it with your hands, others use different measures, but that is up to the individual. We can tell by just trying it if it is strong enough to still fish.

Q And when you have applied these tests and you come to a conclusion about it, how do you know you are going to take that net; that is, what measures decide you whether you will take it or not?

A Well, if his price is right and his net is only

used three or four weeks and you figure the net is real good, you give him half price for that net.

MR. COBUS: Perhaps I may be suggesting, my lord, and perhaps I am not putting the question very well.

Q The important thing is, will it catch fish?

A Oh, yes. As long as you test it and fell it will, that is all you need.

THE COMMISSIONER: Q: I suppose it is not only catching them but holding them in the net when they are caught. A: Yes.

MR. COBUS: Q: How would you classify nets? I just want a more or less general classification of you own? A: There is sock-eye nets and fall nets and spring nets.

Q Would they cover pretty well all types of nets?

A Yes, in gillnet fishing.

Q Could you, yourself, distinguish at a glance or evenon close examination whether a net is made of 4/40 twine or 9/40 twine?

A Yes, you could distinguish the two.

Q What about a 4/40 and a 5/40?

A Well, there is one more strand in the 5/40.

Q You wouldn't make a mistake?

A No.

Q What about a 5/40 and 5/50?

A There is finer threads in the 5/50 than 5/40.

Q Can you distinguish them invariably?

A We have always been able to.

THE COMMISSIONER: Q: That is in a second hand net?

A Yes.

MR. COBUS: Q: Can you, yourself, tell the age of the net by looking at it?

A No, that is just about impossible. You can tell up to a certain time. Like a net only used a week or so, you can tell because it has still got its colour, but after it has been used in fresh water it gets discoloured with mud and looks grey. If a man said it was a year old, I can tell whether it was a year or three years old, because if three years the net would be worn so much you could tell the difference.

Q When you speak of three years old, what type of net do you have in mind as being able to recognize as having been worn?

A Well, sockeye nets have been used lots of times three years on the Pacific.

Q In the case of a spring net, would itbe as certain for you to say that such a net was three years old or four years old?

A No, after the net is ayear old it is hard to tell whether it is two or three.

Q Could you tell me at this moment how many nets you have? I am not necessarily asking you to do it. I am simply asking if I did ask you, could you tell me how many nets you now own at home?

A I have about eight fishable nets.

Q Could you describe those?

A They are sockeye nets and fall nets and spring nets.

Q Suppose I asked you to give a detailed descript-

ion of those nets, do you think you could do that from memory? A: I think so.

Q Do you think any fisherman, deserving the term, would be able to if they are taking care of them?

A They should be able to.

Q Are you able to recall net prices and line prices for the years 1941, 1942 and 1943?

A Yes.

Q How do they compare now?

A Well, there is a big jump. They have gone up an awful lot now.

THE COMMISSIONER: I am not much concerned about the present time. I am concerned with what rise took place between 1941 and 1944.

MR. COBUS: Q: I am speaking now in terms of the years 1942 and1943. Can you tell me roughly what 4/40 nets and 5/40 nets would sell for, new, per pound?

THE COMMISSIONER: What year?

MR. COBUS: 1942 and 1943, my lord.

THE COMMISSIONER: Hadn't we better get the figure as of 1941, because that is when many of these nets would have been bought, and then the corresponding increase in 1941 and 1943.

MR. COBUS: Very good, my lord.

Q Was there any increase in the price of nets between 1941 and 1943? A:Yes, I think there was a little in 1943, but 1941 and 1942, it was about the same. It started to go up in 1943.

Q Could you estimate, perhaps, the percentage of increase? A: I think it was

around 20 % it went up in 1943.

Q And in 1941 and 1942 -- I am not asking you to give it to me exactly, because I don't think you can -- but take 4/40 or 5/40 nets, generally speaking in 1941 and 1942, for how much would they be purchased new per pound?

A Well, some nets was $2.80 and some $3.00 and some $3.25 a pound.

Q You have a range from about $2.80 to $3.25?

A Yes, for 5/40 twine.

Q I don't want to get into the unusual types of twines, because I know there are unusual twines made that cost a good deal more. But in 1943 you said there would have been a 20% increase.

A Yes, approximately, somewhere close to that.

Q Did you purchase any of the Japanese nets put up for sale by the Custodian?

A Yes, I did.

Q What year was that? A: That was in 1942.

Q What kind of net was it? A: A spring salmon net.

Q Do you recall the twine in the net?

A Yes, 9/40 and 9/50.

Q It was a mixed net? A: Yes.

Q Do you recall how many fathoms you got?

A No. It was bought in three pieces, so I can't remember that. The reason I bought three pieces was it was only 40 meshes deep, and we used 60 meshes deep, so I had to buy the extra to deepen

my net.

Q Can you recall approximately what length those three pieces would have given you added together?

A They would have given me a net about 185 fathoms long.

Q And when you speak of 180 fathoms, you are speaking of--? A:That is my full length for fishing.

Q Those aren't stretched? A: No.

Q How much did you pay for that net?

A $175.00.

Q How did you arrive at those prices? Did you make bids or offers, or how did you come to pay $175.00 for this net? A: That was the price on the tags.

Q These tags were attached to the nets?

A Yes.

Q Do you recall what information was contained on those tags? A: Yes, the weight of the net and the year when itwas new and the price on the tag. I can't just say. There was one said two years old and there was one said a year and a half, and the other was either two or three years old, but that is the one I used for deepening my net.

Q You can't tell me who wrote these tags, of course? A:Well, there was the name of the person on it, but whether they wrote them or somebody else, I couldn't tell.

THE COMMISSIONER: Q: A Japanese name?

MR. COBUS: Q: How did you go about getting this net?

A I was down there before they were up for sale. There was a time when they let people go and look at them before they were put up for sale.

Q When you say you were there, where?

A Down at Steveston. They had a warehouse there where they had all the Japanese nets.

Q Is that the warehouse that is now owned by Nelson Bros.? A:Yes.

Q Yes? A I looked the nets over at that time, and I asked the man when they were going to be put up for sale. He said "I don't know, but it will be in the papers, so you guys can come down and get your nets then." I put my name on this particular one, because I figured it was a good net.

Q Have you stated how much you paid for that net?

A $175.00.

Q That price, in your own mind and in view of the fact that you used the net after, do you consider that was a fair price? A: Yes.

Q Would you have paid any more for it?

A If it had been more on the tag, but that was the price on it.

Q How high would you have gone?

THE COMMISSIONER: Q: That is not the question. Counsel put to you, was it a fair price.

A Yes.

Q From the point of view of the man selling it?

A Yes, it was fair in all ways.

Q Do you redall how much use you got out of that net? A: I used some of it two years and I used a piece, I think, the third year.

