

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session - Tenth Legislature

Thursday, February 26, 1948

The House met at three o'clock.

COARSE GRAIN MARKETING.

Mr. W.J. Patterson: — Relating back to your decision on February 19, Mr. Speaker, I suggest that all the words after 'Assembly' in the first line to 'prices' in the last line of the first paragraph, be deleted.

Mr. A.L.S. Brown: — Speaking to the Point of Order raised by the Leader of the Opposition, in this we are expressing an opinion, and I was under the impression that we, as an Assembly, had the right to do so.

Mr. D.S. Valleau: — Speaking to the Point of Order, the difference between this and the few motions dealt with already this Session — this says "being of the opinion", which could be paraphrased to say "believes", and it merely expresses the opinion of the Legislature. It does not recognize that thing exists as a fact. On a question of opinion, it is the Legislature, by its decision on the Resolution, which would decide the opinion rather than on a Point of Order.

Mr. A.T. Procter: — Speaking to the Point of Order, the Motion assumes that this Legislature is of the one opinion. That is a matter of fact; but as a matter of fact, nobody knows what this Legislature's opinion is until after the Motion is debated and passed. Certainly I, for one, am not of the opinion expressed in the Motion, and it is clearly a question of facts stated there to assume something that is not the case.

Mr. D.S. Valleau: — Mr. Speaker: There was a Resolution which I moved at the Session in 1945. I do not recall it offhand, and I have not as yet been able to find it; but it was at the Session of 1945 — a Motion which said that in the opinion of this House we were opposed to Fascism, and then it went on to state further conditions. Arguing from that precedent, and from other precedents established, I recall a number of Resolutions were passed expressing the support of the House for the war effort of the Dominion of Canada throughout the war. All of those were expressions of opinion of the House, and having resolved itself to be of such and such an opinion, the House could then express itself further as being in favour of certain definite action; and I would submit, Sir, that this Motion expresses an opinion which would become the opinion of the House, and then follows that up with certain proposals for action.

Mr. Speaker: — My ruling is that the Motion is in order. It is not a statement of fact. The opinion of the House will be expressed when the vote is taken.

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Mr. W.J. Patterson: — Mr. Speaker, If I may be so bold as to question your decision, this takes it for an established fact that the House is already of this opinion — "the Assembly being of the opinion". Now, if the Motion read that the Assembly had come to the conclusion, or to that opinion, after the debate, that would be an entirely different matter, but on this particular Motion we start from this basis. The Motion sets up a foundation, so to speak, which the House is asked to accept as . . .

A Voice: — Mr. Speaker, on a Point of Order . . .

Mr. Patterson: — Just a minute. I say that as the Motion reads, the House is asked to accept a resolution in which certain opinions are accepted prior to the discussion of the conditions.

Hon. Mr. Phelps: — Mr. Speaker, on the Point of Order, is my hon. friend challenging the ruling of the Chair? If he is, there is a procedure. He is completely out of order.

Mr. Speaker: — My ruling is that the Motion is in order.

Mr. Patterson: — You so rule, Mr. Speaker? Then we will challenge your ruling.

Mr. Speaker: — The Motion before the House is whether the ruling of the Chair shall be upheld.

Ruling upheld on Recorded Vote.

Mr. Patterson: — Mr. Speaker: Might I presume to ask you a question? In view of the decision of the House, are we to accept that this statement of opinion to which exception was taken, is now an established fact and will not be debated in the debate with respect to this Motion?

Mr. Speaker: — Oh, I think this is a proper Motion.

Mr. Patterson: — This part of the Motion can be debated, then, notwithstanding the fact that the House has ruled that it is part of the Motion?

Mr. Speaker: — The hon. member may proceed.

On the Order of the Day for the Motion of Mr. A.L.S. Brown (Bengough):

"That this Assembly, being of the opinion that the removal of marketing controls and the return to the medium of speculative trading in coarse grains has caused uncertainty, hardship and widespread loss to producers of coarse grains and livestock, and that only through the orderly marketing of all grains will producers enjoy the benefits of long-term stable prices, urges that the Dominion Government:

(a) reimburse all producers who marketed their 1947 coarse grains prior to the decontrol order of October 21, 1947, for their losses out of the speculative profits made on their grain;

(b) immediately establish a National Marketing Board with adequate producer representation, to market all grains in an orderly manner, and

(c) simultaneously and permanently close the Winnipeg Grain Exchange.

Mr. Brown: — Mr. Speaker, every time I rise to speak in this House something seems to happen to me. There is no single factor in our economy which affects the welfare of the farmers, and as such, affects the welfare of the province of Saskatchewan, to the same extent as does the marketing of our primary products; and I have no hesitation whatsoever in bringing before this Chamber a Resolution which will ask for the elimination, from our marketing scheme, of a speculative marketing system such as we have under the Winnipeg Grain Exchange, and substituting for it a completely socialized marketing system in the form of a Grain Marketing Board on which there shall be adequate producer representation — a national grain board to be used for the purpose of marketing, not only wheat but the marketing of all our grain.

This Resolution deals with three phases in reverse order, and I might say, in my opinion, in order of priority: first, that we close the Winnipeg Grain Exchange; second, that we establish this National Marketing Board; and third, that those producers who marketed their coarse grains following the Order of Decontrol of October 21, 1947, be reimbursed for their losses, out of the profits made from this speculative organ upon their grain of that date.

The history of the struggle of the farmers, first in a disorganized state, and later in an organized form — a struggle to obtain a just return for their labour — this struggle has been long and bitter. It has been marked, in spots, with spectacular success, and in others, with dismal and heartbreaking failures and reverses. The story of the pioneers of Indian Head and Sintaluta is filled with romance, and symbolizes the spirit and the determination that has made the West great. Throughout this struggle, from the turn of the Twentieth Century up to the present time, we have seen that as each problem was solved, a new problem arose to take its place. In the initial stages, the struggle was primarily against physical factors. The struggle was for the farmers to obtain some measure of protection for the facilities that were then in use for marketing their grain; and one of the greatest medium, in the early 1900's and late 1800's was the abuse that the railways took, or rather the advantage that they took, of their position, to the extent that they discriminated against the producer in favour of the then existing marketing facilities.

In 1900 we saw the first legislative action taken to protect the producers, through the passing of the Manitoba Grain Act, which was protection for the producer from existing abuses which were being conducted by the railway companies of that particular day; but realizing that this simple legislative protection — while it was an initial step forward — was, far from sufficient,

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in 1902 we saw the farmers of that day attempt to organize to protect themselves, and they organized a Territorial Graingrowers' Association, a simple protective association; and it was from this nucleus of organized farmers that today has sprung the great farm movement in western Canada, from which has developed the Co-operative Movement which today has developed to the stage where Saskatchewan is known as the Co-operative Banner Province in Canada.

A straight protective association was not sufficient, and in 1906 the Graingrowers' Association organized themselves into a position for the purpose of going into the commission business. That is to say the farmers of that day were prepared to carry the marketing of their grain a little bit further than simply delivering it to the elevator company which might be situated at their railway point; but even in those early days, in the days of 1906 and 1907, the Winnipeg Grain Exchange had placed itself in a position where it was even then able to throw its weight around; and it was able to succeed, in that year, in having this Grain Company expelled from the Grain Exchange and refused the right to use its facilities, for the reason that it was splitting a commission with the shipper. Here was a new idea — here was a Company in the marketing business not to make profits for itself, but rather to return these profits, if any to the proper individual — in this case the farmer — and yet the Winnipeg Grain Exchange was able to use its influence to have them expelled from the Exchange. Here we see, as we see today, this organization attempting to maintain the status quo. They refused to accept a new idea.

Mr. Speaker, the Liberal Party today is in much the same position as the Winnipeg Grain Exchange was in 1906. I do not know whether the ideas of the Winnipeg Grain Exchange have advanced much since that day, but I am satisfied that the other's have not. From the period of the early 1900's, right up to the present time, we have seen a struggle on the part of the farmers against a man-made system as well as against nature. Even by the use of the facilities of the Winnipeg Grain Exchange, when this grain company realized that the strength of the Winnipeg Grain Exchange was so great that they compelled them to withdraw this practice of splitting a commission with the shipper, and they adopted the standard practice of the Exchange of that day; even with representation on the Exchange the farmers realized that that was far from sufficient; and from 1906 until 1917 there was a constant struggle to have a Canadian Wheat Board established or a Grain Board established for the purpose of marketing their products. They saw the first results during the first World War, in 1917; and it is interesting to note that at this time the Federal Government of that day took action — not to keep the price of grain up — but rather to keep the price of grain down; and they established then a Board of Supervisors, not for the purpose of handling the grain but rather for the purpose of regulating the flow of grain upon the market, and regulating the price to a certain extent. It was not until two years later, in 1919, that the first Canadian Wheat Board was actually established. Here was a brand new departure — here was the Federal Government of the Dominion of Canada undertaking, not only to regulate and supervise the marketing of

the grain, but they were actually going into the grain business. This was done under The War Emergency Act, I believe it was called at that time. Following the marketing of the crop in 1920, they reverted to the normal methods of pre-war; in spite of the protests of the farmers of western Canada the Wheat Board of that day was disbanded, and with the advent of the Liberal Party in Ottawa in the early 1920's I believe the general feeling of the farmers of Western Canada is expressed in an editorial in the Grain Growers' Guide of that day when it said:

"Following the advent of the Liberal Party into power, it may be reasonably assumed that the Wheat Board idea is dead."

Even the farmers, the organized farmers of that day, realized that the Liberal Party was not a party of the farmers or in support of organized agriculture. It was following this realization that they had little, if any, hope, from the then existing government, to establish a Wheat Board, that the farmers organized an attempt to put upon the markets of the world through their own facilities, the products of their labour; and it was during this period that the Wheat Pool idea came into being, and it was followed by the organizing of the Wheat Pool with central marketing facilities in the different countries of the world. They went into operation, first, in the season of 1924. This was the first attempt on the part of the farmers, as such, to put their products on the market in an orderly fashion. This, if nothing else, assured to the individual producer that, irrespective of when he marketed his grain, whether it was in the fall, or whether he was in a position to carry over to the spring, he would receive the same return for it.

This was fairly successful until the crash of 1929, a crash created by economic forces, not only in Canada but in other parts of the world — a crash which had its effect upon this great organization of the farmers, to the extent that it nearly went down into oblivion, but in spite of the effects of that crash of 1929, the Wheat Pool of today has emerged, stronger than ever. Following the crash of 1929, the Bennett Government put Mr. MacFarlane in as Comptroller of the marketing of wheat to the central selling agency of the Wheat Pool. His appointment was hailed with glee by the Winnipeg Grain Exchange. They thought that in him they had a man whose primary purpose was the destruction of the Wheat Pool, and while it is true that he may have come to scoff, he stayed to pray, because he realized that it was only through orderly marketing that our problems could be solved. Due to the information that Mr. MacFarlane was able to obtain, and possibly the influence that he was able to bring upon the Bennett Government, we saw enacted, once again, a Canadian Wheat Board in 1935, in the dying days of the Bennett regime. Once again, it is interesting to note that when this Bill was first introduced in the House, by a Conservative administration, this Board was to have wide powers. It was to have the right to market coarse grains. This was taken out, I believe, primarily due to the opposition made to that section by the official Opposition which at that time was led by Mr. Mackenzie King.

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With the Canadian Wheat Board Act tapered down considerably, and its powers reduced, it did go into marketing of grain in the fall of 1935, and set a price of 87 1/2 cents per bushel. The result of the election of 1935 is well known. We had the Bennett regime thrown out of power, and replaced by the Rt. Hon. Mackenzie King, and we saw an attempt made to scuttle the Wheat Board. They could not entirely succeed in completely scuttling it, but they did put it in drydock to the extent that it was inoperative if the price of wheat went above 90 cents. We, as producers, did not have the choice as to whether we should market our wheat through a wheat board or whether we should market it in other form. We could only use the facilities of the Wheat Board when the price dropped to 90 cents a bushel.

Since the inauguration of the Wheat Board in its present state in 1935, we, as organized producers, through our own organization, have had a bitter fight, not only to have its powers extended, but even to retain that little which we did obtain through the Wheat Board; and it was not until the war years that the Wheat Board was given the right to have complete control of marketing of all our wheat. I think that we should realize that we have not a government at Ottawa which is pledged to the retention of even the Wheat Board. It is true that Mr. Gardiner, Minister of Agriculture, has gone up and down this province advocating that coarse grains should be put under a Board, and advocating that the Wheat Board should at least be continued in its present form, but Mr. Gardiner either does not speak for the Cabinet, or else he is at variance with our last national policy, which was drafted in 1919, for at that time they were definitely in opposition to organized marketing through boards.

Even today, the Liberal Party in Saskatchewan is not in favour of organized and orderly marketing, for they have severely criticized the marketing of our primary products through Fish Boards and Timber Boards. Even with the establishment of this type of marketing system for our products — a socialized system of marketing of wheat — that has even been insufficient, and farmers have had to take direct action. I only refer to this in passing, Mr. Speaker, but I want to refer to the delegation of 400 which went to Ottawa in the spring of 1942; but when we have a socialized marketing system such as Boards, we are able through our representation in Parliament, and in other ways, to bring pressure to bear to see that in some measure they give us a square deal. This is absolutely impossible when we are marketing our products under an organization such as the Grain Exchange; and the Winnipeg Grain Exchange is attempting today, not only to retain its right market coarse grains, but also wishes and hopes to have control of the marketing of our wheat. Their arguments run pretty much alike. They argue that by opening the Winnipeg Grain Exchange, the producer will receive a higher return for his products. In that respect I can only say this — we have two Jones's in the grain exchange business; we have a Mr. Raymond Jones, head of the grain trade organization in Great Britain, and he says this: "Open the speculative market and the price of grain will go down." Stanley Jones, President of the Winnipeg Grain Exchange, says this: "Open the market and get higher prices." I suggest that these Jones boys should get together; but my humble

opinion is that Mr. Raymond Jones, head of the Grain and Trade organization in Great Britain, is right when he says — "Open the speculative market and the price of grain will go down." That has been the history of the Exchange ever since its opening in 1891.

They also submit this argument as it appears in *The Financial Post*, the 'mouthpiece' of the Winnipeg Grain Exchange — if I may use that term, Mr. Speaker — "In a natural commodity like wheat, which depends so much upon the weather, speculation cannot be entirely eliminated, but the risk of that speculation can be greatly eased and more widely shared if marketing is allowed to function naturally. When that was the case, farmers were not compelled to bear the whole burden themselves. The professional speculator shared the losses more often than is usually believed."

I cannot understand how that came to be rationalized in light of what has happened in the past. You will recall that when the crash occurred in 1929, and the Wheat Pool was required to close its selling agency, the bulk of our wheat went through the facilities of the Grain Exchange. Up until that date, fifty percent, approximately, went through the Pool facilities, and the other fifty percent went through the Exchange facilities. When the whole bulk of the crop went on the market, there was a decided drop, a drop to the extent that we here in Saskatchewan were selling oats at the enormous price of one-half cent per bushel. They tell us that the Grain Exchange operates on the basis of "bulls and bears". I just do not know exactly what those terms mean, Mr. Speaker, and I suggest that neither does anyone also; but they also tell us that the purpose of the "bulls" is to keep the price up. Well, if that was the case, then in 1929 the "roaring bull" had become a "bleating calf", for even they were unable to keep the price up.

Mr. Feeley: — Mostly bull.

Mr. Brown: — It could be mostly bull, Mr. Speaker. In the past few weeks, we have seen the results of a speculative market and its effects, particularly in the United States. It is suggested, in the *Financial Post*, that the professional speculator shared the losses more often than is usually believed. Well, I wonder whether that drop in the United States — a drop of 30 cents in three weeks in the marketing of wheat — was removing speculation from raising of grain, and whether the professional speculator shared the losses in that case? I suggest that when a man is named as having made \$200,000 in that operation, he is certainly one professional speculator who shared no loss whatsoever.

