

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Eleventh Legislature
45th Day

Thursday, April 5, 1951

The House met at eleven o'clock.

The House resumed from Tuesday, April 3, the adjourned debate on the proposed motion of Mr. Danielson:

“THAT this Assembly requests the Federal Government to take action to re-negotiate the International Wheat Agreement, with a view to having an additional term added to the said Agreement providing for an annual conference between the parties thereto, such conference to have power to increase the minimum and maximum price each year, so that such prices may be set at an amount which would give the same purchasing power as the said prices did when the Agreement was signed.”

and the proposed amendment thereto, moved by the Hon. Mr. Nollet:

“THAT all words after the word “Assembly” be deleted and the following substituted therefor:

‘approves the principle of International Wheat Agreements for the marketing of wheat, but regrets that the Government of Canada allowed costs of production to increase thus destroying the proper relationship between farmers’ costs of production and selling prices; and further, that this Assembly requests the Government of Canada to endeavour to secure recognition by importing countries of the necessity for an escalator clause in this and future agreements, and that the Federal Government support the price of wheat at a parity level to the Canadian farmer.’”

SPEAKER’S RULING

Mr. Speaker: — The first point raised as to the Notice of Motion I think has been pretty well met by the time that has elapsed, and the question of introducing new subject matter in it has been pretty well taken care of and pretty well covered. In the original Motion certain things were implied, and the same things are implied in the Amendment; so I rule the Amendment is in order.

Mr. Tucker: — Mr. Speaker, with all deference, I appeal from your ruling.

On the appeal from the ruling, Mr. Speaker’s decision was sustained on division by 28 votes against 15.

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Mr. Tucker (continuing): — Mr. Speaker, I do not know what the purpose of the mover of this amendment was. The purpose of the mover of the Motion, as I understood it, was to bring to the attention of the Federal Government that, since the signing of the International Wheat Agreement, farmers' costs have risen very substantially and that, whereas the price was set in terms in effect of the American dollar, since the agreement was signed the value of the American dollar, in terms of purchasing power, has gone down. Of course, the purpose of the International Wheat Agreement was to introduce an element of stability into the farmer's position; in other words, that one year he would not perhaps be getting two dollars for his wheat and the next year have to take maybe 50 cents, as has happened in the past, which, of course, makes it very difficult for the farmers to carry on.

The idea underlying the International Wheat Agreement was that he would be always sure of a certain minimum price. Of course, if the American dollar was in a stable position so that over the years it would always give the same purchasing power, it would be a sound thing to tie the selling price of our wheat to that monetary unit. Under present circumstances, however, with the inflationary movement that is taking place in the United States, and the extension, up until very recently, in the continuation of the 'easy-money policy' which had a very definite effect in depressing the value of the American dollar in purchasing power by virtue of the fact that the price of wheat was tied to that monetary unit, it resulted that at the present time the purchasing power of a bushel of wheat in terms of actual purchasing power, due to its being expressed in terms of the American dollar, is much less than when the agreement was signed.

Now, of course, there is no certainty as to what is going to happen to the American dollar in the years ahead. Attempts are being made to introduce a measure of stability by various measures of price control in the United States, but, from what we can see, they are not succeeding very well, and the situation is proving to be very, very difficult especially as it has been aggravated by the tremendous rearmament programme. We are assured by some of the leaders in the United States that they are going to overtake the requirements in regard to rearmament and be able to meet civilian requirements too, very shortly and that the pressure now upon prices is going to start easing off very fast. We do not know whether that is going to be so or not in this country, but this is the situation. Unless there is some provision to relate what we get for our wheat not to a monetary unit that is changing in value, but to actual purchasing power, then, by virtue of long-term agreements like this, you get stability in terms of monetary returns, but if the monetary returns vary in purchasing power, you have that element of instability introduced into the situation. In other words, if you did not have the International Wheat Agreement under which you agree to sell your wheat four years ahead of time, what would happen would be that, as your monetary unit (such as the United States dollar) went down in value, then, as a natural result, the actual sale price of your wheat in terms of that monetary unit would tend to go up in price. In other words, there would be a tendency for the monetary unit to go down in value in respect to wheat, the same as it has gone down in value in respect to other things. But, once you tie yourself to the monetary unit in regard to wheat and do not exercise effective control in regard to other things, you have got a situation whereby there is an unsatisfactory feature about long-term agreements.