Q Were you familiar with the Japanese fishermen operating in District 1? A: Yes.

Q To what extent were you familiar with them?

A I went to school with some of them and I fished alongside them, and we used to talk together on the net racks lots of times.

Q What would you say as to their capabilities as fishermen?

THE COMMISSIONER: Are we concerned with that? Are you leading to the care of their gear?

MR. COBUS: Yes, my lord.

A They were good fishermen.

Q What would you have to say about the care the Japanese gave their fishing gear in the form of nets and lines? A: Well, they were very good to take care of their gear. That is one thing. Of course, they had more help than the white man. The women used to take care of the Japanese gear, where the white women didn't.

Q How wouldyou compare the care given to the nets by the Japanese to that given by the average white fisherman? A: Every bit as good.

Q Is it customary among white fishermen to replace parts of certain nets from year to year, or every two years? A: There is

a few do it, but it was done more by the Japanese; that is, putting strips on the bottom of the nets because they got more fish on the bottom and they used to renew the bottom, because it was cheaper that way; instead of taking a whole net, they could get by with a little cheaper net and they got their fish on the bottom and they didn't need so big a net on the top. Sometimes they used the top three years and the bottom maybe only one year.

Q What type of net are you speaking of?

A Spring.

Q Do white fishermen add to spring nets?

A Sometimes.

Q Have you added to the spring nets?

A Yes.

Q Is the idea sound? A: Very sound.

Q Do you know a person by the name of C. P. Lecki?

A Yes.

Q What do you know about him? Thatis, do you know what business he is in?

A He handles fishermen's supplies.

Q Exhibit 54 is the Leckie scale, which has been referred to before. I produce to you Exhibit 54, which was prepared by C.P. Leckie and was used by him as a method of arriving at the value of Japanese used nets. I want you to go over this with me rather carefully. He indicates at the top of the page that certain weights have been given in his scale for nets but does not include spring

nets. He then gives samples of spring nets: 40/9, 40/10, 40/10, 40/12, 50/8, 50/8, 50/9. Just look at the top one, a spring salmon net, 40/9 x $8\frac{1}{2}$ x 50 x 300 fathoms stretched. He says 105 lbs. would be a typical weight. How does that strike you? A: That is approximately the right weight.

Q When a fisherman speaks of a net and says, "I have a net 9/40 x $8\frac{1}{2}$ x 50 x 150 fathoms" --let us say he describes it as a 150 net, what does he mean in fisherman's parlance?

A That means 150 fathoms fishing net; 300 fathoms stretched, the way it comes from the factory.

Q And when you hang it, it cuts that in half, and is it general to say he has got 300 fathoms stretched?

A We always say what we have when we got it hung.

Q Forming part of Exhibit 54 and consisting of pages 2 and 3 is a list of Standard Average Weights of York Street best quality nets. He has listed the types ranging from 40/4 to 20/5. The 20/5, I understand, is an unusual twine.

A Yes.

Q The 60/6 is not very common; 50/6 might be. So that most of the common twines, I think you will agree, are on the first page, ranging from 40/4 to 50/6. A: Yes.

Q And we have already looked at the spring nets on page 1. What is the most common mesh size in a sockeye net? I believe 40/4 is sockeye twine?

A Yes.

Q What is the different size of mesh for?

A Sockeye, you use about three sizes.

Q What are the ranges of those sizes?

A You might use a 5¼ and a 5½ and a 6.

Q Of those three which is the most common. Let's take the middle one on the Leckie scale--a 40/4 net, 5¾" mesh. What depth is most common for a sockeye net--50 or 60?

A Sixty on the Fraser.

Q Then take 60 meshes deep, and what length is most general?

A Inside of the Fraser it is 150 fathoms, and outside you are allowed 200 fathoms.

Q So that would be 300 fathoms stretched?

A Yes.

Q Leckie gies a weight of 54 lbs. How does that strike you?

A That's very close.

Q Do you know the 5/50 twine?

A Yes.

Q What type of net is generally made of 50/5 twine?

A Sockeye nets and fall nets.

Q It has a dual purpose then?

A Yes.

Q What about a 6½ ,esh?

A That is still classed as a fall net.

Q And 60 ~~fathom~~ meshes deep.

A Yes.

Q And 300 fathoms stretched. That would be a 150 fathom net to you?

A Yes.

Q The weight is given as 59 lbs. How does 59 strike you? A: That is close because I have bought them and they were 61 and 57.

Q Then those weights appear to be fairly accurate?

A Yes.

Q On page 1 of the Leckie scale he has indicated an average life of nets and he has based that on the type of twine that is used in the net. The 50/4 net, he says, would have a life of 1½ years. What have you to say to that?

A It just depends what he calls a year and a half. When we are fishing we are only using a sockeye net about eight weeks at the most most of the times, and sometimes we might use it only six weeks. Therefore, if it is well taken care of you will get maybe two years' use out of it and might even get part of a third year. That is if you are fishing in fresh water, but if fishing in salt water it is harder on the nets.

Q He has grouped the 40/4 and 60/5 nets. What type of fishing net is that used for generally?

A Sockeye.

Q And he gives a life of two years to those. What is your opinion of that?

A The same as the other. If that is a strong net it should last longer than the 4/50. In some cases fishermen will abuse them, where other men take good care of them.

Q Having in mind the average fisherman, can you tell

me with certainty--and I want you to give it with certainty--what life a 40/4 or a 60/5 net would have? A: Two years for sure.

Q And after that?

A Well, you might hang it up for a spare net. If you are fishing and have got a brand new net you might get it frayed or snag your net, and if you have got another net hung ready you can put that on the boat and wouldn't lose time.

Q Is it custumary to carry a spare?

A I do, and most do.

Q Going on to the 50/5 twine, he gies three years for that. What is your opinion of that?

A If it is a sockeye net I would say that is fair, but if it is a fall net you might not get three years out of it, because it is deeper for one thing and wears more and there is bigger fish.

Q Why would it wear more if deeper?

A Because it drags on the silt on the bottom. For a sockeye net I would say that is fair enough.

Q A 40/5, how does that compare with a 40/4?

A Well, it is a way stronger than a 40/4.

Q And he gives three years or four years for that.

A Yes. That again just depends on what it is used for. They very seldom use that for sockeye. That is more for fall nets.

Q 40/6 and 50/6 he says four years.

A Yes. That is on the Fraser you could use them that long, but they wouldn't be no good up the

coast.

Q Where do you mean?

A In salt water all the time.

Q What is your opinion as to the life of that type of twine?

A Three years when you are fishing outside and four or five years around in the fresh water.

Q Spring nets he bulks simply as spring nets, and says five years.