The tactics of the Grain Exchange are well known, and I think that in all fairness I can safely say that they have used their weight in political influences, and through political party, to a very great extent. They have used their powers, and the monies at their disposal, to support that political party which they feel will give them the most support in the House. There is, in my opinion, no question that in 1930, in the elections, they did support the Conservative Party; and the fact that the Liberal Party of today has been reluctant to put into effect a National

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Marketing Board, in spite of the desire of the farmers of western Canada, indicates that they must have received support from the Grain Exchange of that day. No doubt they are today considering which political party they will support in the coming election. One main political party in Canada, at least, has made a bid for their support. Mr. Bracken, Leader of the official Opposition in Ottawa, has made so bold as to suggest that we, as farmers, should have the right to use the Winnipeg Grain Exchange if we so desire. He has made a definite bid for their support; and the tactics of the line parties of today are similar to the reference I made to the tactics of the 'Jones boys' — they are attempting to be all things to all men; an impossibility. The C.C.F. and organized farmers have been consistent in our policy. We have always advocated an orderly and socialized system of marketing our products. I think I can say, without fear of contradiction, that we in the C.C.F. have always maintained that that was the only effective method to market our products; and we have shown it by concrete action here in Saskatchewan.

Now, may I refer briefly to the second matter in the Resolution, the question of decontrol of coarse grains which occurred in October of 1947, October 21, when with callous disregard for the desire of the producer, our coarse grains were placed upon the open market. We as farmers had been led to believe that if the time came when controls would be removed, we would be adequately protected; and I have no less authority than that of Mr. Gardiner, in his announcement of agricultural policy in the press of Monday, March 17, 1947, only seven or eight months previous to the decontrol order of October 21. He says this, in announcing his farm policy:

"In any case in which a price increase or substitution of a price for a subsidy would have the effect of giving unwarranted help to the holders of stock, such stocks will be purchased by the Government at the old price, and returned to the holders or sold at the new price. This procedure will make it possible to recover subsidies or prevent chance profits to the holders of stocks. I want to emphasise this point, in order to discourage any hoarding in anticipation of increase in ceiling prices or withdrawal of subsidies that may take place in the future."

There, on March 17, 1947, he was advising the farmers that there was no advantage in hoarding or holding our grain; that his government would see that we were adequately protected; and yet we saw coarse grains placed on the open market, the ceiling removed, and an enormous increase in price occur which had its effect felt, not only on the coarse grains — important as that effect was — but it blame near ruined the livestock industry here in the province of Saskatchewan. Once again, Mr. Gardiner either did not know the policy of the Federal Government, or else he was attempting, in his way, to lead the farmers of Saskatchewan down a blind alley. He succeeded in doing just that very thing.

It is too bad we placed any confidence in him; but we feel, and rightly so, that when the Minister of the Federal Government suggests to us that he will protect us, we cannot be too severely criticized for following him; but I can assure

you, Mr. Speaker, that in future, we will not even follow any advice given by Mr. Gardiner in that regard.

Even the absentee Leader of the Liberal Party in Saskatchewan, Mr. Tucker, had not too much confidence in Mr. Gardiner's predictions, for on Thursday, November 19, it was reported in the Leader-Post that Mr. Walter Tucker and Mr. W.C. Wood, a candidate — a Liberal candidate — in Saskatchewan, flew to Ottawa to press upon the Government to have coarse grains placed under the Wheat Board. Mr. Tucker went to Ottawa, and I presume is still there; and I am willing to suggest that since his return to Ottawa, Mr. Tucker has pressed nothing but his seat in the House of Commons. Mr. Tucker returned, and his return is given in a news item of Monday, November 4, as the return of the prodigal son. He told us at that time that the policy of the government has changed a little since March 17, 1947; he tells that the government is prepared to do something, if the grain companies do something first; that they are prepared to take no action to protect us unless the grain companies first return the profits that they made in the handling of this grain to the farmers, and then they will undertake to see that we are additionally reimbursed.

Mr. Feeley: — That will be the day!

Mr. Brown: — May I state in conclusion that I feel it is right that we as producers should handle our grain through our own facilities, our own physical facilities. I think it is right that we, as farmers, should own our own elevator system, our terminals — I think that is right and proper; but I suggest that it is also right and proper that when we put our products on the market, we should do it as Canadian people. It is only through this method that we are able to bring into effect an orderly marketing of our products; it is only through this means that we are going to be able to achieve international trade agreements; it is only through this means that we are going to be able to obtain international commodity exchange. Secondly, it is only through this means that we will be able to obtain a price that is fair to the producer and fair to the consumer — a price that bears some relationship to the cost of production, and some relationship to the value of that particular product.

At this time, I feel somewhat similar to E.A. Partridge of Sintaluta — that this is an unending struggle, and that if we are to succeed we will need every man that we can muster. I therefore move, seconded by Mr. Putnam; that this Assembly, being of the opinion that the removal of marketing controls and the return to the medium of speculative trading in coarse grains has caused uncertainty, hardship and widespread loss to producers of coarse grains and livestock, and that only through the orderly marketing of all grain will producers enjoy the benefits of long-term

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stable prices, urges that the Dominion Government:

- (a) reimburse all producers who marketed their 1947 coarse grains prior to the decontrol order of October 21, 1947, for their losses out of the speculative profits to made on their grain;
- (b) immediately establish a National Marketing Board with adequate producer representation, to market all grain in an orderly manner, and
- (c) simultaneously and permanently close the Winnipeg Grain Exchange.

Mr. B. Putnam (Humboldt): — Resolution No. 2, as it appears on the Order Paper today, is something that has long concerned the farmers of western Canada, — the demand for a National Marketing Board, a Board whereby all grains will be handled through those facilities.

It is a little difficult to say something new on this subject — something that has not already been said. In the first paragraph of this Resolution it states — "trading in coarse grains has caused uncertainty, hardship and widespread loss to the producers of coarse grains and livestock." I believe, Mr. Speaker, that that is putting it only mildly.

As usual, it was the small farmer that was hurt the most as controls were taken off coarse grains on October 21st. There are many of farmers, in different parts of this province, that operate a small acreage under cultivation; they sell a few cows; they raise a few head of stock and they cut their oats and barley with a binder, in order to have the straw for fodder and bedding. If they succeed in growing a fair crop they dispose of the coarse grain from the threshing, or as soon after as possible, in order to pay their harvest expenses. Elevator men estimate that 75 to 80 per cent of the coarse grains to go to the elevators were in the elevators when controls were taken off on October 21st. Now, who received the benefits when oats jumped 20 cents a bushel and barley went up as much as 25 cents a bushel? It certainly wasn't the man that produced it. The reaction was something terrific; it left the farmer stunned.

The elevator companies hastened into the picture and indicated that some sort of an adjustment would be made. The Federal Minister of Agriculture, the Hon. Mr. Gardiner, was in the West about that time and he hinted that if the elevator companies didn't do something that the Government might do something. Now, I believe that one or two of the elevator companies have said that they are prepared to make an adjustment and I would insist, Sir, that it is very essential that they all should do so, and do so immediately. This one, two, or three hundred dollars, as the case may be, might do a great deal to help many of these farmers over the seeding period in the next few months.

Mr. Speaker, I have said something here about the elevator companies, this afternoon, and if I might digress for a moment I would like to pay a tribute to a group of men in the province of Saskatchewan, some three thousand of them. I am referring to the country elevator operators, or agents, both those in the co-operatives and in the line elevators. I am personally acquainted with dozens of these men, and almost without exception they are a splendid lot of fellows. In my experience with country elevator agents, over the last 35 years, at no time have I had reason to believe that I have ever been short-weighted or deliberately under-graded. The country elevator agent's job is his bread and butter; he is doing the best he can, and I would submit that he isn't getting very much glory out of it, and I am glad to take this opportunity, in passing, to pay him this little tribute.

Clause (b) of this Resolution calls for the immediate establishment of a National Marketing Board to market all grains, both wheat and coarse grains. The hon. member for Bengough has traced the marketing policy back over 30 years of time, and I do not think it is necessary for as to go into that again, this afternoon. If we could bring about what Clause (b) calls for, we would automatically do what is asked for in Clause (c), in my opinion, Mr. Speaker. If all grains were marketed through a National Marketing Board, in my opinion, the Winnipeg Grain Exchange would just die a silent death; there wouldn't be anything to carry it on.

I do not doubt, Mr. Speaker, if we hadn't had wheat under control during the last couple of years that the price of wheat would have followed the Chicago market and the farmers, in many instances, would receive

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considerably more money for their grain. But as I know the agricultural people of this province, Sir, I do not believe that the average farmer is concerned in obtaining the last cent that the traffic will bear; what he is most interested in is a stable market and security for the future. And, Mr. Speaker, many returned men, farmers' sons, are trying to establish themselves upon the farms and will be doing so in the years to come, and the thing that concerns them most is that they are going to receive something for their products and have something left to live on in the way of wages, and so forth.

I believe that after what has happened in recent months, in connection with the coarse grains, justifies us in putting on some pressure at this time, in demanding that the authorities do establish a National Marketing Board to handle all of the grains that the farmer sells at the elevator.

Mr. Speaker, I am glad to associate myself with the hon. member for Bengough, this afternoon, in Seconding this Motion.

Mr. F.A. Dewhurst (Wadena): — Mr. Speaker, in rising to take part in this Debate on this Motion which is now before the House, I do so with great pleasure because I believe, as do a lot of the members in the House, that agriculture is one of the basic industries of Western Canada, and we have seen throughout the past that any time there was a slump in the returns to agriculture the entire nation felt it. Agriculture is a thing which affects us all whether we are engaged in agriculture or whether we are not. If the farmers do not have the money for their products, or to pay their labour, then neither does the merchant, or the businessmen, or the small factories and industries, have the money to keep operating; so it is essential that agriculture should have a fair deal in this fair land of ours.

We are a country with great potential production ability: we have never really yet scratched the surface of what we could produce, but the farmer cannot go on producing without security.

Now, I would like to go back over the history of what the general turn has been throughout the province, but first, Mr. Speaker, I would like to draw the attention of the hon. members to the heading of a Resolution which appeared in this morning's issue of the Leader-Post. It is a Resolution which has been passed by the Rural Municipalities Association, now meeting in Saskatoon, and I hope, by the way, Mr. Speaker, that this Motion presented here this afternoon, does not receive similar headings in tomorrow's paper. The heading is: "Resolutions asked for open market". Just reading that heading would give one the impression that the Rural Municipalities are in favour of

the continuation of the Winnipeg Grain Exchange, but when you read down further, in the finer print, you see that they have definitely gone on record for asking for the closing of the Winnipeg Grain Exchange. I shall just read the Resolution, to the members of this House:

"Resolution favouring closing of the Grain Exchange and having all grains marketed through the Canadian Wheat Board, were passed Wednesday by the Saskatchewan Association of Rural Municipalities, in convention,"

which is quite contrary to what the heading implies, and I hope that those mistakes do not continue to occur in the publishing of news in the province, because it is not fair to the Association of Rural Municipalities.

I would like to read to this House, briefly, some of the points which were brought out by the Royal Commission which sat in 1910, in this province, to investigate the price of farm products, and these are the summarized figures of hundreds of rural leaders who testified before this Commission, and as they are summarized very well in this book. I will just quote from this book the summary of that Commission:

Against the Initial Elevators:

1. Weights. That they give lower weights than the farmer is entitled to.
2. Dockage. That they take too large a percentage as against claiming the grain to grade.
3. Grades. That in buying the grain they give lower grades than the grain is entitled to.
4. Prices. That they give too low prices even for the grade allowed.
7. Substituting Grain. That they often give the farmer inferior grain, taking his superior lot instead.

Against the Banks:

1. That by restricting or refusing credit to many farmers they force these to put their grain upon the market as soon as it is threshed, depriving them of the opportunity to hold it for a raise in price and compelling them to sell when the market is glutted and the price tends to be lower.
2. That in giving lines of credit for moving the crops they favour the larger companies and at times favour a few such companies, thus giving these a virtual monopoly of bank credit, and assisting then in monopolizing the grain business.

Against the Railway Companies:

2. That they construct loading platforms as if the object was to render the use of them by the farmers as difficult as possible.
3. That in the past they helped to create elevator monopolies and assisted them, and that at present they favour the large milling and elevator companies wherever they can.

Against the Terminal Elevator:

1. That they take too much dockage as against the shrinkage of the grain in handling.
4. That they mix the different grades of grain, selling grain of the lower grade at the price of the higher grade, and that the grain being dirty and lowered in grade by mixing, export prices are lowered and the prices paid to the farmers are also lowered

Against the Grading System:

1. That the grades do not represent the different values of the grain for milling purposes.

Against the large Western Milling Companies:

4. That besides lowering the prices by lowering the grades, they artificially depress prices.
 - (a) By spreading false reports about crops;
 - (b) By juggling in options and especially by selling below market value early in the season in the Liverpool market, quantities of grain for future delivery.

Against the Winnipeg Grain Exchange:

The large milling and elevator companies exercise a controlling influence in the Exchange. If the dominating interests maintain several elevators and buyers at any shipping point, and if they tolerate in the Exchange a number of apparently independent and competing commission men and exporters, it is only to deceive the public into believing that there is real competition in the trade. And the dominating companies can make full use of the speculative market of trading in futures, of hedging, of profiting by the rise and fall of the price in their own market, and of dealing in spreads when they occur between prices in different markets. Most important of all, they can complete the work of fixing the prices paid to the farmer."

That, Mr. Speaker, was the summarized report of the Saskatchewan Royal Commission, set up in 1910. Ever since that time, organized farmers having been fighting for a better deal for agriculture. Time and time again they have gone on record, through their various associations, asking for the abolition of the Winnipeg Grain Exchange, but we have never had it. It has always been the cry that if we raise the price for the farmers then the consumer couldn't afford to pay for the produce, which, Mr. Speaker, I submit, is not the case. Different enquiries have shown that those facts are not true.

We saw during the first world war how the prices of farm products jumped away up. We had been, prior to that, on the open speculative market and the government at that time brought in a ceiling price on wheat — not a floor price — but they pegged the wheat from going higher, so that the farmers couldn't get more than a certain price. I am not quarrelling with that point; I believe that there is reason in anything, and we can receive too much for our farm products, just as much as too little. But in 99 instances out of 100 we have always received too little, and always too late.

After the first war there came another slump and prices went away down again, and the Wheat Pool then organized and it has been an influential factor ever since it came into being. It is true that the farmers just through the Pool haven't had control of the handling of grain as it should have had — they still had to buck the Winnipeg Grain Exchange. While it is also true that they have a seat on the Exchange, under the system of exporting grain, if they do not have a seat there they are just out off altogether from any markets whatsoever. The Pool, themselves, is the last one that

would ask for the Winnipeg Grain Exchange be continued; they are most anxious that the Federal Government should take over the marketing of grains through a Grain Board, not just for wheat like we had the past few years.

In 1929 we had one of the greatest slumps that history has ever seen. We had the open market operating after that for grain and, Mr. Speaker, I have here in my hand photostatic reproductions of the original price quotations back in the 1930's showing what the prices were under the open market. On December 16, 1932 (these prices are all at the 25 cent freight rate for No. 1 hard wheat), No. 1 hard wheat sold for 19 1/2 cents; on October 16, 1933 — No. 1 wheat sold for 35 cents; on October 31, 1934 — No. 1 wheat sold for 55 cents; but on December 16, 1932, at the same 25 cent freight rate point, number one feed wheat only brought three cents per bushel.

Mr. Danielson: — Wasn't that during the stabilization period of Mr. McFarlane?

Mr. Dewhurst: — No, this was not. It was on December 16, 1932, that feed wheat sold for three cents, and that was before the time that Mr. Bennett, Leader of the Conservative Government of that day, started to stabilize it. The low cost was why Mr. Bennett had to stabilize it — it was free enterprise at its height and it was doing a grand and glorious job, but 'Mr. Farmer' really suffered.