In negotiating these agreements, I presume in the future that will be taken into account; and what we had in mind was to bring it to the attention of the Government, and to suggest that they should inform the other members of the International Wheat Agreement that this situation was unsatisfactory, and that if we are tied for a considerable length of time to selling our wheat for a maximum of \$1.80, with that \$1.80 steadily falling in purchasing power, then people will even turn against the principle of long-term agreements and result in the attempt to get stability by those means being defeated. It has always seemed to me that these long-term agreements should be tied to actual purchasing power. We have the International Monetary Fund, which has very exact figures on the actual value and purchasing power of the different currencies of the world, and it seems to me that a clause should have been put in there, which would have been just as fair to the vendors as the purchasers, to the effect that any change in the purchasing power of the basic monetary unit should be reflected in the actual minimum and maximum prices laid down in those agreements. That would be fair for everybody, because if the value of the monetary unit goes down, we should get more monetary units in return for our wheat. If there is a tendency for the price to fall — the monetary unit to increase in value — then the purchasers might very well say: “Well, we agreed to give you certain purchasing power for a bushel of wheat. Now that purchasing power will buy more than when we signed the agreement, and there should be an adjustment in minimum prices.” In other words, then you would have real stability. You would have a fixed amount of purchasing power given to the farmer over a period, say, of four years. He would know, “I can buy so much stuff with a bushel of wheat.” And the people who are buying the wheat would know, “I have got to give so much in the way of my products in order to get a bushel of wheat.”

Now, in the days when gold was the standard of value there was something concrete to tie those things to; but now, when the monetary unit is controlled entirely by governmental action, to tie yourself for a long term to any particular monetary unit is putting yourself entirely at the mercy of the governmental policy from time to time of the government whose monetary unit you take as the basic unit. In other words, you have no real, solid foundation upon which to build. We know that what has been happening in the United States has been that they have not been balancing their budget — and what I say now is not in any way criticism of the United States, it is just stating facts; and we have a right to deal with it, because, of course, it affects what we are getting for our wheat. They have been spending billions of dollars more than they have been collecting from the people and, of course, as that money is poured out in purchasing power, it has had an inflationary effect. It has been known for a long time that, if you put out into circulation twice as many dollars as you had before, and do not increase the level of your economic activity, each one of those dollars will be worth only half what it was before.

This tremendous outpouring of money by the United States Government is done largely by governmental borrowing, the securities from which go into the hands of financial institutions — they pledge that security with the different banks and the banks, in turn, pledge it with the Central Reserve Bank and get an issue of currency or credit against it from the Central Bank of the United States. This results in an outpouring of money of the same effect if not nature as if the printing presses were running. And we know what the printing presses did with the value of the money of

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Germany after the First War. With what the Provincial Treasurer said, that this is a real problem facing not only the United States, but us — I am in entire agreement. We have got to get hold of this inflationary movement and halt it, or one can hardly tell how much damage it will do to our economic and political fabric. We know what it led to in Germany finally; the middle class were largely wiped out, and the result was that the accession of Hitler to power was facilitated, and we know all that flowed from that event. It is a terrible thing to think that in some way or another we have not yet been able to control this situation.

So far as we in Canada are concerned, there has been a real attempt, and it has been a successful one, to balance our budget in the Federal field. In other words, one of the greatest inflationary causes of the present inflationary movement in the United States is not operating in Canada, because, whereas in the United States they are overspending by billions of dollars, in Canada the Federal Government is balancing its budget. I have a feeling, Mr. Speaker, that if it were not for the fact that we are so closely tied to the economy of the United States we would not be experiencing the rise in the cost of living to the same extent as we are.

Now then, I am trying to carry on a sober argument in regard to a very difficult problem, Mr. Speaker, and I am speaking entirely without preparation. I regret that I have to do that, because I must say that I had such confidence that you would rule this amendment out of order so that we would be able to deal with the Motion as we introduced it. However, the amendment as it is brought in now introduces two entirely new questions; one as to the extent to which the Federal Government of Canada is to blame for this situation, and the other as to the question of parity prices and that whole problem. All that we had to do to deal with the motion was to say: "Here, we are tied for four years to a monetary unit and, in view of the fact that that monetary unit is going down in value, some steps should be taken to renegotiate the agreement to relate what we get for our wheat to the actual purchasing power of what we get." But now, according to Your Honour's ruling, we have got to go into the question of whether the Federal Government is to blame for this increase in prices, which opens up a tremendous new problem which it is too bad that there should be some prospect of us having to debate at this late date in our Session; and then there is the other tremendous problem of parity prices.

In regard to parity prices, I am personally in favour of that viewpoint, and always have been. I feel that if you are going to guarantee the workingmen minimum wages, you should have the same principle applied to the farmer. I believe the farmer is just as much entitled to a minimum standard of living for his important work as the workingman is entitled to a minimum wage to guarantee him a fair standard of living. And so, I am in accord, personally, with the last part of that resolution. But there again, Mr. Speaker, I regret that that should be tagged on to a clear-cut resolution having to do with the International Wheat Agreement. I find it too bad. If we were going to debate that question, it should have been raised by a substantive resolution. We introduced this resolution, which we thought would receive unanimous support of the House; then these other two things are tacked on to it, and we are faced with these two problems when I think most of us expected that we would be able to have prorogation today.