A That depends, too, where you are using them and how long you use them. That five years is hard to tell. Myself I fish spring salmon and I sometimes use my spring net for two months whereas some men use them for three or four months. So there is a difference in the way you use the net. How they can class it as years I don't know.

Q Mr. Christiansen, if a fisherman has a spring net he uses two months and only two months per year, whereas another fishman has a spring net of the same type and quality and uses it four months, which of those two nets would you give a longer life to?

A The one used two months if it has been taken care of.

Q Mr. Leckie then proceeds to set up what he calls an arbitrary price based on the average of all brands, and he gives certain prices per pound, which he describes as "new net nett cost". For instance, the 50/5 he says would be $3. a pound. What do you say to that?

A That is very close. Some have a few cents difference, and sometimes they might be under or over. Some fish companies have a different price.

Q Mr. Christiansen, in 1943 would you care to tell me what you consider to be an average price per pound. I am aware that may be a difficult question, but it seems to me you should be able to say "In 1943 generally speaking I would pay so much for fishing nets of the common variety." What price would you set?

A I think around $3.25 I paid for the 50/5 twine.

THE COMMISSIONER: How does that compare with Leckie's figure?

MR. COBUS: $3. a pound. That is described as being a net nett price.

MR. HUNTER: That is the 1942 price, my lord.

MR. COBUS: Q: What length of nets generally are used for sockeye, fall and spring fish? If you describe it as inside and outside it will be of some help.

A Inside 150 and outside 200 fathoms.

Q For all varieties?

A Yes.

THE COMMISSIONER: Q: That is a matter of regulation, is it?

A Yes.

MR. COBUS: Q: Taking 200 fathoms hung on lines to be a general average for sockeye and fall fish, what would you say such web alone would cost in 1942 new?

A A 200-fathom web sockeye net?

Q Yes; and let us assume it is 50 meshes deep.

A That could be anywhere from $160. to $180, something like that.

Q What about a fall net?

A They are much heavier. Two hundred fathoms would be anywhere from $240. or $250.

THE COMMISSIONER: Do these prices differ from those given by Leckie?

MR. COBUS: I think you will find, my lord, the reason I have attempted to get this general price is I think Leckie's prices as set in Exhibit 54 are fairly close and will prove to be quite accurate.

THE COMMISSIONER: If you do not question them we are wasting time, are we not?

MR. COBUS: No. I feel that a fisherman can generally say "I have a 200-fathom sockeye net that cost me something under $200."--

THE COMMISSIONER: But if this witness does not quarrel with the price Leckie puts on it, does it help me to have it repeated?

MR. COBUS: No, my lord.

THE COMMISSIONER: You will be some time with Mr. CHRISTIANSEN?

MR. COBUS: Yes, my lord.

THE COMMISSIONER: Then we will adjourn to resume at 2 o'clock.

(ADJOURNED TO 2 P.M.)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer

Take 105.
Jap Commission
D.Saunders/BLF

Harry Christiansen,
In Chief.

February 3rd 1949.
2 o'clock.

(PROCEEDINGS RESUMED PURSUANT TO ADJOURNMENT)

DIRECT EXAMINATION RESUMED BY MR. COBUS:

Q Mr. Christiansen, is it common for fishermen to have nets say of 50 fathoms or 100 fathoms or 120 fathoms?

A Yes.

Q What purpose do such nets serve?

A It serves thisway. If they're fishing in the river they'd have only 150. If they go into the gulf they are allowed another 50. So most of them have another 50 fathom piece of net and tie it on for the night. When they come back again they take it off and they have 150 again.

Q Is that common practice.?

A Yes it is used an awful lot.

Q Referring to the lines, what life do you consider a cork line has?

A Well in fresh water it is anywhers from 5 to 8 years, somewhere around that.

Q And the lead line?

A Perhaps a little longer 8 to 10 years in fresh water. The reason for that is if you are fishing in salt water there is something in salt water a kind of growth, which gets into it and it deteriorates quicker.

Q Can you give an opinion as to the cost of materials used in a cork line of say 200 fathoms in length in 1942?

A Some were charging 45¢ a pound for it and some 50¢ a pound, for cotton rope. I think it was 50¢ more than anything and it would take about 25 pounds of rope at 25¢. That would be about $12.00 and something or around $15.00. for the rope itself.

Q What about the corks?

A On they would use around 400. Some used more. It would be 400 to 425.

Q What would be the cost per cork?

A Untarred corks at that time were running 5¢.

Q That would be roughly some $20.00 odd dollars?

A Yes.

Q And what did the tar for such cork cost -

THE COMMISSIONER:Q: What is the price again on untarred corks?

A 5¢ but there were two prices because there were two sizes. There was the 7 inch cork used for spring which was the dearer; may be a cent and a half more but it was more commonly 6 inch that was used for every net except the spring and they charged a cent a cork for tarring them.

MR.COBUS:

Q That would be about 425 at roughly six cents?

A Yes.

Q It would make $27.00 and 25 - and you said the cotton rope would be 13 or 14?

A Something like that.

Q Say $38.00 - roughly $40.00?

THE COMMISSIONER: For what?

MR.COBUS: For the cork lines.

THE WITNESS: Yes, that is about what they were running at that time.

Q $40.00 for the cork line. Does that include any cost for work of making up the cork line?

A No.

Q What about the lead line of similar length and in the same year 1942?

A Well the same price as for the cotton and you would have about half the weight in the rope because it was that much thinner. It is only about a quarter of an inch or three sixteenths of an inch, or something like that and the cork line would be half inch so there would be half the weight, and the lead would be about 12¢ a pound at that time.

Q 12¢?

A Yes it could have been 10¢.

Q And how many pounds on an average would you attach to a lead line?

A It runs pretty close to a pound a fathom; 200 pounds to a 200 fathom line.

Q In round figures a lead line would cost apart from thelabour about $30.00?

A Yes.

Q A lead line is cheaper than a cork line?

A Yes.

Q How long does it take to make up a lead line of

200 fathoms?

A Anyone that is experienced at it, when they are making a contract at it, they can do two or three lines a day, but the ordinary man doing it himself it might take him all day, pretty near to do it himself.

Q One line?

A Yes to take one line.

THE COMMISSIONER:Q: May I have your figure again on the rope for lines; was it $45 to 50¢ per pound?

A Per pound, cotton.

MR.COBUS:Q: Mr. Christiansen do you know a man by the name of Nels, Arthur Gordon?

A Yes.

Q Where is he employed, if you know?

A He is employed by The Gulf of Georgia Packing Company.

Q For how long have you known this man?

A Well all my life.

Q Do you know what his experience has been in the fishing industry?

A Pretty well sir.

Q Can you tell me just what you know about his experience as a fisherman?