I remember in the early 'thirties, one of the neighbours near home, by the name of Erickson (he isn't there now, when he was threshed in the fall he had quite a bit of barley, while barley wasn't a big price. By the time he got through, threshing barley was on the decline and he was hauling barley sixteen miles with horses, which was 32 miles for the round trip. He made two trips a day, or 64 miles, and sold his barley at six cents a bushel to pay a seven-cent threshing bill. The elevator man at Rose Valley (the town he hauled his grain to) told me he would come in there in the morning and wake them up and would be mad because they weren't on duty earlier, and he would have his first load in in the morning — he would be back home at noon, feed the team he had in the barn, go and have his dinner and dig a little garden in his spare time while the team was eating; then load up his grain and go back to town again. How that man ever stood it I do not know, but he was sure a real slave to free enterprise, though he definitely didn't believe in it, and was opposed to it, but that was the kind of 'machine' they wanted to develop the farmer into in order to thrive under those conditions. And still, after all that work he was down one cent a bushel before he even finished paying his threshing bill. I know that some of the members will find that hard to believe, but they can verify the facts, if they wish, by the elevator men of Rose Valley, or any of the neighbours who knew this farmer.

The Canadian Wheat Board became the sole marketing agency for wheat in September of 1943. For a period of eight years prior to that they had, as the mover of this Motion mentioned, some control over the handling of the wheat if grain went down below a certain price; but again I submit that they should take over the control at all times.

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Now, I would like to read to this House a few quotations from a radio speech made by Geo. W. Robertson over radio station CKCK on January 14. I think Mr. Robertson expresses fairly well a lot of these views, and it is a summarized viewpoint of agriculture and the Wheat Pool, as a whole: "With the stabilization of wheat during the First Great War and its effect upon the returns to the producer, the United States Grain Corporation was the organization set up by the United States Government, to enable it to carry out the price guarantees made to the United States producers for the wheat crops of 1918-19. There is a paragraph in this report which revives memories of an earlier day. It is headed 'Speculation in Progress', and reads like this: "The average price received by the farmer for wheat rose from \$1.07 in August, 1916, to \$1.65 in February, 1917, during which time United States farmers marketed 545,000,000 bushels of wheat, or eighty-eight per cent of the 1916 crops at an average price of \$1.29 a bushel. At this time, a period of general speculation began, which was materially assisted by the action of the allied governments who, bidding against each other, had accumulated a large amount of wheat, and, for further supplies, had bought May futures in the Chicago market. Since they had already bought all of the cash wheat they could secure, they produced an acute corner on the Chicago Board of Trade by demanding delivery of their May futures and wheat rose to over \$3 per bushel. The report goes on to say that the farmer received little benefit from this high price because by May, 1917, more than ninety-five per cent of the 1916 crop had left the farms. The consumer, however, was paying over \$17 a barrel for flour because the price of flour followed the speculative market. Flour should have sold at about \$10 a barrel had the price been based on the amount the farmer actually received for his 1916 wheat crop. This speculation in wheat alone cost the United States consumers more than \$200,000,000 over and above the farmers' price, plus legitimate trade margins.

I would just like to repeat again, Mr. Speaker, that it cost the consumers of the United States more than \$200,000,000, over and above the farmers' price which they received.

He goes on: "In this particular instance, it will be noted that this corner in wheat developed after practically all of the wheat had left the farmers' hands; and further, without one additional cent being received by the farmer, the United States consumer was victimized to the extent of the huge sum of \$200,000,000, because the price of flour followed, not the price the farmer received for his wheat, but the speculative price which had no relationship to the selling price by the producer.

Further on, Mr. Speaker, he said, and I quote: "Again you may say that I am dealing with a situation which has developed in the United States, but again I repeat, it can happen here. Who are these speculators who are having such a field-day across the line? For the information of the Senate Committee, the United States Secretary for Agriculture has submitted a list

of some 700 names of individuals and companies who are heavily involved in speculation in grain. In a recent Canadian newspaper story it was interesting to learn that these were not confined to United States citizens and companies. According to this dispatch, Messrs. James Richardson and Sons Limited, of Winnipeg, were amongst the names made public by the United States Secretary for Agriculture as those of big traders on commodity futures markets. This Canadian company's holdings of wheat futures on all markets in the United States, as at October 31, 1947, were listed as 800,000 bushels long, and 100,000 bushels short speculative and spreading and 130,000 bushels long and 320,000 bushels short hedging. This Winnipeg firm was also listed with hedging and speculation in corn and oat futures. In corn futures the company was listed with 375,000 bushels long, speculative, and 130,000 short hedgings. In oats futures it was credited with 50,000 bushels long and 550,000 bushels short hedgings. Also listed among the trading on the commodity future market as speculating in corn futures was the Searle Grain Company Limited of Winnipeg with 300,000 bushels short speculative. There is no wonder, when we find a company like the Searle Grain Company Limited, of Winnipeg, an organization operating country and terminal elevators in Western Canada, involved in speculating in corn futures in a foreign market — we are tempted to wonder just what such transactions have to do with the handling and marketing of Western Canadian grain. Obviously this is not a hedge against the purchase of a similar quality of grain in this country as we do not raise corn in Western Canada to sell in such quantities; and, besides, the list shows this particular transaction as a speculative trade. We realize fully that it is none of our business how the Searle Grain Company Limited conducts their business: if it wants to speculate in corn, or any other grain, on the Chicago Market or any other market, that is their own business; but since the Searle Grain Company has made the business of the Pool organization its business, at times in the past, we may be forgiven for wondering if this evidence of speculation of a prominent Western grain company has anything to do with the very intensive campaign which this company is waging, along with others associated with it in the Winnipeg Grain Exchange, in their effort to justify the re-opening of the Winnipeg market for speculative trading in wheat. Obviously, it would be much easier for a Canadian company to supervise its speculative trading operations in the city where its head office is established."

Those, Mr. Speaker, are some quotations from, a radio speech delivered by Geo. W. Robertson.

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On October 21 last year, as has already been mentioned, coarse grain was put on the open market, and what do we find in the general trend of the prices of coarse grain since that date? We find the price on October 21 (these are all at the 25 cent freight rate point), that feed oats were 52 cents a bushel and feed barley 76 cents a bushel. October 23, two days after the removal of the controls, oats were 68 cents a bushel and barley 98 cents a bushel. January 12, oats 71 1/2 cents a bushel and barley \$1.12 a bushel. On February 29, oats had dropped back to 60 cents a bushel and barley was back to 95 1/2 cents a bushel. Well, I submit, Mr. Speaker, that a bushel of oats or a bushel of barley had equally as much food value in it on February 23 as it had on January 12. There is no grain being produced in Canada at this time of the year, and I cannot see any logical reason why the value of grain should fall or fluctuate back and forth like it is doing.

I am convinced in my own mind also, that if wheat was on the open market so that they had control of the entire grain supply of western Canada the fluctuation would be even far greater; but the wheat is somewhat a stabilizing factor on coarse grains.

Last fall, in the town of Clair, one of the farmers hauled in several thousand bushels of oats to the elevator and had them in storage while the rest were being hauled in. We went in to sell the oats just a few days after the price ceilings had been removed, and he received several hundred dollars more than he otherwise would have received had he sold them prior to October 21. The elevator man said to him — "What do you think of the price? how do you like it?" I am sorry I cannot quote what he said here, Mr. Speaker, because you would rule me out of order for being unparliamentary, but he, in no uncertain terms, pointed out that it might look pretty good now. He said: "I had a pretty good crop this year. I am not saying the price is what it should have been, but the principle was right. I knew when I harvested my oats what I was going to get this fall; but goodness only knows what I will get next year, I am sure I don't".

Another line elevator in the same town prior to October 21 was buying oats just as fast as they could take them in.

None of the rest of us could get cars. We could not ship our grain; but this elevator was taking them in and had two trucks hired to haul them away from the elevator and dump them out in the field not far from town. There was a regular mountain of oats piled up there. The other elevator men told me they did not know what his reason was for it. They could not see how he hoped to even break even on them, because the handling paid on oats was so small that it would not pay for the trucking of them to the field and from the field back to the elevator again. But, after October 21, they knew how they made out then! The farmers around there are thoroughly convinced in their minds, and so are the other elevator agents, that that elevator was tipped off ahead of time as to what was going to happen, because they did not pile up thousands and thousands of bushels in a pile in the field just overnight, they had been doing it for over three weeks.

Last fall we all remember Major Strange running around this province, howling to the high heavens about trying to get the market opened. You know, they always put themselves as great patriotic people, these men like Major Strange — they are always thinking of the benefit of the farmer — they are great ones for waving the flag. They like to "wave the flag and bag the swag" — that is the way I have it figured out. While they preach patriotism to all the farmers to go ahead and produce, they sit back and rake in all the profits they can. I have here a press report from the Winnipeg Free Press of October 22, 1947, of a meeting held in Yorkton by the Hon. J.G. Gardiner. I would just like to read to this House a quotation from the press report of that date:

"Yorkton, Sask. "What is the world price of wheat, and is it what is paid the farmer in Australia, Argentina, United States or Canada?" — asked Rt. Hon. James G. Gardiner, Federal Minister of Agriculture, speaking at a Liberal rally of 200 in Yorkton, Tuesday night. Mr. Gardiner was referring to an address by Major H.G.L. Strange, Winnipeg, at Moose Jaw, Monday night, who, Mr. Gardiner said, was reported to have urged the government of Canada to "buy all the wheat from Canadian farmers at the world price, sell it to Britain at what they could pay for it and have the Canadian public pay the difference."

"I wonder what Mr. Strange would say if the government had done as in Argentina where wheat has sold from \$3.85 to as much as \$5.00 and the farmer has been paid from \$1.45 to \$1.65 a bushel with the rest of the money placed in the treasury. Or as in Australia, where wheat sold to Great Britain at from \$2.74 1/2 a bushel and the farmer obtained a price of approximately \$1.49 a bushel.

"When a representative of the grain trade comes to us and says the government should take the wheat, may I ask why didn't the grain trade take care of the situation in 1938? These people should have done a better job when they had control," said Mr. Gardiner.

"The dollar and cent value in any particular year is not the important thing. Under our system of marketing by contract the farmer is guaranteed until 1949 not less than \$1.55 a bushel, and likely more, regardless of where speculation takes it in United States."

"Said Mr. Gardiner, 'Today there is not a home in Europe — (I want the hon. members to get this, because this is a point which we have stressed at numerous times) — even under the piles of rubble, where the people are suffering as much as was seen in hundreds of homes on the central plains in the 'thirties when wheat sold for 26 cents a bushel, and that was under the speculation of wheat. Regardless of the Winnipeg Free Press, the people of Europe are well taken care of; they are not starving, poorly clothed nor complaining except where they want to get out of displacement camps.

"Mr. Gardiner said he wished to join with Mr. Howe and Mr. Abbott in saying to the people of this country that 'private business is on trial'. He said business must benefit by experiences learned during the war and that the producer is entitled to get as much for his product as possible without charging the consumer more than he can afford to pay."

Now, that is the end of Mr. Gardiner's quotation. I would just like to draw your attention again to the first part of his statement where he mentioned that there was more suffering in the central western plains here in the 'thirties than had been seen in Europe after a war. We told the governments of that time that people were suffering in western Canada through having a "dog-eat-dog" speculative system; but the governments of the day would not listen to us; and now Mr. Gardiner makes that same statement. I wonder if he really means it? If he does, than it is definitely time he took some action about it.

There is no doubt that the farmers of this province have suffered, not only on grain, but on their livestock products, through the actions of the Winnipeg Grain Exchange. In northern Saskatchewan, where I have the honour to come from, prior to 1929 we never really knew what it was to have a good crop. If we had a chance to get a good crop, if the crop came up with a good stand, we nearly always had frost. Our grain always had to be sold for No. 5 or No. 6, or feed — sometimes No. 6 feed and damp or tough, and so on. Then, when the country got opened up a little, we suffered the depression years of the 'thirties. This last few years have not been quite so bad, although we have had two or three crop failures, this last few years, through frost. I think it is enough to ask the agricultural producers of this province to face the weather hazards, without asking them to face the hazards of speculative gambling — that is adding insult to injury.

Mr. Speaker, I will support this Motion.

Mr. T. Wellbelove (Kerrobot-Kindersley): — Mr. Speaker: I cannot pass up the opportunity of just making a brief contribution to the debate. In the preamble to the Resolution, it says that "speculative trading in coarse grain has caused uncertainty, hardship and widespread loss to producers of coarse grain and livestock."

There was some little wondering as to whether that had really happened, so I do not think we could quote a better authority as to what has

really happened to the producers of coarse grain and livestock than H.K. Hannam, President of the Canadian Federation of Agriculture. I think he sums it up in one brief phrase very effectively, when he says: "The removal of ceilings and subsidies from coarse grains has cut the feet from under the best livestock program we ever had in Canada." I do not think we could sum up the effect of decontrol and the removal of subsidies in a neater or more expressive phrase than that.

The farmers of western Canada have stood pretty solidly. Organized farmers, organizations representing rural municipalities, and all other organizations that are democratically set up and have the right and authority to speak for the farmers of western Canada through their organizations, have spoken with one voice with regard to what transpired on October 21. I think that we have a right to know just what the influence was that brought about that action on the part of the Federal Government. We have certain rights as citizens of Canada, and we were given certain assurances with regard to the marketing of our crop, and I think in all fairness to ourselves and other parties concerned, we should know just what the influence was that was brought to bear upon the government — if any influence was brought to bear — to bring that about.

I do not think the farmers, generally speaking, are out for an exorbitant price. I think that, more than any other class of people in the Dominion of Canada, we have placed the product of our labour on the market at a loss, more often than any other class of people in the Dominion. When war broke out in 1939, and the previous war in 1914, the farmer was practically the only man who was producing at maximum level, and he has continued to do that. His inherent love of the soil, and his desire to maintain his household intact, has brought him to the point where, in season and out of season, profit or loss, he has continued to produce the food needs, not only for this country, but an exportable surplus for other countries; and I think that, in keeping with his importance in the national economy, the time is past due when the farmer should be duly recognized as being a very important factor in our national economy. I cannot conceive of any other class of people that would be prepared to risk their income on a speculating market and all the vagaries of speculative trade; but that really is the position we are in at the present time.

People have said — "Well, what is the Grain Exchange doing so much advertising for?" It is plain to see what the Grain Exchange has in mind. In the last ten or fifteen years, we have had thousands of young fellows starting to farm in the three western provinces who never knew what it was to market their product under a speculative market without the opportunity of marketing through another agency, either a Pool or a Wheat Board. I had a very early experience in connection with the tender solicitude of the Winnipeg Grain Exchange for the homesteader. I remember in 1912, I bought flax at \$3.00 a bushel. We were about 23 miles from the marketing point, and in those days we had to make a circuit in marketing and exchange labour with the neighbours. The harvesting and threshing season was pretty far advanced, and winter was coming on before we could market our grain, by the time we got finished the round of threshing; and I was one of the first ones to get threshed on this circuit, and had to take my chance with the others

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in marketing my grain. I watched flax slip, week after week, and by the time we got around to marketing, it was down to 75 cents a bushel. We paid \$3.00 for seed, the speculative market was the stabilizing factor which was functioning in the interests of the farmer (or so we are led to believe, right now) — we paid 25 cents a bushel for threshing — and so it took us about five and a half bushels of threshed grain to pay for one bushel of flax seed. I began to realize then that the Grain Exchange was not all it had been cracked up to be.

I would like to quote several instances where, in spite of all the advertising we get at the present time, the Grain Exchange has not supported the price structure. In the first place, I think you will find in the Turgeon Commission's reports, and all the other reports, they recognize that it is necessary to have a board of speculators there before the futures market will function properly. Now, that board of speculators had no intention of making or taking delivery of a bushel of wheat. They are merely in there, between the producer, the miller, and the consumer, to take the profits. It is said it is necessary for them to be there to 'cushion' the loss. Well, we have a far better method of cushioning the loss, through a Wheat Board, than ever the speculator provided. If you go into the Grain Exchange building, or any of the grain buildings in our cities, you see the 'scalpers' sitting in there, watching the prices as they are marked on the Board, as the prices come over the ticker tape. They pick up certain grain that looks a good risk in the morning, and whenever there comes an advance during the day, they sell and just take a meal ticket out of it. They are taking a meal ticket out of it either at the expense of the farmer or of the consumer. Right from the time the Winnipeg Grain Exchange started to function — I think futures marketing started about 1903 — and since that time there have been more than a dozen inquiries, either Royal Commission inquiries or others, with regard to that system of marketing grain, and that definitely proves to us that the farmers never have been satisfied with the speculative system as far as grain marketing is concerned.