A Well he has not fished around where I have been. He has fished on the West coast. He has been out on the river once in a while with somebody else, just going - what you say, tagging along with somebody but he has never been fishing there while I was there.

Q Has he ever operated or owned his own boat; that is

a gill-netter boat?

A If he has, he has never had one in the Fraser.

THE COMMISSIONER: Who is this man Gordon.

MR.COBUS: Mr. Gordon gave evidence before your Lordship.

THE COMMISSIONER: Called by the Government?

MR.COBUS: Called by Government Counsel.

THE COMMISSIONER: I see.

MR.COBUS:Q: In evidence, Mr. Gordon had this to say at page 1045 of the transcript.

"Q. Now I wonder if you would take the various types of fishing nets that are used in the various types of fishing, just one at a time and describe the usual type of net, and its usual life, and its value, from year to year?

A. Well I guess we could start off with the Sockeye net, it being the finest gear they use in the river - "

The transcript reads "40 x 40" net ply" but I think it is an error.

" - net ply about 5½ inch mesh and say 60 mesh deep, it would be used for a period of anywhere from four to eight weeks. Well, I would maintain that the second use of that net would be a great risk - if you were to buy it because the selling value has gone. after it's been used, and it wouldn't be very great.

Now I call attention to this sentence, "Well I would maintain that the second use of that net would be a great risk". Would you comment on that?

A Well I cannot see how it would be any risk, if he is a fisherman that had it and was taking care of his gear. He canget two years from his nets without any loss. I can't understand that.

Q Do you use your Sockeye net for two years.

A Oh yes definitely.

Q At the end of the first year do you want to get rid of it or throw it away?

A Never have.

Q Now page -

THE COMMISSIONER: What was the page you read from?

MR.COBUS: Page 1045. And it continues at the bottom of page 1045."Q."When you say not very great could you give us the fraction it would be less". "A. No I couldn't put that down as a fraction. It all depends on the fellow who buys it. If a man is experienced in fishing and nets he would not buy it at all - say 25 to 35 dollars a net would be about the sum that would be obtained from it as far as I am concerned." I draw attention to the second sentence "If a man is experienced in fishing and nets he would not buy it at all". Will you comment on that please?

A Well I don't know; I cannot comment anything else but thatunless the man had abused it so much it is no good for the second year - I cannot understand that unless the fisherman has just thrown his net away and didn't take care of it. The gear you get nowadays is different to what you had before and the gear at that time was all good gear.

Q Would you just pursue that particular point, the quality of it compared with the quality in 40, 41 and 42?

A There is a big difference.

THE COMMISSIONER: I don't hear you?

A There is a big difference. The gear we get today don't stand up to anything compared to the gear before.

MR.COBUS:

Q If Mr. Gordon has had experience in nets where would you say that he got that experience?

A He has most likely got the experience in the last two or three years. He has been some kind of production manager or something similar to that for the Gulf of Georgia, going around taking net orders from the fishermen.

Q Now at 1047 Mr. Gordon is speaking about the spring salmon net, and at the top of page 1047 he says "At Steveston the most is 9 inch and most of it is 9 inch ply 40."- that sounds a bit garbled at that point, but we can assume he is talking about 9 inch mesh of 9/40 twine. That is spring salmon -

THE COMMISSIONER: My notes were taken on December 13th and the note I have with regard to sockeye nets - he is dealing with the sockeye nets 4/40, is that it?

A Yes.

Q Yes. In four to eight weeks his liable to such deterioration that a buyer would be very doubtful of buying for use in the second year. You don't agree with that?

A No.

Q And as for the spring salmon net 9 ply 40 used for one season, it has only about one third of its value left?

A That is all wrong.

Q You think he is wrong then?

A Yes.

Q And as to white spring, 10 11 12 inch net, 12 ply 40 it depreciates in value about 50% in the next year?

A I cannot see how it would depreciate. We use them from five to eight years.

Q As to fall nets, cohoe and dog salmon five ply 50 the second year value is doubtful; the general practice is to scrap the net after one year., ?

A That just depends what kind of a net it is. If it is 6½ you can get 2 years. If 7¼ or something a little big, it might be doubtful, but not in the smaller net.

Q He goes on to say the fall net depreciates one

third by the year.

A That would be about right because you get about three years out of that net.

Q And he has also said "A fisherman of experience would not buy a second hand net unless he knew the first owner".

A Well -

Q Knew something of the history of the net?

A That is a matter of opinion, the way he figures it, but of course I would want to know whom I bought the net off, naturally, and I would buy a net if I knew for sure the guy who had it. I see nothing wrong with bjying a second year net if it is a good net.

THE COMMISSIONER: All right Mr. Cobus.,

MR.COBUS:Q: Mr. Christiansen, evidence has been given that 1942 was the year of the big run of salmon. Do you recall that is so?

A Yes.

Q The fact is the Japanese were not fishing in that year? Did new fishermen enter the industry

A that year?

A Oh yes, quite a few.

Q Is there a tendency on the part of these lesser skilled fishermen to buy second hand gear?

A Well it could be because maybe he did not want to invest too much money. He might buy because it would come cheaper.

Q Why would he have some fear of investing in new gear?

A It may be that the company has given him a second hand net, if they had one.

Q And if the company was financing the gear?

A Yes.

Q What danger would a new fisherman run with that an experienced fisherman does not?

A Well he is liable to set his net out in water and would not know where the snags are. He might lose his net in one drift whereas an experienced fisherman knows enough to keep away from that.

Q Do you know of experienced fishermen who bought Japanese used nets from the Custodian?

A Oh yes I knew lots of them.

Q Do you know if they considered they were getting bargain prices?

A I heard lots of talk about it.

THE COMMISSIONER: That surely is to such an extent hearsay it would be of little value.

MR.COBUS:Q: In what year was the drum as a device on the gill netters introduced into the fishing industry?

A The first was in 37 but there were only a mere few in 37 but in '38 they started to really put them into mass production.

Q Did the Japanese adopt the method as readily as the white fishermen?

A Yes they did.

Q Nets eventually will be come unserviceable?

- I think that is obvious.

What does the fishermen do with nets that have eventually become useless as nets for holding fish?

A Some of them give them away to somebody where they can use them in gardens and others make rope with them. They will make good rope for an anchor. You take a net 150 fathoms long and break it into three chunks and you can break that until it is 50 fathoms long and you braid the three together - that gives you three meshes of strength in the rope so if it was a poor net it still becomes a good strong rope.

Q Do the fishermen tend to accumulate unserviceable net?

A No they are always in the road. A few have some around but they generally burn them or get rid of them.

Q You said earlier you actually visited the net storage house used for the Custodian at Steveston where the Japanese nets were eventually sold. Did you note that there was any quantity of what might be described as junk about the store house?