Take in connection with the first Canadian Wheat Board in 1919, we had our initial payment, \$2.15, then we got a couple of participation certificates totalling 48 cents — there was one for 30 and one for 18 cents — and that brought the basis of our price at Fort William up to \$2.63 in 1919; then the Winnipeg Grain Exchange opened about the middle of August, 1920, and the farm price average there for all grades was \$1.62, or a difference of 95 cents from the time we were selling through the Wheat Board and selling through the Grain Exchange during those two crop periods. The Grain Exchange people made a tremendous roar in 1920 — the same as they are doing now — 'Give them the opportunity, and they would show us exactly what they could do with regard to getting us \$3.00 to \$5.00 wheat.' In 1921, the average open price market to the farmer was 81 cents; in 1930, it went down to 49 cents (this is after the open market was going to stabilize things); in 1932, track was 38 cents for No. 1, and street was 23 1/2; there was 14 7/8 spread between track and street. The elevator people, who work in pretty close cahoots with the Winnipeg Grain Exchange under that system of marketing

which is quite necessary, realized that they were taking a 14 7/8 cents risk from the time that you could take your street wheat and place it in stock position; and so the farmer had to take that particular risk, because the vagaries of the speculative system would not permit him to buy at a closer margin than 14 7/8.

Then we have the figures which the member for Wadena quoted, figures which are very enlightening: Oats, 9 1/2 cents a bushel, 2 c.w.; 3 c.w. Barley, 14 cents; 2 c.w. Rye, 15 cents; 1 c.w. Flax, 50 cents. Take a 25 cent freight rate — Oats were 7 1/2 cents a bushel, 2 c.w.; 3 c.w. Barley, 11 cents; 2 c.w. Rye, 11 cents; and Flax 46 cents a bushel on a 25 cent freight rate. I am introducing these figures, Mr. Speaker, in contrast with the advertising that is going on at the present time, to show that the Grain Exchange could be a real stabilizing factor in world markets.

In the last week before the outbreak of war, the last week of August, 1939, the Winnipeg Grain Exchange was functioning. October Trading there was quoted from 56 to 60 cents when the Octobers were on the board, but there was very little wheat being delivered because the Wheat Board was paying 70 cents; and so we have there, the Winnipeg Grain Exchange reflecting 60 cents a bushel, while the Wheat Board was quoting, as its initial payment, 70 cents. They were working side by side there; and the open market, with all the great possibilities that are presented to us at the present time, could not come within ten cents of the guaranteed initial payment in 1939.

During this last week, Mr. Speaker, you may have been interested, as I was, in catching some of those headlines in the papers. In the week of February 7, we saw these headlines (just try and check these with stabilization): "\$3.00 Wheat Days Gone" — "Recession Shower" — and this Canadian Press writer says — "The present drop in grain commodity prices is something like a man taking a cold shower; (We have had those shivers down our back before) "which he thinks will freshen him up, but is a little afraid it may knock him out. Everyone says that prices must stop going up, and almost everyone says they should come down, so why the jitters." We have other headlines — "Futures Erratic," — "Grains Lead Price Drop" — "Rye Drops to the Maximum" — "New Lows for Grains".

One of the enlightening things in this speculative market is that they have to put a maximum, either for advance or drop, on the day's trading. Once it reaches the ten-cent maximum it cannot go any lower during that trading session. We never know how low it would have gone, had that stop been removed; but one thing we do know — we have the figures here from the Chicago market, from January 12 to February 13. They slipped down from \$3.13 to \$2.40, a drop of 63 cents in a month, two cents, or a little over, per day. That is, of course, on the Chicago market, but while there is no trading on the Winnipeg Market it does reflect on the Winnipeg market. You have often seen the Class 2, No. 1 Northern column in the daily papers,

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and may have wondered why it was in there, when there was no trading. Well, trading on the world's market does reflect itself on the Winnipeg quotations. They are kept in relationship — Wheat Board releases these prices — but they are kept in certain relationship; so, on the Winnipeg market we have the reflection of the Chicago drop. Winnipeg was quoted January 12 at \$3.35; on February 13, it was quoted at \$2.62 for Class 2, No. 1 Northern, on the Winnipeg market — or a difference of 73 cents in one month.

In connection with this campaign again, and stabilizing — as late as the last crop year in July, 1946, they were even carrying on a campaign then to try and interest the farmer to plump again for the open market, saying that he would get a top price; yet, what do we find? On the 13th of July, 1946, spot price of Rye was quoted at \$3.04, and yet street, at a 25 cent rate at point, was quoted at \$2.05. If you want an object lesson in the faith of the people themselves in their marketing system — as late as July, 1946, there was a spread between spot and street of 99 cents. They realized that before they could get that street grain in spot condition they could not take a greater risk than practically one-third of the cost of the grain. It was worth \$3.04 when in spot condition, but on street it was only worth \$2.05 or a difference of 99 cents.

They tell us, again, that it is the law of supply and demand that controls the Winnipeg Grain Exchange. President Truman said on December 11, 1946, that the crop year, 1947-48, in the United States would have larger grain reserves than were originally anticipated. During that time in which he spoke, children in Great Britain could do with far more wheat products than they were getting; children of Europe were starving; everything that looked like wheat could be sold on the world's markets; every substitute for wheat products — Rye, Oats, Buckwheat, or anything you could get hold of and mill and make bread from — was able to be sold; and yet, at that time, just because President Truman said in 1946 that the 1947-48 crop was larger than originally anticipated, Chicago Wheat dropped ten cents. It is a good job they had to stop there. If it had not been for that, we do not know where it would have gone. Rye, on the Winnipeg Grain Exchange went off 20 cents because President Truman said that a year from then the stocks would be larger than they had anticipated.

Then again, they sometimes say that the farmer gets the weighted average price of Winnipeg Grain. That is true on the surface; but the average weighted price has no immediate and direct bearing on the farmer. To demonstrate what I mean — if you buy 10,000 bushels of wheat at 75 cents, and 10,000 bushels of wheat at 87 1/2 cents, and you buy 10,000 bushels of wheat at \$1.00, you have 30,000 bushels of wheat at a weighted average price of 87 1/2 cents; but between the man who sold 10,000 bushels of wheat at 75 and the man who sold 10,000 bushels of wheat at \$1.00, you have a spread of 25 cents, or one-quarter of the cost of that commodity, or the price receivable for that commodity; and so, when they tell us, as they have done in the past, over the air, and will do again, that the weighted average that the Winnipeg gives you, gives to the farmer the average weighted price of the crop season. Well, that is true, but then it is weighted against the farmer, because the vagaries of the market may cause a spread of \$1.00 and yet the weighted average is reflected back to the farmer. One man, though,

gets a tremendous amount more than another.

The Winnipeg Grain Exchange has been sending us out quite a lot of communications in letters bearing no particular markings — they are in plain envelopes, and sent out from Winnipeg. They quote a Mr. Herman K. Schreiber, who gave evidence before the Joint Committee of the United States Congress, and who goes on to speak of the uncertainty and the risk that his company over there, a co-operative company, would experience if it was not for the functioning of the Grain Exchange. The system we are advocating, Mr. Speaker, removes altogether the risk. We realize that under the speculative system, supposing a miller accepts a cable for a delivery of several thousand bags of flour next July, he will go into the pit and buy on the futures as close as he can to the month of delivery, to insure himself; but if we had a Grain Board which was handling the whole of our grain, as the Wheat Board is at the present time, that miller could go to the Wheat Board, and instead of getting paper for futures delivery, he could receive the actual wheat at the month for which he closes his contract. They are circulating a tremendous lot of this literature to mislead us. All this talk about it being necessary to have a futures market to stabilize, is absolutely contrary to the facts. While we have a Wheat Board functioning, and we are asking that there be a board established to handle coarse grains as well as wheat, as a stabilizing factor.

I was interested, in 1946, when the boys were playing around with the Rye in the pit. That was all they had to play with before they throw in the Barley and the Oats; and I was interested to know if we could obtain the facts as to how many times that little parcel of a few million bushels of Rye had been turned over. I knew that I would not be able to get the information, so I got a gentleman in a fairly responsible position to write to the President of the Winnipeg Grain Exchange, to see if he would tell me what the gross bushelage of Rye was that had been sold. I would then have been able to divide it by four (there being 4,000,000 bushels which was available to be played with) and I would be able to see how many times that had been shovelled over in the speculative market; but we received this reply from him:

"I have been instructed by the Directors of the Association to advise you that it is not within their authority to make public the information that you request."

As a result, we do not know what kind of a game the boys had with the little bit of Rye that they were playing with in 1946. Last year, when I had the pleasure of speaking to a Resolution bearing on the same subjects, I did accord that we had received a notable convert in the person of the Hon. J.G. Gardiner. This was the statement which Mr. Gardiner made when speaking before the Montreal meeting of the Agricultural Institute of Canada; referring to the Grain Exchange argument which was also bandied about then, he says: (the Grain Exchange had said that an open free market obtains the best average in long-time results):

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"The fact is that under the system of wheat growing in western Canada at a profit, under that system it is impossible. You could not grow grain at a profit under the system of marketing through the Winnipeg Grain Exchange."

Mr. Gardiner has gone back on us — at least I imagine he has — I think possibly the hon. gentleman was primarily responsible for throwing the Barley and the Oats into the pit; but we have President Truman — I do not know whether he is with us or not — but he said, speaking to the American people:

"The most urgent need is food. If the peace should be lost, because the Americans failed to share their food with a hungry people, there would be no more tragic example in all history of a peace needlessly lost. Could it not be subject to the greed of speculators who gamble on what may lie ahead in our commodity market? The cost of living must not be a football to be kicked around by gamblers in grain."

I hope President Truman will have the courage to back up his statements by some kind of action.

Quite a few of the notes that I have here, Mr. Speaker, have already been covered by previous speakers, and I do not think I need repeat them; but one thing I do want to impress upon the House is that we, as farmers, are not out for exorbitant profits; we are not out to hold people up because Europe needs wheat at the present time. The merits or otherwise of farmers having to sell their grain under contract at a lower price have been debated quite a number of times. The one thing I would whole-heartedly support is the idea of a long-term multilateral agreement with regard to marketing our grain; and I do not think that until we get definitely onto that basis we will ever be secure on the farms. I think it is about time the people of Canada began to realize that the farmer is the keystone in the economic structure of the Dominion of Canada; and until he gets a square deal, in keeping with the job of producing, then the future is very uncertain and very dark indeed, not only for the farmer but for the rest of Canada.

I wholeheartedly support the Resolution.

INCOME TAX

Mr. Feeley (Canora): — I would like to move this little perennial Resolution of mine, No. 4 on the Order Paper, which reads: "That this Legislature request the Dominion Government to increase the exemptions from Income Tax to \$1,000 for single persons, and \$2,000 for married persons."

First, I want to say that when we agreed on this amount we felt it was a reasonable sort of proposition, perhaps as far as most of us would be willing to go. I had the assurance of the hon. Provincial Treasurer that it would be all right with him as long as I kept within the C.C.F. policy, but on reading the paper this morning, I discovered that we are pikers, because the Farmers' Parliament or the Municipal Parliament or whatever you call it, that is sitting at Saskatoon now, has, according to the Press, voted unanimously to support a demand for \$2,000 exemption for single persons and \$3,500 for married persons; so I assure you that I feel we are being very reasonable indeed in keeping the figure down to what is suggested in the Resolution.

Now, as to whether this is in line with C.C.F. policy or not depends largely on what we mean by C.C.F. policy. What we have in mind in this case is the C.C.F. policy — to deal, at least to a degree, with the problem that is facing us under this Liberal free-enterprise situation that we have today. I think that where some confusion arises, perhaps, is that they think we should lay down a policy now that will agree in detail with what will happen, or the situation that will arise, or the decision to meet that situation when, after the next federal election, we have a C.C.F. Government in power at Ottawa. That, of course, will involve a great many very radical changes.

Mr. Danielson: — . . . (interruption)

Mr. Feeley: — It will come, all right, just as it did here. That will result in a great many very drastic changes in the entire situation, and I cannot say whether the need at that time will be for an exemption of \$1,000 and \$2,000 or just what the figure would be; but I can assure you that the principle involved in the request contained in this Resolution is sound C.C.F. policy, and this principle will agree with the principle that will be basic to the policy that is adopted by the C.C.F. Government at Ottawa, after the next election. That, Sir, is the principle that taxation should be borne by those people best able to bear it, and that, under no circumstances should our taxation policy result in a reduction of the standard of living of the people in the lower income brackets to a point less than that which will provide them with a decent minimum living. Now, that is the principle that is involved here, and that is the principle that will be involved whenever the federal C.C.F. government decides on that policy.

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This will, if accepted, obtain at least two results that we are striving for; the first result, and the most important one, is the one that I have just mentioned — that of relieving the people in the lower income brackets of some of the pressure of taxation on their incomes that are already too low; and the second is, that it is going to remove the worry of filling out income tax forms, from the shoulders of somewhere in the neighbourhood of half a million people. It might be more than that — I am not just sure of my figures — but I would roughly estimate it at half a million people, who will come under the income tax at the present time and be compelled to fill out these forms, and who would be relieved of that necessity. Speaking of these forms, Mr. Speaker, I have heard a good deal about a simplified farmer's income tax return. I have one of them here. The border on some of them is blue, on others it is black. I think they are both very appropriate, Mr. Speaker, because they make us feel both black and blue.

Well, we have heard a good deal of talk here in this Legislature about a "mountain that laboured and brought forth a mouse." Now, I am going to suggest that the first thought that struck me in connection with these 'simplified forms' was that a 'mouse had laboured and brought forth a mountain,' when they laid this before us as a 'simplified income tax return.' It is rather terrible, and certainly made me feel like the border of it appears.

As a farmer, Sir, I was pretty much disappointed. I thought we were really going to have something a little bit simpler and something that we could really feel that, when we had completed filling in the details of it, we were pretty well through with it. I wonder if I could paint a brief word picture of what I think happened to a good many farmers when they saw this, and what will take place when they attempt to deal with it.

About the first thing that most of them will do is swear, and if they happen to have gone through the same experience that I did as a homesteader, when I started in with a yoke of green steers who did not know any more about farming than I did, my vocabulary became a fairly generous one; and because of that fact, if they have that advantage, they will be able to get considerable relief of blood pressure. If it happens to be a person who does not swear, I feel sorry for him.

But this old farmer will sit down — after having relieved his blood pressure a bit — sit down at the table and start in to work on his income tax. Now, I think from the gleam in your eye, Mr. Speaker, that you are about to suggest to me that I am getting a bit astray, but just the thought of this farmer sitting with his head bandage, and understanding to fill this form in and get it done satisfactorily, gives me a terrific headache because I cannot help but think of what is going to happen to me when, at the end of this Session, I go home and start to do just that.

There is another interesting factor about this — the talk we have heard about regimentation here. They tell us that the C.C.F., when they get into power, are going to tell you what you can do and what you cannot do; they are going to make you report on this and report on that, and report on the other thing. Well, there are some very interesting little reports that you have to make here. On page 6 of this form we have . . .

Mr. Hansen (Wilkie): — Lots of pages, are there not.

Mr. Feeley: — Yes, lots of pages and several inventories. On page 6 we have ASSETS: cash on person or on farm — now, when I read that first I thought to myself, well, I will have to find out how much my wife had, I will have to find out how much my hired man had, because that is on the farm too; I will have to figure out how much I had on the 31st of December 1947. Now, that is a terrible time, Mr. Speaker, to ask a person to remember that date. How am I going to know, and how is any farmer going to know just what he did with that ten dollar bill that he had when he went out to celebrate the coming in of the New Year! How is he going to know whether he spent it ten minutes before, one minute before, or two minutes after, the end of the year. It is really a difficult proposition if you try to be honest about it — and I am sure that we all do that here.