A Oh there might have been a few pieces lying around on the floor but you could not really see them. Most of the good stuff was hanging up and the nets that were on lines were generally in a pile. so that if there was anything you would call junk It could have been there but we didn't see very

much of it.

Q Generally the nets you saw, how would you describe them as to condition and usefulness?

A The ones that were all hanging up and you could see by looking at them, they were in fair condition. They were all dried and washed and put up there.

Q Now during your experience of 26 years of fishing how many boats have you actually bought and operated at different times?

A Six boats.

Q Your present boat - when did you first fish with this?

A Last year, 1948.

Q And prior to that?

A One in '42.

Q What boat was that?

A That was a Japanese boat.

Q From whom did you purchase that?

A That was from Patashaa.

MR.VIRTUE: How do you spell that please?

MR.COBUS:Q: When you say you bought it from the Custodian, you mean -

A It was through the custodian because I went to Vancouver -

Q Do you know what month that was?

A It was in March.

Q Of '42?

A Yes.

And when you say you bought it from the Custodian -

A Well I don't know what you would call him. Is that what you call him, the man holding the Japanese boats?

Q Probably at that time it was the Committee. What was this boat. Can you describe it?

A Yes it was a 31 footer boat; ~~X~~ 7 feet 8 inches wide; 3 feet 8 inches deep. It had a 20 horsepower Easthope engine .

Q Do you know when it was built?

A Yes it was built in 1941 in the summer.

Q In the summer of 1941 by whom?

A It was a white man by the name of Bill Waterman and a Japanese - Ican't remember the name of the Japanese.

THE COMMISSIONER: What is the purpose of this evidence.?

MR.COBUS: Well I would like to get some indication of what this witness has to say about the value of that particular boat he has described and which he purchased.

THE COMMISSIONER: That cannot be the subject of the claim here?

MR.COBUS: Not that particular one but it was nevertheless ~~x~~subject in 42 and if this witness is able to say what he paid in March of 1942, and describe it, it should of some assistance to your lordship to decide what other boats may have been worth at that time.

THE COMMISSIONER: Does it not all depend on the individual vessel?

MR.COBUS: Yes, my Lord but -

THE COMMISSIONER: I won't stop you; go ahead but I might say it will not be of much value.

MR.COBUS:Q: How much did you pay for this boat?

A $1200.00.

Q Is that a fair market price?

A Well that was what it was rated at, $12.00.

Q It was marked at $1200.00? What was your own opinion of that?

A It was a good buy.

Q For whom; good from your point of view?

A I guess I should say it was good on my part.

Q It had a 20 horsepower Easthope Engine?

A Yes.

Q Do you know how much a 20 horsepower Easthope in that year would have cost?

A It was somewhere around ax $800.00, - $848.00.

Q And this boat was one year old was it?

A Yes.

Q What life do you consider the average thirty foot gill netter has?

A Well if well taken care of it should last 20 years.

Q Do you know of any instances where you know that is so?

A Oh lots of them.

Q Any of your own?

A Well I had a new boat in 1928 and it is still in the Fraser river and the men using it now are still well satisfied with it. That is 21 years old.

Q Is it ready to be put on the scrap heap?

A No not yet.

Q Do you know anything about the care given fishing vessels by the Japanese fishermen?

A Yes they were very good at taking care of their boats especially at Steveston. They used to haul them up for the winter and take them out of the water and let them dry out for the winter. Up where we lived close to Westminster a lot of them pulled their boats out. Some of them left them in the water. but they all took good care of them. They would pull them up in the spring and paint them.

Q How would the construction of the boats that were used by the Jap fishermen in district No. 1 compare with the boats used by other fishermen in the same years 41 and '42.?

A The only difference was that the Japanese had their boats made a little lower and narrower than the white men.

Q Yes that's the size but what about the construction?

A Well they were really sea worthy boats. They had to be because they were used at the mouth of the river ~~where~~ one of the worst places to fish; they had to be good strong sturdy boats.

Q They were not in danger of falling apart at any moment?

A No.

Q What engines were most commonly used in gill netters in those years?

A At that time mostly Easthope's and Palmer Engines, Vivians.

Q What about the horsepower?

A Oh anywhere from 6,7, and 8 horsepower mostly.

Q Do you know whether the boats of the Japanese whinh were taken into custody by the Navy were moored at New Westminster?

A Yes they were moored straight across from the Serle elevator, that is right down below Westminster, a mile or half a mile.

Q Do you know the waters in that area?

A Yes sir.

Q Is that a suitable place to moor fishing boats?

A Well it really was not because - it would have been if they had only half of them but there was so many boats they had to have too many of them up too far to dry and some tipped over. and a lot of them were filled up.

Q Have you any recollection what it might have cost the fisherman to have built for him a 30 foot hull of average construction in 1942. ?

A They ran around $600 to $800 for the hull.

Q Prior to the war - '38 and say back to '36?

A Then they ran anywhere - somewhere around $550., $600, $450. - just depends on the type of boat. If a shallow depth boat they would charge less. If a little deeper they would charge another $100.

Q Was there an increase in the cost of the hulls after the outbreak of war in 1939?

A Oh yes.

MR.COBUS: That is all.

MR.VIRTUE:Q: Mr. Christiansen, will you describe the practice especially in the Fraser River and in the waters off the Fraser River of taking care of nets.?

A The one way is if you have been using them for a week, especially if you want out in salt water you should wash your net before you put them on the rack or let them be exposed to sunlight because if you do not, the salt water - the stuff that is in it - would have a tendency to rot the web so you have to wash the nets in the water behind the boats to get that stuff out.

Q That is after the end of the day's fishing you would run back into fresh water?

A Yes.

Q What effect would that have on the life of the net used in that particular area?

A Everybody did it and by doing it they last longer.

Q I want to ask you a question about the corks themselves, I'm not speaking of the cork line but the corks themselves. How long would they last?

A Well the corks last indefinitely but then you have to tar them every four or five years and if the holes in the corks get too warm you won't use them because if the hole is too big it would get too

loose and damage your line quicker.

Q How long would they last before the holes get too big?

A 12 to 15 years.

Q And the lead. How long would it last in useable condition?

A We use the lead lines from 8 to 10 years. and if you want to you can just chop the lead off and melt it again and put it on another line.

Q After re-moulding?

A You have to re-mould it onto your other lines.

MR.VIRTUE: Thank you.

THE COMMISSIONER: Yes Mr. Hunter.

CROSS EXAMINATION BY MR. HUNTER:

MR.HUNTER:Q: One point I would like to clear up, that is the life of these fishing seasons. I notice that Mr. Gordon said that after four to six weeks work with those sockeye nets, he considered that they were through. What is the normal season for a sockeye net?