I did think that they slipped up in one thing when I read it at first; I said, by golly there is the piggy bank, there is a chance for a little bit to get by; but, I see when I read it more carefully it said "Cash on person or on farm", so that covered the piggy bank also. There is no getting away from it. Of course, if you are in any difficulties, we have this nice book here with 19 or 20 pages of explanations. I read these explanations, Mr. Speaker, and when I got through, I was more confused than I was in the first place. I am going to read them over again and if I get struck entirely, I am going to ask the Provincial Treasurer if he knows something about money and things of that kind, and perhaps he can help me.

Now, dealing with the other angle of it, Sir; a year ago we are agreed fairly successfully, that the exemptions at that time were not sufficient to provide the minimum standard of living that

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the people in Canada should be entitled to, And we were very modest about that, too. Today, the cost of living has advanced and, because of that fact, and for no other reason, we feel that today they should accept their responsibility and give this added protection, and we believe that they should do it, because after all the rise in the cost of living is directly the responsibility of the policies or lack of policies of the Federal Liberal Government. Now, because of that fact, because they are responsible for the dollar's depreciation in values, then the very least they can do is to provide for the people in the lower income brackets and increase exemptions. I have some figures here taken from the Federal Government's very conservative cost of living index figure. They show this, using 1935-39 as a basic period at 100 per cent: Food costs had risen to 178.6; rents, 119.9; fuel, 120.3; and Mr. Speaker, obviously, this is prior to the recent rises in the cost of fuel as far as oil is concerned, and now coal prices too. Clothing has risen to 159.3; home furnishings, 154.9. This was as at December 1, 1947, and you will all realize under present circumstances, a month, a week or even a day ago is out of date, because you cannot keep up with increased costs if you do not figure it every morning before breakfast, and then you will probably be a little behind.

The situation is actually much worse than these figures show, because as the purchasing power of people in the low income brackets goes down, then the budget changes, that is to say the groups that they buy. When your purchasing power is fairly high, you get a little bit more of what might be called luxury purchases. But as it goes down, then you get into those absolute necessities, and only those necessities are you able to buy. And food, of course, is the basic need. We can get along without very many clothes, we can wear our old clothes, we can forgo the new look, Mr. Speaker, and we can wear our old dresses and our old shoes — it is surprising how many of them you can dig out of the closets and out of the attics when you have to — but food is in another category, and unfortunately the greatest increase in price has been in the cost of food. I want to quote to you some figures to illustrate, Sir, that increase, taking the City of Regina for an example. A survey was made here about the middle of January; January 14th to be exact. A comparative survey was made on April 14, 1944. On April 15, 1944, the food costs for a family of four — this was just a normal family of four — was \$58.24 a month. On January 14th, 1948, they had risen to \$80.11; an increase of \$21.87 or approximately 35 per cent during that period of time. I want to point out that even January 14th is out of date now, because the cost has gone up even more.

On January 7, 1948, the Regina City Relief Department calculated that there has been an increase of 58 per cent in the cost of foods since 1939. Now, the Dominion Bureau of Statistics, Prices Brand, give these figures: The Index of retail food prices on the basis of the 1935-39 being 100; as on August, 1939, it was 99.3; by August 1, 1939, it has slipped very slightly; as at December 2, 1946, it was 146 and as at December 1, 1947 — as I quoted before — it

was 178.8; an increase of 32 per cent in the last year. And again I want to point out that these increases are all completely due to the policies of the Federal Liberal Government, to whom we are addressing this request for a certain amount of alleviation of the injustice that is caused by their action or lack of action.

It is interesting to note that in the same publication of the Dominion Bureau of Statistics, the Index figures show prices of 33 preferred stocks that in 1932 were as low as 63.7; in 1947 averaged 154 per cent or an increase of over 240 per cent as between 1932 and 1947; and over 50 per cent since 1939. You do not have to go very far to obtain an idea as to just where the responsibility lies for these increases in costs and who is benefiting from them.

I wanted to quote one other figure, too, to substantiate my statement regarding the fact that food costs have gone up. In the Department of Trade and Commerce, Dominion Bureau of Statistics. Prices Branch No. 12, January 31, 1948, it given these figures for the price of butter — there are, of course, a great many other things — but I selected butter because that is one of the foods that is most essential to the welfare, particularly of children, in the yearly average of 1946, the butter price in Montreal was 40.8 cents a pound. In December, 1947, butter had advanced to 67.6 cents or an increase of 75 per cent (these are wholesale prices). Milk products, Sir, were also advancing up in somewhat the same measure. As a result of that, we find in the news item of the Leader-Post, February 18, 1948, this statement:

"Milk sales down one million quarts. Sales of milk and cream produced in areas under the jurisdiction of the Saskatchewan Milk Control Board, decreased by more than one million quarts in 1947."

Mr. Speaker, just think of what that is going to mean to the health of the children, the boys and girls of this province because, unfortunately, when milk consumption goes down, the average grown person does not vary his diet particularly, but it is in those families where we have low income and large families — a number of children, four, five, or six or often more — that the cost of milk is a very considerable item in their budget, and there, Sir, is where in all probability, the vast bulk of this reduction in milk consumption took place. A very unfortunate situation, and one that we are trying to remedy by the suggestion contained in our Resolution. Milk is selling at around 16 cents a quart, compared with somewhere in the neighbourhood of 12 cents a year ago. And again I want to

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stress all of these difficulties, all of these increased costs, are the responsibility of the Federal Government, because the Federal Government is responsible for these increased costs of living, and they should be prepared to increase the exemption to a point where the real purchasing power of the people in the low income brackets will not be reduced.

The suggestion will be made that this just is not possible, you cannot do these things without money, and I can remember the hon. gentlemen, who should be opposite and are not, used to say when they were over on this side 'money does not grow on gooseberry bushes'. They used to tell us how you had to have the money; well fortunately we have some evidence of the fact that money can be obtained insofar as it applies to the Federal Government. We realize within the province as with the individual there are definite limitations to that amount of money that is available for any services, but in the case of the Dominion Government, Mr. Speaker, we have a statement made by Finance Minister, Mr. Ralston, at the beginning of the war, when he stated, "What is physically possible, we will make financially possible", and if they could do that when the nation was at war, I suggest it could be done today. It is just as serious a, problem today, that we should have our young people provided with a food diet that will keep them in good health and allow them to develop properly.

I do not know just what will be involved, in what we are proposing, in more or less dollars and cents. I suggested the very great relief that would accrue from half a million people or so being relieved of filling out income tax returns. According to the figures that we have here from the Canada Year Book, 1947, page 1003: Individual Income Tax estimates, Taxation year, 1946 (there will be some adjustment for 1947, but this is the latest year we could get). It tells us here that there were in the income group from \$660 to \$1,000 — that will be changed this year because the change we are suggesting will not go back as far as \$660 it will be from \$700 to \$1,000 — in that bracket a portion of which will be wiped out if this is accepted — there were 443,000 taxpayers in the Dominion of Canada who had incomes less than \$1,000. How many, I wonder, in the Dominion of Canada who had an income of less than that amount? Rather a serious indictment of our economic system that at this time, at the very peak of good times, that there were so many people who had so little upon which to live. Those people paid in taxes, \$17,133,000.

In the income group from \$1,000 to \$2,000, again the group

between \$1,000 and \$1,500 who paid taxes in that group would not be affected, but the effect would be on those having over \$1,500 insofar as married couples are concerned. In that group — the largest group — 1,314,050 people. Again a \$2,000 income charge at a time when Canada is at the peak of her prosperity is a mighty small income for such a large percentage of the people in Canada. They paid a total of \$130,216,000, and adding those two together gives us a figure of \$147, 349,000, that is a lot of money, but not very great when you consider the fact that, as far as we can estimate, the probable surplus of receipts over expenditures in the Dominion Government in this fiscal year run anywhere from three-quarters of a billion to a billion dollars. Even if we wiped this all out, it still would not jeopardize the financial position of the Dominion Government, and we are not proposing it.

Again it is an estimate, but I find a number of groups who would not be affected by this under the setup we have here. The single person with an income over \$1,000 and under \$2,000 — and there would be a big percentage listed as such — the amount of income tax they paid in 1946 would not be changed. Then there is the married taxpayers who would only be affected from \$1,500 to \$2,000, if we made a rough estimate and say that under the new setup probably they would get \$120,000,000 — maybe that is too much, say \$60,000,000 — and we deduct the amount they would get from the amount they did collect before, and we have a figure of slightly less than \$100,000,000. Obviously, Sir, that lets in a lot of money, it would be a great deal of money for the Province of Saskatchewan to spend, but for the Dominion Government with a surplus as great as nearly a billion dollars, that could not bankrupt them — and it is not lost. The money left in the hands of these people is purchasing power. It will be used as such, and every time they buy goods there is a sales tax of 8 percent that the government gets back.

I want to refer once more to the statement of the Hon. Mr. Ralston, Minister of Finance, when he said, "what is physically possible, we can make financially possible," and if they can do it in the time of war they can do it under these circumstances.

Now, Mr. Speaker, I am sure that after that explanation of what we propose and some of the results derived from it, and with the backing of the hon. Provincial Treasurer, I feel quite certain this resolution will be accepted without any difficulty at all, and we can say unanimously once again, the Legislature of Saskatchewan is behind a resolution asking the Federal Government to grant this relief to people in the lower income brackets.

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Mr. D.Z. Daniels (Pelly): — Mr. Speaker, before the war there were approximately 300,000 people in the income tax brackets. At this time I find that there are well over 2,500,000 people who are in the income brackets. This is a tremendous increase — but what strikes me is, while there are so many in this income tax bracket, it is all the more important that the tax does not cripple the buying power of so large a portion of Canada's population. It is not how much tax we pay that counts, but what is left to us after the tax is paid that is really of importance. When exemptions are too high it has a depressing effect on that section of the public in the lower income tax brackets making them economize so much that their living standards may be lowered to a point where their health may be impaired. It reminds me of reading in the old history books about England having a tax on windows, and the more tax they put on windows the less windows people put in their homes, and as a result fresh air and sunlight, very much needed, were excluded to the detriment of the nation.

Also we think back to the old Corn Laws in England, it provided the farmer for a while with additional income, but the industrial worker — the man on a wage — was the goat in that case.

Those in the higher income brackets will perhaps object to something of this type that we are trying to pass, because they would feel that, since we are taking the burden of taxation off a section of the people in the lower income brackets, the federal Government would expect to find a replacement of this loss of tax in the higher income tax brackets. Well, as I said before, those who can afford to pay will not miss it so much, and I do believe that a more steeply graduated tax and perhaps also a return — if not a fall return of the excess profits tax, at least a portion of that return, would be quite in order.

Already the Royal Bank of Canada in a leaflet some year or so ago last April, is taking the stand that if taxes on industrialists are too high it will discourage production, and I quote from their publication of April, 1946, in which it is said: "Taxation is the chief means by which a Government obtains funds, and the tax represents a compulsory transfer of wealth from the individual to society. Wrapped up in this transfer is the danger that imposition of a tax may discourage production in private industry because there will be less left for industry to spend on expansion and on its facilities, and less for individuals to invest in productive enterprise." That, of course, is a plea of a person who, no doubt, is interested in industry. Knowing what we do of the interlocking directorates and bank managers having

interests in large industrial concerns in our dominion, that is a logical statement for him to make but that also applies more so in case of a person on the low income, and the more you take out of him in taxes the less able he is going to be able to supply the needs of his home which is much more important than the expansion of these industries.

Later on in this same publication I find this: "Industry is a living progressive thing and cannot be limited permanently to profits in a base period if it is to provide for material wants of the people and the pecuniary wants of the Government. It needs a continual supply of new capital, and over-taxation of individuals or corporations will kill the goose that lays the golden eggs".

Now, Mr. Speaker, the persons in the lower income brackets are also living beings and their buying power, if crippled too much by excessive taxation, especially in this period of inflated prices, it will enable them to buy the things they and millions like them engaged in productive industry make, and this goose that lays the eggs will starve because there will be no one left to feed it, no one to make it possible for this goose to lay the eggs for the industrialist.

The exemption of only \$750 for a single person is ridiculously low at this time. Let us look at this. Here is a young man who works in the city: he has to find board and room. I think it is nearly impossible to find a room anywhere less than \$15 a month for room alone, and besides that he has to eat. Now \$15 a month, that amounts to \$180 a year. His board, if he eats in a restaurant or a hotel, will — I can hardly feature anyone getting by on less than 50 cents a meal and three meals a day is \$1.50, and for the month amount to \$45 or \$550 a year. These two items alone add up to \$720 and that leaves him, before he starts paying income tax, \$30 with which to buy his clothes and take his girl to the show. Right after the \$750 he has to begin to pay income tax and is therefore very much . . .

Hon. Mr. Sturdy: — Can you do it on that?

Mr. Daniels: — No I cannot, I would not be able to take my wife out on anything like that.

However, that same ratio applies to married folks because the cost of living is proportionately large in that case too.

Now, Mr. Speaker, I believe that income tax is the fairest type of tax providing it is collected from those who can pay it and are in the proper bracket, but if they are applied to the lower brackets it becomes a serious burden. It may mean, and does today, a reduction in

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the standard of living in direct ratio to the increase in the cost of living. In the year 1940, taxable income was somewhere around \$700 in the provinces involved in it. Then, in 1940, the Federal Government took over the income tax field, and for that year the income tax minimum was \$750. In 1941, it was reduced to \$660 per single person, \$1,200 for married persons, and when we are, today, asked to pay taxes on the basis of \$750 for single persons and \$1,500 for married people, the exemptions are exactly the same as they were in the first year of the war, 1940, and when you consider in that light the terrific increase in living between that time and now, no wonder there are so many people asking a fuss over it.

When the Liberal Government is today asking income taxes to be paid on a salary on the same level as 1941, the thing is almost cruel.

In quoting Mr. H.D. Burns, President of the Bank of Nova Scotia in the "Financial Post", December 6, 1947, here is what he says: "Let me first draw your attention to the inflationary tendencies which still work actively in the business structure. The official cost of living index is now 42 percent over the 1935-39 average compared with an increase of 27 percent, 12 months ago. The wholesale price level is up 74 per cent over pre-war, whereas a year ago the increase was 42 percent. To a large extent, the recent rise in the cost of living is a reflection of the discontinuance of Government subsidies and bulk purchasing arrangements in the general process of decontrol". I say, Mr. Speaker, as the hon. member for Canora has put it, it is the Federal Government's decontrol policy that has made the prices rise the way they have in the last few months.

There is yet another angle to this; there is a hidden sales tax, already referred to by my friend from Canora, of 8 percent, and when you consider the statement made by Mr. Burns that the wholesale price has leaped to an increase of 74 percent over pre-war, that 8 percent went along with it. Now the increase of 8 percent is on that increased price as it is, and when you consider that, by the time the consumer gets it, it has been figured out by some people that it amounts to as much as 14 per cent on the actual cost of the article over the counter. That, of course, means a terrifically inflated price and a large tax on those people in the lower income tax brackets — it is a particular burden.

When we consider that there is a continual demand all over, and it is a justifiable demand for increased wages and salaries, if this exemption were granted by the Federal Government, if the taxable income

were boosted to \$1,000 for the single person and \$2,000 for the married persons, it would be the equivalent of an increase in their wages or salary, and would relieve that pressure, and probably in some cases prevent a strike or walkout because it would mean more money in the pockets of those who need it and are up against it the most.

With these income taxes plus the increased costs of living and the terrific rise on everything we buy, it is almost impossible to carry on. Therefore, Mr. Speaker, I call upon all hon. members in this House to pass this Motion Unanimously.

The Motion was agreed to unanimously.

The House then adjourned at 5:55 p.m.

AFTER RECESS

The House resumed at eight o'clock

BUDGET SPEECH

Hon. C.M. Fines (Provincial Treasurer):—Mr. Speaker, in presenting my fourth budget, I realize that the economic and financial picture of the world is more difficult to assess this year than it has been for many years. We must recognize that the future of Saskatchewan closely linked up with the economic conditions of Europe, particularly Great Britain, with the United States of America and with the rest of Canada. Particularly is this true in our economic and financial relationships.