A Well it's gnerally two months.

Q So when he said 8 weeks that would be the normal season?

A Yes.

Q And after you use it 8 weeks you usually have another 8 weeks use the next year; is that right?

A Yes.

Q Now is that for people who are fishing in the river

or for people who are fishing outside or is all sockeye fishing in the river?

A Mostly fishing in the river. There is a bit of fishing outside at night.

Q But some fishermen goe outside and therefore they have a shorter life for their nets due to the salt water?

A I fish inside and outside, and I used my nets and I have not had any trouble with my nets In the last few years. I have fished everywhere, the mouth of the river and up to Westminster and outside.

Q I remember your answer about the 45 ply net. Mr. Leckie said three to four years and you said - I forget what you said? I think you said that was really the sockeye?

A The 5/40 - No I said that was used for fall fishing.

Q And that therefore it would not last as long as - I didn't quite get that.

A It would not last as long as the sockeye net.

Q This is a 40/5 net?

A 5/40.

Q He has it 40/5.

A Yes.

Q He says the life was 3 to 4 years and I could not quite get what you said. You said that net would have a shorter life because it is a fall net?

A Yes sir.

Q What would be the life?

A I would say 3 years. You can be sure of 3 years with it.

MR. HUNTER: That is all thank you.

THE COMMISSIONER:Q: I want to go still a little further with your evidence as to the purchase of second hand nets. Now as I recall the evidence of other witnesses the effect of their evidence was substantially this; that there is a good deal of risk entailed in the purchase of second hand nets unless one knows the history of that net, knows that the owner was a competent fishermen who took good care of his nets. Is that conclusion a sound one or do you disagree with that evidence.

A I agree quite right with that because if you were going to go and get a second hand net from a careless man who did not take care of his gear, you would not want to buy that second hand net.

Q Could you by visual examination of the net rely on your own judgment as to its condition?

A Yes, pretty well because I have handled an awful lot of nets in my time.

Q You figure that a competent fisherman can go and look at a second hand net and not take much chance in the buying of it?

A That is right.

THE COMMISSIONER: Do other Counsel wish to pursue that subject?

MR.COBUS: No My lord I am satisfied.

THE COMMISSIONER: Mr. Hunter?

MR.HUNTER: No My lord.

THE COMMISSIONER: Thank you, Mr. Christiansen

MR. COBUS: I am calling Mr. Sasuki. He is giving evidence with respect to nets and also boats .

TATSURA BUCK SASUKI, being first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. COBUS:

Q Mr. Sasuki what is your present occupation?

A My present occupation is longshoreing.

Q What was your occupation in 1941 and prior to that?

A Prior to?

Q I should say 1942?

A Prior to 1942 I was a fishermen in district No.1.

Q Full time?

A Yes, full time.

Q Are you an ex-service man?

A Yes.

Q What service did you have in the last war?

A Oh I served overseas for about 20 months in the South East Asia area.

Q With what force.

A British Force 136, which was part of the British Intelligence in the Psycological Warfare.

Q Do you know your service number?

A Yes I do.

THE COMMISSIONER: I am familiar with Mr. Sasuki's history.

MR.COBUS:

Q When did you begin fishing on your own Mr.Sasuki?

A I began fishing on my own in the fall of 1932.

Q Prior to that, had you any experience in fishing?

A Well since about 1928 and 29, I used to go out with my father and fish with him.

Q Did you operate your own boat after 1932?

A Yes sir I did.

Q Did you fish with someone else or were you fishing alone?

A Iwas fishing alone.

Q Now in describing nets say 4/40 x 5½ x 60 x 150 what does that mean to the fishermen with respect to length?

A 150 - any normal take amongst fishermen would be 150 fathoms on the line. That is the distance it would cover on the water.

Q When do you use the term stretch length?

A Stretched length is used when the net is stripped without the line or in a package from the factory.

Q How much web do you buy if you want to make a net of 150 fathoms?

A 150 fathom net, that is on the lines, required 300 fathoms or slightly more web.

Q What do you mean slightly more. How much more?

A Between 20 to 40 fathoms more than 300 and that net would be hung in - that is bunched a little

closely to make the required 150 fathoms on the line.

Q Is that the customary practice to buy that amount for the 150 fathoms?

A Yes if you notice, a man who has a fine net say 4/50 or 5/60 you will find that man has a little extra stretch length of web - that is a man buying a 4/40 or 5/50 or 5/40.

THE COMMISSIONER:Q: Is that permit the net to bag?

A It gives more slack your lordship. I guess I will explain it later.

Q No go ahead.?

A It is called a gill-net but you can imagine, the salmon gills itself up to its head and past its gills but it usually tangles up more in a gill netter than in a single net.

Q But the slackness in the net permits the fish to be held, whereas if it was a taut net the fish would probably get away. Is that the way they figure it?

A Yes.

MR.COBUS:Q: Did you fish solely in district No. 1?

A Yes solely in district No. 1.

Q You had no experience in districts 2 and 3?

A No.

Q I think I can take it you are familiar with the nets used by Japanese fishermen in the area? Were you familiar with the nets used by white fishermen in district No. 1?

A Yes.

Q How do you compare the nets used by the Japanese with those used by the white fishermen in that area?

A In a given area there was not very much difference.

Q In the type of gear you mean?

A In the type of gear you used and in the methods they used in a given area there would not be much difference.

Q And concerning the care of the nets and lines, how did the white fishermen and Jap fishermen compare?

A On the average the Japanese used to help - all their family helped in taking care of them. That plus the fact that they were fishermen in district No. 1 and they were not permitted to fish in other districts - and the usual sockeye net - well it costs the same whether fished in district 1 or 2. and it would have to have very great care taken of it in order to make it pay, and they really did take very good care of their nets as a whole.

Q Were the Japanese fishermen more fortunate with respect to facilities to care for their nets than the average white fishermen in district No. 1.

MR.HUNTER: That kind of question is getting rather leading.

MR.COBUS: I realize that. I am trying to save time.

THE COMMISSIONER: We got from Mr. Christiansen, that the Japenese wives and families helped, whereas the white man's wives and families had something else to do apparently.

MR.COBUS: I wanted to get it once more.

Q How and where did you procure your nets?

A I would put in an order for a new net to the Company, I usually fished for ~~the~~ in the fall of of the previous year and that net would be delivered to me in the spring of the next year.

Q What terms did you get?

A I agreed to pay for that net in the two months of what is commonly known as the sockeye season; that is from July to September; som times the 15th of July the 15th of September. In that period I would pay, in the fish; the fish that I caught.

Q Supposing you could not pay for it in that year?