At the present time the future is very obscure. In Europe there is instability and uncertainty. They are suffering from lack of materials, fuel and food. Their financial structures are tottering and in a nervous condition. To save Europe, even greater assistance than has already been given by more favoured nations will be required. Economic collapse in Europe would have very serious effects on our Canadian economy since we are so largely dependent upon export trade. In no part of the Dominion is this more true than in Saskatchewan.

I feel confident that the United States recognizes the importance of giving assistance to Europe on the basis of need and that steps will be taken shortly to do so. It is to be hoped that Canada's foodstuffs and other vitally needed materials will be used in the implementation of any aid-to-Europe program. This policy would help to eliminate the shortage of United States dollars, presently existing in Canada, and would assist in speeding up the day when the Geneva Trade Agreements could become a reality. It would also assist in restoring a greater freedom of trade with the U.S.A. by removing the recently enacted prohibitions, quotas, excise taxes and travel restrictions.

Saskatchewan stands ready to do its part, realizing as we do that there can be no permanent security and prosperity for any one province or country unless the world as a whole enjoys that security and prosperity.

The year 1947 has been for Canada, a year of great achievements, at the same time one of growing difficulties and insecurity. In the past year all records for peacetime production and employment were broken. Industrial production was up 10 per cent over 1946 and 75 per cent over the 1935-1939 level.

In spite of this greatly increased production, we were unable to meet the demands for capital goods, fuels, materials, automobiles and consumer goods, with the result that our purchase of American goods caused a heavy drain on our exchange reserves and an acute shortage of U.S. dollars.

Furthermore, this unprecedented demand for goods developed at a time when the Dominion Government was abandoning its war-time policies of price controls and subsidies. The result has been a tremendous increase in price-levels, which raised the cost of living index on December 31, 1947, to a point 48 per cent over the pre-war level.

Thus Canadians face the year 1948 with a feeling of confusion, caused by a knowledge that our productive capacities are greater than at any time in our history, but that we still have not found the formula for a proper distribution for the great abundance that we can produce. This confusion has been added to by the world economic crisis and by the serious exchange problem facing Canada.

I propose first, in presenting this budget to briefly survey the economic situation in the province as it is portrayed in statistics on agricultural production, and on production in industries based on our natural resources.

At the present time the agricultural industry may be said to be in a position of watchful waiting. This situation is the result of crop conditions in 1947, and certain Federal policies which have given rise to some uncertainty and no small degree of anxiety. While the production of rye, barley and flax showed substantial gains, and higher prices for these grains were obtainable, wheat and oats fell below production levels of 1946.

Drought markedly affected crop yields in certain areas. Perhaps this fact is best illustrated by the knowledge that in 1947 some 50,000 Saskatchewan farmers suffered crop failure to an extent that qualified them for payments under the Prairie Farm Assistance Act, of approximately \$15,000,000. It is to be hoped that payments on Wheat Participation Certificates will to some extent alleviate the losses suffered by the affected areas.

Wheat production, in 1947, reached an estimated total of 173,000,000 bushels valued at \$198,950,000, compared with 208,000,000 valued at \$237,120,000 in 1946.

80,000,000 bushels of oats were produced, from a reduced acreage, compared with 100,000,000 in the previous year. With somewhat higher prices prevailing, oats production showed an aggregate value of \$48,800,000 compared with \$52,000,000 in 1946.

The production of barley rose from 43,000,000 to 45,000,000 bushels,

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and the higher prices of 1947 contributed to an increased crop value; \$37,800,000 as against \$29,670,000 in the preceding year.

The rye crop showed an increase of about two and three-quarter million bushels, the 6,780,000 bushels harvested being valued at \$21,967,000. Prices being approximately one dollar per bushel higher, the 1947 production had a value of \$21,967,000 compared with \$9,091,000 in 1946.

Flax showed a similar advance: 4,200,000 bushels against 2,594,000, with the substantially increased prices giving the crop a value of \$19,824,000 compared with the 1946 figure of \$7,756,000.

Summing up, the total estimated value of these major crops in 1947 was \$327,341,000 as against the \$335,637,000 of the previous year, and, as previously indicated, a good portion of the deficit will be not through P.F.A.A. and Wheat Participation payments.

As at June 1, 1947, the latest date for which the figures are available, the live stock industry in Saskatchewan seemed to be entering a period of expansion. The live stock population on Saskatchewan farms showed overall gains, and even the number of hogs was greater than at the corresponding data of 1946. However, the picture changed rapidly from October 21, with the untimely announcement of the Federal Government of the removal of the controls from coarse grains. The liquidations, which followed, reached almost panic proportions in some cases, and, while there were some signs of recovery as the year ended, the live stock industry remains in a state of uncertainty and of general unrest. Cattle on Saskatchewan farms numbered 1,511,300 at June 1, 1947, compared with 1,499,000 at the same date in 1946; the swine population totalled 558,300, against 523,300. Cattle marketings for 1947 were considerably below the figures for the preceding year, at 370,184, but were 114 per cent higher than pre-war figures. The number of hogs marketed dropped to 434,849 from the 513,776 reported in 1946, but, again, the total was 39.3 per cent higher than the 1939 sales.

The poultry population of Saskatchewan farms, as at June 1, 1947, was markedly greater than on the corresponding date of 1946, the 1947 population being: hens and chickens 12,780,000; turkeys, 626,400.

Milk production, 1,886,565,000 pounds during 1947, was slightly below the output for the previous year, but was eight per cent above that for 1939. Similarly, though the creamery butter output of 36,330,105 pounds was almost three-quarters of a million less than in 1946, it represented a gain of 43 per cent over pre-war production. The cheese output was 319,000 pounds — 55,000 pounds short of the 1946 production.

The production of 40,066,000 dozens of eggs was reported in 1947

as compared with 33,228,000 in the previous year. Honey aggregated 5,802,000 pounds in 1947 against the 3,953,000 of 1946.

Unfortunately, there are not yet available figures on the cash farm income which usually provides a reasonable forecast of the current position of our agricultural producers.

In summary, agricultural conditions in the second post-war year showed the industry in a healthy condition in all its major operations, despite the drought which reduced production in some areas, and despite Federal policies which tended, temporarily at least, to disturb the situation.

The increasing importance of industrial production based on the natural resources of the province, warrants a more extended report on the development of these industries and the value of their production, than has been customary heretofore in Budget Speeches.

It must be admitted that throughout the history of Saskatchewan, mineral development has been slow. In more recent years, however, the pace has been accelerated, and industries based on our resources of metallic and non-metallic minerals are now occupying a more prominent place in our provincial economy.

In 1905, when the province was formed, total mineral production was valued at \$500,000. Twenty years later, production had climbed to a value of \$1,075,000 — not an impressive advance in that space of time, particularly in the light of the progressive expansion in other activities. Output was tripled during the decade 1925-35, reaching an aggregate value of \$3,816,943. From 1935 on, however, production gained momentum, and, with the outbreak of the war in 1939, production records began to topple annually. By 1946, the total value of minerals produced in Saskatchewan had reached \$25,812,723, and it is estimated that the figures for 1947 will show a 25 per cent increase. It is expected that 1947 mineral production will total \$32,339,000 in value. A table giving comparative figures for the last three years follows:

	1945	1946	1947
Metals	\$18,164,036.04	\$20,783,813.00	\$25,540,000.00
Sodium Sulphate	889,060.50	1,082,989.50	1,750,000.00
Clay Products	266,070.10	411,441.00	400,000.00
Coal	1,958,947.56	2,466,806.40	2,750,000.00
Gas and Oil	34,326.55	173,714.37	649,000.00
Miscellaneous	533,916.96	893,958.70	1,250,000.00
Total	<hr/> \$21,845,884.71	<hr/> \$25,012,722.97	<hr/> \$32,339,000.00

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While progress recorded during 1947 has been gratifying, the future of the mining industry in Saskatchewan is destined to be much more impressive. Under the program of Government assistance, aid will be made available to prospectors to encourage search of minerals in our northern areas. Geological surveys will be made during the coming summer in an effort to determine the most promising areas for prospecting.

With reference to non-metallic minerals, a marked increase in the production of sodium sulphate is reported, the industry having attained a record output of 162,312 tons during 1947. This figure represents some 31,000 tons in excess of the previous record established in 1942. The sodium sulphate industry is confidently expected to register still further advances in 1948 as the Government plant at Chaplin gets into full operation.

The value of clay products produced in 1947 is a little down from the previous years according to recent estimates, but at \$400,000 it stands more than 50 per cent above the figure of 1945. The most interesting development in this industry during the year was the entry of the Government, through a Crown Corporation, into the business of quarrying, preparing and marketing raw clay.

Saskatchewan coal production during 1947 totalled 1,570,655 tons, an increase of 47,935 over the output for 1946. This was the second highest annual production ever recorded in the history of the coal mining industry in the province.

The new salt industry, announcement of which was made last year, at a time when attention was concentrated on the discovery of a potential potash deposit in association with it, will be in production during the current year. The development of a potash industry, which many were inclined to hail as an accomplished fact the moment announcement of the find was made, presents many problems. The economic and recovery factors involved are, at the moment, undergoing intensive study.

The development of petroleum and natural gas in Saskatchewan merits special mention, since the progress recorded in the Lloydminster field, during 1947, exceeded all previous efforts. The number of producing wells was more than tripled: the average daily production, which passed the 1,000 barrel mark for the first time in May, exceeded the 2,000 barrel mark from September onwards. A new high for monthly production was attained in December, when 71,209 barrels of crude oil were recovered. Total oil production for the year was 535,033 barrels —almost four times the figure recorded in 1946. This gratifying increase is an augury of greater things to come, for it was attained despite the fact that some forty wells drilled are standing cemented, awaiting to be serviced and placed on pump. This trend in production would seem to indicate further increases during the current year.

The development of a new section of the field made possible the 1947 production records. The first producing well in the Lone Rock area, south of Lloydminster, went on pump last February. There are now, in this area, more than a dozen wells producing in excess of 15,000 barrels monthly. There were 83 producing oil wells at December 31, as against 21 at the same date in the preceding year.

The production of natural gas did not change materially during the year. The Unity and Lloydminster fields contain large reserves of gas, and still greater potential reserves; but development lacks the stimulus of a suitable market for the product.

The total value of forest products produced in the 11 months fiscal period of 1946-47, was \$6,602,777, compared with \$7,153,849 for the preceding 12 month period. The increased value of products largely offsets any drop in the volume of production. The new policy of placing timber production on a sustained yield basis curtailed cutting, to some extent, in the past three years. This policy of sustained production represents, however, a more realistic and scientific approach to the problems confronting the timber industry of the province, and is expected to demonstrate its value conclusively in the years to come. In that light, present production losses can be viewed in their proper perspective.

Both in production and in value, the fishing industry has suffered some recession, in the last three years, from the wartime peaks. Nevertheless, here, as in the case of our forest products, the new approach to the problems affecting the industry and the application of scientific principles to the management of lakes, the utilization and marketability of Saskatchewan fish, assure that the recession is merely transitional in character. Total production in the 11 month period of 1946-47 was 7,796,916 pounds, compared with 9,582,598 for the full 12 months of the previous fiscal year. The catch had a value to the fishers of \$732,000, which indicates a drop from the previous year which is not appreciable, since it applies only to an 11 month period. Nor was there any material difference in the market value of the catch, which was \$1,141,605 for 11 months, compared with \$1,184,145 for the twelve months of 1945-46. The resultant difference, if any, is attributable to decreased prices, and not, as has been alleged, to policy changes.

The adverse trapping conditions of last Spring, and a drop in fur prices from the immediate post-war highs, were reflected in the value of fur production for the 1946-47 period, which was lower in comparison with that for the previous fiscal year. The comparative figures were: 1946-47 (11 months); \$2,299,092; 1945-46 (12 months), \$3,659,673. Application of sounder methods to the management of northern traplines and leases is beginning to bear fruit, and, though little improvement in the price of fur is expected during 1947-48, an increased fur catch is believed to be certain.

Turning from these detailed figures of production to other indices of economic activity in the province, it is apparent that the year 1947 has been one of continued buoyancy and gratifying advance. A high level has been maintained in manufacturing industry, in transportation, in construction, in all places of trade and commerce and consequently in employment and payrolls.

Although the value of production apart from agriculture edged narrowly downward at the end of the war, the two succeeding years have witnessed an upswing since that time. It is estimated, on a preliminary basis, that the gross value of non-agricultural industrial production in the province reached the order of \$319,000,000 in 1947, advancing about 16 per cent over 1946.

The dangerous inflationary forces which are rampant in the world economy today, however, have made their influence felt throughout Saskatchewan. Consequently the record dollar level of activity is not wholly a cause for satisfaction. The record volume of cheques cashed in Saskatchewan in 1947—\$2,000,000,000—a 23 per cent advance over the preceding year, represents not only the exchange of larger volumes of goods, but also the generally higher price level. Similarly with the increase in the estimate of retail sales for the province; these were \$377,000,000 in 1947 compared with \$320,000,000 in the preceding year.

In manufacturing industries it is estimated that the gross value of production is continuing to move upward again after the slight drop after the war. A preliminary estimate for 1947 is \$189,000,000. The same situation is apparent in regard to transport activity with revenue freight loaded at stations in the Province advancing about 10 per cent to 11,000,000 tons. Farmers of the province have been successful in securing deliveries of much greatly-needed equipment, and sales of farm machinery in 1947 were the highest on record. Saskatchewan is still the most important customer in the Dominion for farm equipment, and last year 9,000 new tractors and over 4,000 new combines were added to our total stock of capital equipment. Construction activity was slightly lower than the record of 1946, with \$16,000,000 in contracts being awarded. On the other hand, electric power generated in all central electric stations of the Province, except the hydro installation on the Churchill River advanced by more than 6 per cent over 1946, to reach a record 286,000,000 kilowatt hours in the year just ended.

A gratifying and significant increase in the number of persons employed in non-agricultural pursuits was recorded in 1947. These increases — amounting to 6,000 over the previous year — brought the working force engaged in manufacturing, construction, transportation and trade alone up to 48,000. Total payrolls in these pursuits shared a corresponding increase, and the average weekly wages in these industries advance from \$31.65 in 1946 to \$35.44 in 1947.

In this overall picture of production, trade and distribution, government enterprises played a small but interesting part in 1947. The year just closed has been one chiefly of steady growth and consolidation, of adjustments to the post-war picture, and of improved organization and efficiency. The detailed financial results have already been presented to the House, but I think it worthwhile to note once again that for the last fiscal year ending March 31, 1947 the Province received a net return of 10.6 per cent on invested capital and for the nine months ended December 31, 1947 earnings amounted to 11.5 per cent.

Some of the highlights concerning the operations of the Crown Corporations which are not evident in the financial statement alone seem to me worthy of brief mention at this time.

It is gratifying that the oldest established government enterprise, the Telephone System — organized last year as a Corporation with a regular Board of Directors under the chairmanship of the Minister of Telephones — has pushed ahead vigorously with post-war reconstruction and extensions. During 1946-47, 3,800 new local stations — a record increase for any one year — were added to the system, to bring the total of stations to a new high of 56,159 telephones. Rural stations connected with Government exchanges also advanced to 40,273. Similarly general traffic and long distance messages rose to new heights, 4,200,000 long distance messages being recorded in the 11 months of the last fiscal year.

Even more remarkable strides have been taken by the Saskatchewan Power Commission. Given a new lease on the life when this Administration came to office, the Commission moved rapidly ahead during 1947 in its all-important task of building up an efficient, integrated electric power system. For the third successive year the Commission was able to announce a general reduction in rates and yet was able to announce the highest surplus in history. During the year ending December 31, 1947, the Commission increased its services by 61 per cent, added a 34 per cent increase in miles of transmission line and undertook to provide 84 more towns and villages with cheaper electric power.

Operations of the Saskatchewan Power Commission

Year ended Dec 31	Miles of Transmission Lines	Villages & Towns Served	Number of Services.
1944	1,626 miles	146	12,989
1945	2,486 "	234	24,627
1946	2,651 "	259	28,014
1947	3,540 "	343	45,087

In still another field of public service, the Saskatchewan Transportation Company has moved forward in its program of building up a safe, rapid and convenient bus system. Its initial fleet of seven buses had

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grown to 51 at October 31 last. And these buses travelled over a total of 4,600 route miles, one-third of which had never seen a bus before. All over Saskatchewan today, in hundreds of villages and past thousands of isolated farms, the big red and cream Saskatchewan Transportation Company's bus is the most welcome sight on the road.

Nor in the remote spaces of the far north is there a more eagerly awaited sight than the familiar yellow and black of the planes of the Saskatchewan Government Airways, the new crown company established last year. Now operating four regular routes and numerous special charter trips into the lake and forest country of northern Saskatchewan, the Airways company is destined to play a key role in the opening up to development of a hitherto almost inaccessible area.

In yet another field, the substantial increase of business written by the Government Insurance Office gives further proof of its whole-hearted acceptance by the people of the Province. Premiums written to the volume of \$756,000 in the last nine months of 1947 exceeded the total for the preceding 12-month fiscal period. The Office, moreover, has rendered a signal service in the administration of The Automobile Accident Insurance Act paying out \$632,000 on behalf of persons injured or killed in motor accidents. Since collision benefits were added last year, over \$577,000 has been paid out covering damage done to 2,800 vehicles.

I do not intend here to review in further detail the growth and consolidation of the corporations, since this information is set down fully in the annual reports and in the financial statements. The fact that the overall financial results have been successful is a source of keen gratification. And yet it will be obvious to thousands of our people today that it is not possible to measure the results only in terms of dollars and cents. I noted here last year how the Timber Board had deliberately maintained its prices for lumber below the ceilings and had refrained from exporting its full quota out of the country in order to make available to our people supplies of desperately needed lumber. This is the same approach which looms large in every commercial enterprise of the Government — and it is the approach which I know would be approved by the people of the Province, who own these enterprises. They will take pride in their ownership of 15 different enterprises — some engaged in the provision of our basic utilities, some in the development of basic resources, some in the promotion of secondary industry and some in special services. They will take pride in the knowledge that their public corporations produced goods and rendered services to a sum total of \$12 1/2 million in the fiscal year ended March 31 last, and to a total of over \$13 million in the last nine months of 1947. Of these totals, sales and services worth \$5,400,000 were performed in the first period and \$5,800,000 in the second period by Corporations other than Power and Telephones. Our people too will be pleased to know that these same

enterprises paid out \$3 1/4 million in wages and salaries in the 1946-47 fiscal year and over \$3,100,000 in the last nine months. They gave employment to a working force of 2,500 people at wages and salaries fair both to employees and to the public whom they serve.

Yet, significant and gratifying as all this may be, it is obvious that in relation to the overall productivity of the province, the great bulk of our economic life is dependent upon the enterprise of the thousands of private individuals, partnerships, co-operative organizations and private corporations. Nor has this Government any thought that this can or should be otherwise. And we are happy that our repeated assurances and our policies have been accepted by the vast majority of responsible and serious businessmen. The facts are plain and simple. In spite of the deliberate campaign of distortion and scare-mongering — a campaign fostered by narrow and selfish interests in a futile attempt to discredit this Government, even at the cost of a grave disservice to our Province — co-operative and private business continues to grow and to expand in Saskatchewan. I have already given you a variety of indices which demonstrate this steady advance, in overall economic activity. There is conclusive evidence, too, of the growth of co-operatives, of the establishment of new companies, and of the influx of outside capital.

The statistical records of the Department of Co-operation, for instance, show a 21 per cent increase in the total volume of business between 1944 and 1947, a 67 per cent advance in total membership and an 11 per cent increase in the number of co-operatives. One of the most significant developments in the growth of our secondary industry occurred early in 1947, when the Saskatchewan Co-operative Producers opened their new vegetable oil crushing plant which produced 405,000 gallons of linseed oil and 3,400 tons of oilcake in its first six months operation. By early summer of this year, it is expected that the new 1,000 barrel flour mill and 500,000 bushel grain storage plant will be in operation. And the way will then be cleared for implementation of further plans to process our grain into such valuable industrial products as starch, glucose and glycol.

Private capital in turn has been active on many different fronts. The most spectacular cases have been in resource development, such as the drilling of wells in and about the Lloydminster oil field. As indicated previously, Prairie Salt Company last summer drilled two of its salt wells and laid the foundations of the refinery plant in its million-dollar program. Another million dollar investment was involved in the hydro-electric development of the Hudson Bay Mining and Smelting's Power subsidiary at Island Falls on the Churchill River. The Pas Lumber Company put into operation its new 100,000 high-utilization mill, signifying a notable advance in the most efficient use of our forest resources. All told, in 1947, 136 new companies, capitalized at

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\$18,500,000 were incorporated within the Province and forty extra-provincial companies capitalized at \$40,000,000 were registered for business here. In the same period 660 new partnerships opened up private business.

During the past year, moreover, the Government itself laid down a framework through which it can and will give positive assistance both to co-operative and private capital. Under the Co-operative Guarantee Act, regulations have now been drafted by which the Government may underwrite loans by the Saskatchewan Co-operative Credit Society to other co-operative associations and credit unions up to a maximum of \$1,000,000. While no loans have yet been so underwritten, leading officials in the co-operative movement have expressed their satisfaction that this assistance will be of particular value in the field of long-term credit.

Similarly, during the past year, a dozen applications for loans were submitted to the Industrial Development Fund set up at the last session of the Legislature. The Board administering the Fund, has not yet given its approval to all of these applications. A number are still pending further study, while others did not come within the scope of the Fund.

The Public Accounts of the Province for the eleven-month period ended March 31, 1947, were tabled on February 17th. These show that the revenues for the eleven-month period were \$252,049.31 greater than for the previous twelve-month period, being \$39,527,696.36 and \$39,275,647.05, respectively.

During the same eleven-month period, expenditures were \$39,406,666.39, compared with \$38,748,813.75 in the previous year.

The Public Accounts for 1946-47 show that there was a surplus of \$121,029.97 on the year's operations.

Fiscal Year 1947-48.

Revenues continue to remain very buoyant. A year ago when a budget of \$45,591,101 was presented to you, there were some misgivings that it was too large. I am very happy to announce tonight that not only will we reach our estimated total, but will exceed it by several million dollars.

As at February 14, our receipts were \$39,886,663 as compared with \$31,161,101 during the same period a year ago.

Education Tax receipts continue to rise. Last year in eleven months, collections were \$5,433,000. This year the Education Tax will provide us with considerably over \$6,000,000. Had the tax remained

on foodstuffs, meals, drugs, and second-hand goods, collections this year would have been well over \$10,000,000. The tax receipts indicate that people are still spending a considerable amount on consumers goods. It also reflects the greatly inflated prices that they are paying, the wholesale price index having risen 90 points since the war started, of which 41 points were during the past year.

Receipts from the Public Revenue Tax, Gasoline Tax and Motor Licenses will be approximately the amount estimated.

For the current year, estimated expenditures were \$45,571,114. In addition to this amount for revenue account, supplementary estimates of \$7,744,391 were tabled today, bringing the total amount to be voted on revenue account for the current year to \$53,315,506.

Notwithstanding this, I am confident that we will close the year with a very substantial surplus.

During the year the necessary orders-in-council were passed implementing the treasury bill and natural resources settlement with the Dominion Government in accordance with the plan outlined in my budget address last year. The result of this agreement is that the Province's capital position is improved by some \$44,000,000, but we have now created a new annual expenditure of \$1,250,000.

This afternoon the estimates for the coming fiscal year were tabled. These estimates provide for a surplus of \$17,291 made up as follows:

Estimated Receipts on Revenue Account	\$52,238,445.00
Estimated Expenditures on Revenue Account	<u>52,221,154.00</u>
Surplus	\$17,291.00

Estimated receipts, as well as the estimate of expenditures, are considerably higher than last year. As indicated previously, present indications point to the fact that revenues in the present fiscal year will exceed considerably the \$45,591,101 estimated. I therefore assure the Assembly that the estimate of receipts for 1948-49 is based both upon present revenue trends, and upon a fair assessment of present economic conditions. In light of the fact that this government has consistently realized the amount of revenue which is estimated, we are certain that honourable members will share our confidence that estimated revenues for 1948-49 will be realized.

I am happy to assure the people of this Province that these estimates do not provide for any new taxes or any increase in present taxation. Indeed, of the total estimated revenue, considerably less than one-third is to be derived from taxation.

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Ever since the previous administration of this Province introduced the education tax, it has been the unhappy lot of the Provincial Treasurer to mention it in his Budget Speech. My task has been made happier, however, by the fact that this government has removed almost all of the regressive features of the tax.

It is our conviction that one of the most important functions of government is to provide the young people of our province with equal educational opportunities. Evidence that we are reaching our goal is given by the fact that in 1948-49 this Government proposes to spend \$7,098,175 on education as compared with \$4,073,089 spent in 1943-44. The provision of education grants has been made easier due to greater receipts from this tax source than was anticipated. On the basis of the present trend we expect that next year's education tax collections will exceed last year's estimate by \$1,800,000. This government does not believe that much needed educational, health and welfare services should be sacrificed for the political advantage to be gained from removing a tax which has been made a political football by those who introduced it.

It is the opinion of the majority of the Canadian people that the distribution of alcoholic beverages should be controlled by the government. In fulfilling this public trust, the Government of Saskatchewan has conscientiously used liquor profits to increase social services. Liquor profits in excess of those we estimated last year have made it possible for me to provide for an increase in revenue from that source of \$1,350,000. Rather than reduce the retail price of liquor, the Government is placing these monies in the revenue fund in order that health and welfare programs might be extended.

Last year, I stated that payments to the Province through the Dominion-Provincial Agreement would be increased in proportion to increases in population and in gross national production. On the basis of this agreement, payments from this source will be increased as a result of the increase in the gross national production. Preliminary reports of the Dominion Bureau of Statistics indicate an increase of 12 per cent over 1946. If this figure is confirmed the province will receive an increase in the subsidy of over \$500,000, which has not yet been provided for in the estimates.

As a result of prolonged public pressure, the Federal Government recently increased its share of payments for old age pensions. The effect of this action will be to increase by over \$1,000,000 the amount that the Provincial Government remits to pensioners.

I regret to announce to this Legislature, however, that, while the taxation agreement has not been completed, the Dominion Government has not yet effected all its original proposals. Under these proposals, made in 1945, in return for the province giving up certain fields of

taxation, the Dominion would not only pay a subsidy but would also undertake to provide:

1. Old age pensions of \$30.00 per month, to everyone over the age of 70 years, without a means test, and with the Dominion being solely responsible for the entire pension and administration.
2. Fifty per cent of the cost of old age pensions of \$30.00 per month to persons between the ages of 65 and 69 years on a means test basis.
3. Unemployment insurance benefits equal to 85 per cent of the normal unemployment insurance to unemployed persons who were unable to secure employment.
4. 60 per cent of the cost of a complete or partial health insurance plan approved by the Dominion, up to a total of \$21.60 per capita.
5. Grants to provinces for general public health work, tuberculosis, crippled children, venereal disease, mental diseases and research work in public health.
6. Health planning grants to enable provinces to plan health programs immediately.
7. Money at cost to enable provinces and municipalities to construct hospitals.
8. 50 per cent of the cost to enable the pension for blind persons to be reduced from 40 to 21 years and to provide for treatment to prevent or cure blindness.
9. Planning grants for provinces to enable them to plan public investment programs immediately.
10. A portion of the cost of a public works program to be undertaken by provincial and municipal governments, at a time to be determined by the Dominion, when the general economic and employment conditions would warrant such a program being proceeded with.
11. Assistance in development of natural resources and conservation projects.
12. Assistance to the province in such projects as construction of roads to undeveloped mining and forest resources, and the construction of a Trans-Canada highway and tourist roads.

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We have done everything we were asked by Ottawa to do; we have given up the various taxes they asked for, but up to date, all we have received in return is the subsidy. We have not yet received any of the 12 social security and public investment benefits as originally offered. During the year we have urged the Dominion Government to implement the original proposals but to date we have not been able to persuade them even to call a conference to discuss the problem.

The refusal of the Dominion to implement its proposals has caused a severe strain on the resources of this province. It has cost the people of Saskatchewan those social security measures for which they expressed their desire less than three years ago.

May I reiterate my hope of a year ago that "in the immediate months that lie ahead the Dominion Government will proceed with these measures that are so essential to the welfare of our people".

When this government was elected nearly four years ago, we stated that through wise government enterprise we hoped to stabilize to some extent our provincial economy. It was our further hope that profits accruing from socialized industry might be used to finance extended educational, health, and welfare programs.

I am happy to announce the first fruits of these efforts. For the first time in its history, the Government of Saskatchewan can estimate that it will receive in revenue from the profits of crown corporations, a sum of \$600,000.00. This estimated revenue will make possible the extension of government programs which otherwise could have been made available only through an increase in taxation.

Estimated expenditures on revenue account for the next fiscal year are \$52,221,154 compared with \$45,571,114.15 for the current year, an increase of \$6,650,040. This estimated increase in expenditures is a result of the greatly increased cost of living which affects the cost of government services just as it does individuals. It is also representative of the Dominion-wide trend in provincial expenditures for economic development and public welfare services.

This trend can be shown by the following comparative table of estimated expenditures of the four western provinces:

	1943-44	1947-48	Increase
British Columbia	\$30,350,000	\$58,781,000	93.7 %
Alberta	21,654,000	47,002,000	117.0 %
Manitoba	18,315,000	29,405,000	60.5 %
Saskatchewan	29,799,000	45,571,000	52.9 %

These figures prove conclusively that the trend towards increased expenditures is even greater in the neighbouring provinces.

The 1948-1949 budgets of the other provinces have not yet been introduced, but a press report in the Vancouver Sun last week stated that the B.C. budget would exceed \$70,000,000.

I should like to refer honourable members to the Report of the Royal Commission on Dominion-Provincial Relations, which outlines the trend in provincial government expenditures, and gives the reasons therefor. This report points out that total expenditures of all provinces on revenue account increased by 445.6 per cent between the year of 1913 and 1937. Taking the expenditure figures recently published by the Dominion Bureau of Statistics we can further conclude that between the years of 1937 and 1945 total provincial expenditures increased by another 74.5 per cent.

The Rowell-Sirois briefly outlines the reasons for this remarkable growth in the expenditures of provincial governments. ". . . Isolated Regions, and packets of settlement with a population of less than three and one-half millions have grown into integrated economy with a population of eleven million; . . . small towns and cities have grown into large urban concentrations and great metropolitan centres; . . . the self sufficiency of the family has been superseded by highly specialized activities . . . the meagre but relatively stable incomes have risen to support a much higher but more precarious standard of living; and finally . . . the philosophy of government has changed from one of laissez-faire to one of increasing interference with a view to improving economic and social conditions. These far-reaching changes have had a profound effect on public finance.

"Government responsibilities which were formerly of purely local significance have become national in character. The provinces have assumed heavy commitments for economic developments. Public Welfare, the outlay upon which was negligible in 1874, took more than 1/3 of provincial revenues in 1937 . . . Expenditures which were virtually non-existent at Confederation absorbed nearly 60 per cent of total provincial receipts on current account in 1937".

To those who would criticize the budget I present tonight as being 'too large, I would direct this question: "Would you have us turn back the pages of history?"

This government has always recognized the need for planned economic development and public welfare programs. We further recognize that, as the Royal Commission stated, "a number of essential or important public welfare services which have remained primary obligations of local governments can now be provided efficiently only on a national basis." For that

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reason we have bent every effort to persuade the Dominion Government to implement those proposals to which I have previously referred.

But even without that assistance, this government presents a budget which is designed to enhance the earning power of our people through the promotion of economic development; and a budget which will provide the educational, health and welfare services which the people of Saskatchewan require.

During the next year the government will spend \$2,043,300.00 on Agriculture. This sum represents an increase of \$433,508 over last year's estimate, and an increase of \$1,549,646 over actual expenditures in 1943-44. Saskatchewan will thereby be spending \$2.45 per capita on agriculture, as contrasted with \$1.20 per capita in Alberta and 78 cents in Manitoba. (These latter figures are computed on the basis of their 1947-48 estimates).