A Supposing I could not pay for it in that year than I would not get the 15% reducation that the Cannery usually allowed to the fishermen.

Q Of your own knowledge can you say whether it was customary or not to trade ~~a~~ in used nets in district No. 1?

A It was not customary amongst fishermen residing in district No. 1 to trade with other fishermen in district No. 1.

Q Was it customary - was there any trading in used nets?

A To a certain extent, yes.

Q Can you give an instance of that?

A Well the white fishermen usually fish out on the west coast as trallers or they would fish further northup the coast, Johnston Straits, Smith inlet, for sockeye. Up there the seasons were a little longer than down here in district No. 1. It ended sooner. Yet when they came down to district No 1 area the fish were still running but sometimes there was quite a risk in putting in a wholly new net to fish the remainder of the season, in which case they usually went to Japansse fishermen who had second or third year nets and there was always a ready buy er from those people. And another potential buyer of third years nets and even possibly fourth year nets were up-river Indian fisherman. They were very careless in their handling of nets and as long as they lasted one season they did not care what happened and they did not often buy new nets.

Q Take a used net; how would you go about deciding whether it was worth buying?

A If I was to buy a used net, living in that area, I would know the character of theperson and the method he used and I would go to that man and I would look at his nets. I would put my hands between the meshes, feel it, and

see how much strain the web could take.
I would try that at the cork line and at the lead line; that is the bottom end of the net to see how much difference there was between both ends. If it was weak at the lead line, you would know that it was frayed. If it was weak at both the ends you would find that it had been reversed and both ends were strained, which means it had very little value. Besides you can usually pick up a net and smell it and tell what care has been given to it. If it smells somewhat fresh with a blue stone smell instead of a fishy salt water smell you would know good care had been taken of it, whereas if the net had strings of fine bark or fibre from leaves clinging to it, then you knew that the net had not been very well taken care of; plus the fact that a net that had not been taken care of has a peculiar fishy smell.

Q Certain evidence has been given as to the practice of adding new webs to used nets. In cases of what soft of nets was this practice common to your knowledge.

A It was very common in what is known as fall nets and spring nets. Fall nets are made of rather fine twine compared with string but they were of a larger mesh and they would dragged on the bottom of the river.

or the particular areas of the Gulf where you fished and that tended to fray the bottom 7 or 8 meshes. Still the top of the net would be in excellent condition so you would just snip off 10 or sometimes 15 or 20 meshes and add new net. In that way you could save a lot of expense and the fish usually hit the bottom part of the line, especially when they go up the river.

Q Would it be as efficient as say in proportion at any rate, a new net would be?

A It is hard to say but I have had excellent results myself through adding 15 meshes, ten meshes to the bottom of the net that has been frayed.

Q You are speaking of fall nets?

A Yes.

Q What about the practice so far as spring nets go? Is that practice just as common there?

A Yes it is.; only about ten meshes are sufficient for a spring net. Some put in 20 but personally I think it is unecessary.

Q What is the effect it would have upon a spring net. Let us assume you had a brand new spring net and had used it one year. You would remove, I take it, 20 meshes from the bottom?

A No a spring net - you don't have to touch the spring net until the second year at least and then you snip off ten meshes at the bottom or as some people do twenty and add a new piece on there which makes the spring net in almost a self-

perpetuating net. You don't have to replace the whole thing at once.

Q Would such a net that has been added to twice be quite efficient for catching spring salmon?

A I beg pardon?

Q Let us assume two additions have been made and snipped off the meshes and you waited a couple of years and put on another ten meshes. That is the method?

A Yes it does fish just as well.

Q In that form?

A Yes.

Q With respect to linings, did you make your own linings?

A Yes I did.

Q What process is there in making the cork lines?

A We used to snip off about 20 fathoms and string all the corks and after the necessary amount of corks had been strung on there, we would splice that twenty to the rest to make a 150 fathoms of line then you reverse the whole net, pull it through, one cork hand which is approximately a fathom, or rather half a fathom. Then the short corks like that and I would run each cork through.

Q That would make how many corks to the 200 fathoms cork line?

A Approximately 400.

Q In alead line would you give us some idea of the amount of lead that is generally put on a 200

fathom lead line, as distinguishing between spring and sockeye and fall nets. Generally speaking how much lead was put on the lead line?

A About 180 to 200 pounds, and we had what you call stirred lead that you put in between the moulded lead on the line according to the water conditions in that given area. If there was a freshet, and the water was running swiftly with currents, it required more weight to keep the ends straight down in which case you tacked on another two or three pieces of lead to the fathom.

When the fall season came the water became calm and clear and less current, you pulled that lead off again.

Q They were removable?

A Yes.

Q How much do you think it would cost to make a cork line of 200 fathoms?

A 40 to 45 dollars for material.

Q Does the lead line cost as much as the other line?

A It would cost less, $32 or $33.

Q What life would you give to each of these lines, the cork and the lead line.?

A The lead line I would say 10 years and in some cases 12 - 14,you could use it for spring nets. By that I mean the spring net drags deeper in the water and you take much more changes of snagging. When it snags instead of pulling the whole net out of shape, it just takes so much strain and it would snap. All you would do is

splice it again without doing much damage to the net. It does its purpose. But a cork line I would say ten years would be a good life for a cork line.

Q You owned your own boat in '42. When did you buy the boat that you owned?

A I bought in 1937.

Q Where did you buy it?

A I bought it in - I had it made by a boat builder on Annacis Island near New Westminster and I paid just over $500 for just the bare hull.

Q How long a boat?

A Twenty nine feet.

THE COMMISSIONER: Q: $500 for the hull?

A Just for the hull and I had extra work done, inside benches, pilot house and Ithink it came to approximately $550.

MR.COBUS:Q: The cabin?

A Yes.

Q And the pilot house?

A And the pilot house too.

Q What would be the beam of the boat?

A 7 feet 2.

Q What depth?

A 3 feet 4 or six inches.

Q 3 foot 4 or three foot 6 six. Was it square -

A It was what is called a square stern. It was cut off with a board in the fashion of a small boat that you see.

Q Is that the most expensive type of construction?

A No that is the cheapest type.

Q How did you power that boat?

A I had it powered with a 7 horse power Easthope Marine.

Q Was that purchased the summer of 1937?

A Yes.

Q Do you recall how much you paid for the engine?

A I'm not sure but it must have been about $470 or $75, something like that.

Q What happened to your boat in '42.

A My boat was taken over by the Navy, not long after Pearl Harbour, and at that time I was secretary of the Upper River Japeansse Fishermen's Association and I was helping Leiut. Commander Smith in Vancouver to tie up the boats in that area. It was not a case of my bringing it over to the navy; they had already taken it while I had had it tied in Westminster.

Q How was it disposed of?

A I sold it to a friend of mine that lived about a quarter of a mile away.

Q You sold it yourself?

A Yes. Well I sold it myself but it had to pass through the hands of the Fishing Vessels Disposal Committee.

Q How much did you sell it for?

A I think it was in the neighbourhood of $725.

Q $725.? A. Yes.

Q Who purchased it?

A A young boy by the name of Kyllonen.

Q You say you gave some assistance to the Navy in gathering the boats in the Fraser?

A Yes I did.

Q Do you know where they were moored at New Westminster?

A Yes they were moored at what we call Wing-Dam, behind Wing-Dam which is a breakwater just about directly south of New Westminster.

Q Was your boat moored there? A. Yes.

Q As a mooring spot what is your opinion of that particular spot?

THE COMMISSIONER: Now how are we concerned with that? It is not a claim that I can deal with.

MR.COBUS: There again it is perhaps a case where I should ask the witness - your price of $725 for your own boat; what is your opinion of that as being a fair price at the time.

A Well at $725 that was a price that a man would not ignore, If I could offer him my boat for $725. Yet, it would not have been the maximum price I could have gotten but because of the fact I had seen the mooring place and the condition of the Japanese fleet as a whole - I hope I don't mean that there is any reflection on the people -

THE COMMISSIONER: Go ahead and say what you think. Do not let that worry you.

A I did not think that my boat would last very long staying there sir. Some of them - at one time there were 30% under water when I went there, so I

sold at a price that I knew a man would agree to and that was $725.

Q You would rather sell it at that price than have it subject to what might be dangerous conditions, as you say, in regard to the other boats.?

A Yes your lordship.

MR.COBUS:Q: Evidence has been given several times that you can expect the life of a gill-netter could be 20 years. Does that agree with your experience and opinion.?

A Yes I have seen boats in very fair condition and still be 20 years old and even older.

Q From your own knowledge and recollection what would you say were the pre-war prices of gill-nett hulls of 30 foot length?

THE COMMISSIONER: Are you speaking of new hulls?

MR.COBUS: New hulls. A fisherman who had a new hull built say in '36 or '37 or '39?

A '37 or 39; I think it would have been about $30 or $40 between square stern and a double ender of 29 feet. - say $550.; that is the bare hull and cabin.

Q After the outbreak of war in 1939 up to 1942 what would you say would be the cost of building a similar hull?

A Built in about 1939 - well in 1941 or 42 there was rather a good run of fish in that year and a lot of them had intended to build new boats that winter and I know that they would have

had difficulty in getting boats built out of what we call good standard material. They were told by the boat builders that delivery of boat lumber, and the fittings for the boat were rather hard to obtain and that he would not give a date when he could have the boat built for him.

Q What about the cost though. You say $550 in the pre-war years, for a thirty feet hull? What about 1942? Do you recollect what boat builders were asking for a similar hull?

A There must have been about $200 or $250 difference between 1938 and 1941 on aboat of my type; that is in the latter part of 1941.

Q That is all - oh I want exhibit No. 54. Mr. Sasuki I produce to you exhibit No. 54. which is the C.P. Leckie scale for appraising. You have seen this before and have had an opportunity to study. What is your opinion of that scale by and large?

A I think it is quite allright as far as the weight and the price seems to be within a few cents.

Q The prices per pound?

A Yes, the prices per pound. That is to the best of my knowledge they seem to be quite accurate.

Q You have had an opportunity to study the average life of nets at various times. Have you any comments as to that?

A I would be a little more liberal than the gentleman who made out this report for 4/40 4/50 and 5/60 nets.

Q In what way?

A 4/50 nets or 4/50 twine was usually used for the making of sockeye nets and a sockeye net definitely has two years. It is usaable a third year and in extreme cases a fourth year.

Q Evidence has been given in the third year it may be used a s a spare net. In your opinion what value would s apare net have and this I am asking regardless of the type of net,

A A third year spare net, sockeye regardless of the man who has to buy it, it should have a value of at least $25. That is the very least for a third year sockeye.

Q If you were offered a sockeye net sight unseen for $5., andI don't care how long - anywhere from 100 to 200 fathoms - for $5 or $10, would you risk purchasing it?

A Not for fishing purposes.

Q Why?

A If a net was any value at all as a spare or as a fish net it is at least $25. If a man values the net at $5, if you have a large chicken run or want to make rope for a definite purpose or it might be worth it or come in handy. Otherwise it would just fill up your net house or net storage room and has no use whatever. You usually don't see nets

like that.

MR. VIRTUE:Q: Those prices that Mr. Leckie gives in his figures, you think are pretty close to accurate.

THE COMMISSIONER: That is what he says.

THE WITNESS: Yes to the best of my knowledge.

THE COMMISSIONER:Q: Were those prices based on cash prices to the fishermen or to the 15% to be added if he did not pay for them in the same season in which he bought them?

A It seems to me that 15% would be added to those figures.

Q That is to say if you paid for it ~~xx~~ in one season you get it less 15%?

A Yes.

Q You say the 15% would have to be added in the case of the Leckie prices?

A Yes.

MR.VIRTUE:Q: You heard the question I asked Mr. Christiansen about fishermen in district No. 1 cleaning their nets in the Fraser. Will you tell me what you know about that?

A Yes, we went out in the salt water to fish overnight we would never leave that net with the salt water clinging to it all day. Coming up river we would tie two boats together. One would unravel his net off the drum onto the deck of the boat, play it over the stern and the other man would wind it on ~~kk~~ the drum, and we would take turns on dragging that net through fresh water the whole length, and clean

and clean it up as best we could.

Q What effect would you say that practice would have on the life of the nets used in district No. 1 compared with strictly salt water nets?

A I think it would add quite a considerable length to usage.

THE COMMISSIONER:Q: In addition to the method you describe was it also necessary and desirable to bluestone?

A Yes, all of my friends who were fishing in that area always bluestoned their nets on week ends.

Q How often; after every fishing?

A After every week.

MR.HUNTER: No questions.

THE COMMISSIONER: Thank you.

(WITNESS ASIDE)

THE COMMISSIONER: That is all you have for today.

MR. COBUS: That is all we have. We hope to have an additional witness, and I suspected at the rate I was going this morning I would be all afternoon.

THE COMMISSIONER: You are making fairly good progress. You anticipate you will be able to finish on Monday with your general evidence.

MR. COBUS: THat is what I understand My Lord.

THE COMMISSIONER: Very good. We will adjourn, Mr. Secretary, until 10 o'clock in the morning.

(MEETING ADJOURNED TILL 10 o'clock FEB 10th)

I hereby certify the foregoing to be a true and accurate report of the said proceedings.

Deputy Official Stenographer