The Government's policy of promoting the stabilization of the farm economy and increasing agricultural production is reflected in the major increases in this budget. An increase of \$44,018 is estimated for the Improvement and Production of Field Crops and Fodder, with the purpose of encouraging better land use, and disseminating production information through local agricultural committees.

\$628,531 is estimated for the Lands Branch, an increase of \$209,654 over last year's estimate. Crown lands are being brought by the Department to their maximum production potential, and are then being leased to farmers. The terms of the lease are determined by the productivity of the land and the market price which the farmer can get for his produce.

In addition to this expenditure, a total of \$350,000 is being provided the Department of Municipal Affairs and the Department of Re-construction for land clearance programs. The agricultural industry is receiving additional aid from the Department of Co-operation and Co-operative Development, through assistance rendered to farmers' co-operatives. The budget I bring down tonight provides for the expenditure of \$203,368 by the Department of Co-operation.

Once again the construction of highways will receive a very high priority, a total estimate of approximately \$7,200,000 being provided for this purpose. During the past three years great progress has been made toward building up the highway system which had deteriorated so badly during the depression and the war years. Since 1944 two hundred and fifty miles of bituminous pavement were constructed and approximately 3,500 miles of gravelling was done. This was in addition to some 1,700 miles of grade constructed.

The expenditure on highways by the province during the past few years is of interest. In 1943-44 total expenditures were \$2,852,000; in 1946-47, \$6,312,000; and for the present year there will be an estimated

expenditure of approximately \$7,200,000. We recognize that Saskatchewan with 38 per cent of Canadian roads and highways, and only 7 per cent of Canada's population, faces a most difficult task. Nevertheless we are confident that, generally speaking, the people of the province appreciate our efforts in what is being done.

It is the contention of this government that the intelligent planning of economic development is essential to the welfare of this province and its citizens. A disorganized and unplanned economy can lead only to a "relief state" wherein social welfare programs are transformed into the dole system.

We have therefore increased not only the budget for agriculture, but also the budgets for the Department of Natural Resources and Industrial Development. \$1,986,359 has been provided for the various programs of that Department, of which \$1,928,686 will be devoted to the protection and development of our natural resources. This represents an increase of \$206,405 over last year's estimate.

I should like to point out that various programs of other departments are concerned with the development of this province's economy. Notable amongst these is the Trade Services Branch of the Department of Co-operation and of course the Tourist Bureau. However, I should like to reiterate the statement I made in 1944: in the long run it is only "through Federal control that we can guarantee the social and economic security of all our people."

The Department of Education estimate of \$7,098,175 represents an increase of \$158,021 over last year. Saskatchewan has had a proud record in the field of education since the advent of this government to office. In figures recently published by the Dominion Bureau of Statistics for the fiscal year ending in 1946, Saskatchewan is recorded as spending more money on education, per capita, than any other province except Ontario.

The government proposes next year to increase its expenditures on the distribution of free school readers and authorized texts by \$48,085. An additional sum of \$67,990 is estimated for school grants, and the University of Saskatchewan grant is scheduled to be increased by \$35,000. Other estimated increases are designed to extend the program of the Correspondence School, the Normal Schools, and the School for the Deaf.

There are those who would claim that we are not providing enough assistance to local communities for the payment of education costs. This government will not be satisfied until every child in the province has absolute and equal educational opportunities, and we are therefore in sympathy with those who are genuinely concerned with the advancement of educational standards in Saskatchewan. This budget provides for

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increased assistance to parents through higher estimates for school grants, free textbooks and scholarships. We recognize, however, that even though this government has increased expenditures on education by over \$3,000,000, these are times when the local community, like the government must exert extensive efforts to maintain a high educational standard.

Major increases in expenditures for health are provided in this budget. It is proposed to spend \$9,455,089 in 1948-49, an increase of \$2,244,672 over last year. In other words, Saskatchewan will be spending, out of revenue account, approximately \$11.35 per capita on preventative and curative health. On the basis of Health Department estimates for 1947-48 Alberta is spending \$5.62 per capita, and Ontario \$4.51.

The major increase in the health budget is due to an estimate of \$1,400,000 for the payment of the Saskatchewan Hospital Services Plan Deficit. When this Plan was originally conceived, the Dominion Government had proposed to assist us in its operation. When federal aid was not forthcoming, we knew that the Province would have to subsidize the operations of the Hospital Plan. We do so with the full knowledge that this first step towards socialized health services is essential to the well being of the people of Saskatchewan.

Other health activities which will share in the proposed increase in health expenditures are: Public Health Nursing, with an increase of \$5,895.00; Regional Health Services with an increase of \$26,020.00; the Air Ambulance Services, with an increase of \$29,290.00; and the Saskatchewan Cancer Commission with an increase of \$61,612.00.

It is the policy of this government to stress preventative health measures as far as possible; however large expenditures on curative health are made necessary because of the present health needs of the community. For example it is proposed to spend \$3,474,727.00 on the hospitals and training school for the mentally ill. This sum represents an increase of \$442,023.00 over last year's estimate. Other curative health programs occupy a prominent place in the health budget.

The government's concern for the health of its citizens is reflected in these estimates: indeed the proposed budget for health is 410.5 per cent higher than actual expenditures in 1943-44.

In conformance with the government's policy of extending public welfare programs, the budget I present tonight provides for the expenditure of \$11,157,472.00 by the Social Welfare Department.

We will spend \$125,280 more on the eight government welfare homes and shelters next year. This increase is due to the recent acquisition of Embury House, the increase in the operating costs of the homes, and the government's policy of improving the living conditions and facilities. In addition we propose to increase expenditures

on goals by \$120,573.00 as a further step toward bringing these institutions up to the high standard set by the recent Report on the Penal Commission.

Many and divergent statements have been made about this government's policy on old age pensions. I should like to present the facts. In the course of the past year our senior citizens have been eligible to receive a maximum pension of \$30.00 per month. In addition to this amount the government has been paying an average \$5.08 per month per capita for the hospitalization, medical and dental care of old age pensioners.

Saskatchewan has therefore been supporting old age pensioners to the extent of closer to \$35.00 per month than \$30.00. Since the Dominion Government increased its share of the pension, certain other provinces, by the payment of provincial supplements, increased their own pension. British Columbia pays a \$10.00 monthly supplement to pensioners who meet certain residence requirements; Ontario will pay up to \$10.00 in supplementary pension if the pensioner will submit to a very strict means test; while Alberta and Nova Scotia pay a \$5.00 supplement.

Therefore, Saskatchewan's total expenditures per pensioner rank with the top five provinces. However, our responsibility to this group in society will not be discharged until the Federal Government has implemented the social security proposals it made three years ago.

Until this happens however, the government feels that this Legislature must consider the pensioners' problem in the light of the presently disorganized price structure. We therefore propose in this budget, that the minimum old age pension be increased to \$35.00 per month, effective April 1, 1943. The government will, of course, continue to provide these citizens with hospitals, medical and dental care and allied services.

As indicated previously we believe it is the duty of the Federal Government to carry out their own legislation by paying 75 per cent of the pension.

The \$5.00 increase must be considered as our share of a \$50.00 pension. We therefore again call upon the Dominion Government to raise their payment by \$15.00 immediately thus keeping the proper relationship between provincial and Dominion contributions.

The provision of increased social security measures, and the intelligent development of agricultural and natural resources requires, of course, an increased number of qualified civil servants to implement our programs. This government now has the services of qualified recruitment, position-classification and personnel officers in the Public

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Service Commission, and the installation of a merit system of recruitment and promotion is nearing completion. It is our belief that employee morale has greatly improved as a result. The Public Service Commission budget is being increased by \$17,335.00 to enable them to extend this program.

The government has granted civil service employees a cost of living bonus amounting to \$1.00 per month for each point above 140 in the cost of living index to enable them to meet the rising cost of living. Further, the employees of the mental hospitals, whose hours of work were recently reduced to 48 hours per week, have been offered a further reduction in the work week to 44 hours. As a result of the establishment of good government employee relations, we are confident that the quality of service rendered by our employees will consistently improve.

Other agencies of government rendering administrative assistance to expedite the implementation of Government policy are many. Prominent amongst these is the Purchasing Agency with a proposed budget of \$56,000,000, the Public Works Department with a budget of \$810,361.00 and the King's Printer with a budget of \$26,345.00.

I should like now to make some reference to the assistance which this government is giving to local government bodies. The facts I shall enumerate are presented to indicate this government's conviction that provincial and municipal governments must co-operate in the discharge of our mutual public responsibility.

In the field of social welfare, we have increased old age and blind pensions and mothers' allowances, and have inaugurated a health services program for this section of the community. We have removed the ceiling on the amount of charges we will share with municipalities for board and lodgings of persons in public and private homes for the infirm. This government has assumed full responsibility for the support of children of unmarried parents, and of wards over 16 years of age. Further, a recent amendment to The Child Welfare Act provides that no municipality shall be required to pay maintenance charges for children in excess of one mill of the tax rate. Municipalities have thus been enabled to spend on other functions of government, monies which were formerly spent on public welfare programs.

In the field of debt charges \$39,187,232 of seed grain obligations has been cancelled, and \$33,000,000 in provincial advances to municipalities for relief payments have been cancelled. This government has paid a total of \$1,787,833 to individual farmers for seed grain adjustments, and in the present fiscal year has paid \$1,900,000 in the settlement of relief and seed grain debt.

In the field of education, the municipal burden has been lifted to the extent that we are spending in 1947-48 \$50.95 toward the education

of each child attending a provincially-owned school, compared with \$20.65 spent in 1943-44.

It is impossible, and indeed unnecessary, to measure in dollars and cents the extent of provincial assistance being rendered to local governments. The people of this province know that this government has always taken the initiative in promoting co-operation between itself and municipalities towards the betterment of the welfare of our citizens. Indeed, we propose to call a conference, this year, between municipal and provincial government representatives to further achieve this purpose.

Assistance rendered to municipalities by this government, and the general economic situation have resulted in a greatly improved financial condition of the municipalities. Municipal indebtedness has dropped from \$68.4 millions at the end of 1939 to \$17.7 millions at the end of 1947, a reduction in debt of 74.2 per cent. This remarkable record is much superior to that of any other province in the dominion; for example next to Saskatchewan was Manitoba which during the same period reduced its municipal debt from \$76.5 millions to \$39.2 millions, a reduction of 48.8 per cent.

I am very pleased to be able to report that for the second successive year The Automobile Accident Insurance Act has shown a surplus. This has been done in spite of the fact that over 5,000 claims have been paid.

It is generally conceded that the plan gives the most complete coverage of any motor accident scheme in the world providing as it does for compensation to motorists, passengers or pedestrians injured in motor accidents, to the dependents of those killed and to those whose motor vehicles are damaged in motor accidents.

These benefits have been provided from a fund made up of certain sums collected when motor licenses and operators' licenses are issued. Operators are assessed \$1.00 annually and private passenger car owners pay \$4.50 or \$6.00 depending on the wheel base of the car.

While these rates are undoubtedly lower than can be found anywhere else in the world for the benefits provided, yet, as just indicated, there has been a surplus again this year. I am therefore happy to announce that, effective April 1, every motorist will be given additional benefits without any increase in fees.

Standard public liability coverage of \$5,000 for one person or \$10,000 for any accident, and property damage of \$1,000 will be provided. This is the minimum standard insurance now required in several provinces of Canada, and, in Ontario, is sold at a premium of \$30.00.

Motorists from Saskatchewan will now be able to drive in other Provinces of Canada with a knowledge that their car will not be impounded for not having it adequately insured.

This additional coverage now gives Saskatchewan motorists insurance which would cost a minimum of \$45.00 in any other province of Canada. But, more important still, it gives them and every other citizen of this province protection which money cannot buy anywhere else.

During the past year, further reductions were made in the public debt. From the end of the fiscal year in 1944 to December 31, 1947, the net debt has been reduced from \$214,253,211 to \$145,744,565, a total reduction of \$68,508,646 or 32 per cent. This reduction is unparalleled in the history of any Canadian province since Confederation. The details of this reduction follow:

	April 30, 1944	December 31, 1947
Bonded Debt	\$125,244,954	\$126,928,773
Treasury Bills	92,910,900	56,427,764
Contingent Liabilities	20,016,607	1,240,916
Gross Debt	<hr/> \$238,172,461	<hr/> \$184,597,453
Less Sinking Funds	23,919,341	38,852,888
Net Debt	<hr/> \$214,253,120	<hr/> \$145,744,565
Per Capita	\$254.16	\$175.03

The increase in the sinking fund of over 50 per cent resulting in total of nearly \$39,000,000 places Saskatchewan in the position of having the second highest sinking fund of any Canadian province. This fund provides an amount of \$46.66 for every man, woman and child as a reserve to meet future indebtedness as it comes due.

The above figures do not take into account the bank balances which have also greatly increased during this period. Honourable Members will recall the statement made by the Leader of the Opposition on the day he gave up his position as Provincial Treasurer and Premier. He stated he was leaving a bank balance of \$8,000,000, expecting it would soon be wasted away. Tonight I am pleased to be able to announce that our bank balance was over \$10,000,000 as at the beginning of this week.

This reduction in the public debt, great as it is, would have been greater yet, had it not been considered advisable to provide for many of the capital expenditures out of our own provincial revenues, rather than borrowing from outside sources. During the past four years capital expenditures of \$23,797,622 have been made, all of which except for less than \$3,000,000 has been advanced out of provincial revenues. Thus we have been following very closely to a pay-as-you-go policy, rather than a charge-what-you-can policy of many previous administrations.

As announced in my Budget Address a year ago we were able to refund the April 15th maturities at an all-time low interest rate. In recent months, the cost of long term money has been increasing for the first time in many years. The demand for money to finance capital development has been extraordinarily great, an increase of over 50 per cent in one year. At the same time the supply has been less readily available.

In the past few weeks interest rates have been suddenly increased as a result of the Bank of Canada in December withdrawing its daily quotation for Dominion Victory Bonds. The result was a reduction in price of nearly \$3.00 per \$100.00 bond and an increase in interest rates from 2.55 per cent to 2.8 per cent.

At the present time the market is still in a very unsettled condition, with many potential investors holding back confident that interest rates will be higher in a short time.

As announced last week, arrangements have been completed to refund the entire issue of some \$5,000,000 due on April 15th next, at an average interest rate of 3.79 per cent.

It is a source of great satisfaction to know that in spite of the unsettled market conditions, this year, was oversubscribed.

With this issue satisfactorily refunded the province will have no further refunding problems during the next four years, as all maturities in that period are for small amounts or the bonds are held in our own sinking funds.

The result of the government's policy of retiring debt and of refunding at lower interest rates has meant a further reduction in the average interest rate to a new low of 4.29 per cent compared with 4.33 per cent in 1944.

It has also meant a reduction in the amount necessary to be levied for debt charges. In 1947 the total expenditure for this purpose was \$5,729,673 or \$6.88 per capita, while the amount required in 1944 was \$7,513,276 or \$8.91 per capita. This, of course, has made more money available for health and social welfare programs.

It will be apparent to the people of Saskatchewan that this government's program is directed toward the stabilization of our economy and the provision of those educational, health and welfare programs which are necessary to the well being of our citizens. The budget I bring down tonight is the expression of that policy.

I should like to add that this government's plans represent nothing more or less than the expressed desire of the people of this

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province to co-operate in the achievement of these objectives. Government is merely the machinery whereby the 842,000 people of Saskatchewan co-operate to build roads, develop their resources, and obtain social security. This co-operation will become regimentation if those who develop our resources and control our economy are not responsible to the people through political and economic democracy. The people of this province are determined that it will not happen in Saskatchewan.

While the present budget is the largest in the history of our province, I am confident that it will be acceptable to the great majority of our citizens and will do much to strengthen their faith in our democratic institutions. I am confident that these financial proposals will greatly improve the economic conditions of our people and at the same time widen their opportunities for the future.

Mr. Speaker, I therefore move that you do now leave the chair.