I find myself at a loss to know just how to meet this situation, Mr. Speaker. Certainly, we had no right to expect it. A simple resolution like this should not have, as I have already submitted, been made the vehicle of an attack upon the Federal Government, blaming it for the rise in the cost of living, putting the entire blame upon the Federal Government in effect, and then also raising the whole question of parity prices.

As to parity prices, that question is a matter that should only be dealt with after a very careful examination of the whole situation. It is not going to be helped by any amendments which, like this, are moved without proper substantiation as to the soundness of the position and without proper deliberation by this Assembly. I regret very much that the Minister of Agriculture, if he saw fit to introduce this very important question of parity prices, did it in this particular way. If he thought that this should have been debated, I submit he should have introduced a resolution, and not tacked it on to something else that everybody in this House would like to support.

The Minister of Natural Resources does not seem to follow that argument, so I will go over it again. I am quite determined, Mr. Speaker, to make sure that everybody in this House understands the position . . .

Hon. Mr. Brockelbank: — (Interruption) . . .

Mr. Tucker: — Well, you do not understand it or you would not take such a frivolous attitude toward it.

These two principles — or parity prices and the question of International Wheat Agreements and long-term agreements generally — are matters of great importance to the farmers of this country. They are not matters to be tacked on to a resolution like this for which we would like to have had unanimous support in this House. Their introduction is for nothing more nor less than political purposes. What other conceivable reason could the Minister of Agriculture have, when a resolution is introduced that the International Wheat Agreement should be in some way renegotiated year by year, to give the farmer the same purchasing power as the money he would have got for that wheat at the time the Agreement was signed? What other reason has the Minister of Agriculture? I think we are all in agreement with the viewpoint of the resolution, and it is a viewpoint that we should work together to try to get established, and it is not going to be easy to get it established, because this Agreement is signed. Does the Minister of Agriculture honestly think that he is going to further that purpose by, in the same resolution, slapping the Federal Government in the face and saying; “You are to blame for this situation.”? Does he want action, Mr. Speaker? Or is he trying to make political capital? Well, it is only necessary to ask the question to see the answer.

If the members opposite want to co-operate in this matter, we are ready to co-operate with them. I submit to them that what we should do here is to put through this resolution in regard to renegotiating the International Wheat Agreement; we can unanimously agree to that. In regard to these other matters, of attempting to put the entire blame upon the Federal Government at Ottawa for this situation, nobody who understands the economic facts of life today ever thinks that the Federal Government is solely to

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blame for this situation. by asking us to say that, and putting us in the position that we either have to vote against this amendment — in which event the hon. members opposite can say we are against the principle of a stabilized purchasing power for the farmer — or endorsing something that we know is incorrect, may be very smart political tactics; but when we are dealing with something that is of fundamental importance to the farmers, I think that the Minister of Agriculture of all people should put the best interests of the farmers ahead of smart political partisan tactics on the floor of this Legislature. Everybody sees through it. Smart political tactics.

Now, I am going to test the willingness of this House to join together, as we have joined with the Government over and over again, to remedy one particular thing on which we can all agree; and I am going to test the willingness of the Government to co-operate with us in that by moving a sub-amendment — an amendment to the amendment. It is not, Mr. Speaker, that I am not prepared to debate this whole question of whether the Federal Government is entirely to blame for the rise in prices. That is a matter that would take three or four days for this House to debate; and if the members of the Government want to debate it, well then, of course, we can debate it. Then, this whole question of parity prices is so very important that if this Legislature, sitting right in the centre of this, the greatest wheat-growing province in Canada, is going to pass a resolution that we want to have the attention that it should get, it should be based upon a careful presentation of exactly what we mean by parity prices, why we are entitled to it, and the whole problem. By going off half-cocked in the last hours of the Session like this, we are not going to promote the principle of parity prices. Again, there is something on which, if it is properly presented and made very clear just exactly what we want and why we are entitled to it, I think we could get the support of the whole Legislature. But it is an entirely new principle, that is all; and here we have these two things, and the latter should be a matter of at least a day's debate.

Now, is it the desire of the members to engage in a thorough debate of these matters? I do not know. But I was under the impression that, when we got through with the Order Paper as it was two or three days ago, that was the business for the Session. Now the Minister of Agriculture has injected two new matters into the situation. As I have said, I am anxious to get this International Wheat resolution through with the unanimous support of the House, and the amendment that I was going to move — and I ask that the Government give it the same consideration as we have given resolutions brought forward from the Government that we felt were in the interests of our province, and not have dissention introduced by trying to put blame where the hon. members opposite may think it solely rests. Now, the amendment to the amendment that I was going to move is this:

“That the proposed amendment hereto be further amended by striking out the following words: “but regrets that the Government of Canada allowed costs of production to increase thus destroying the proper relationship between farmers’ costs of production and selling prices; and further,””

Those are the words that I propose should be struck out:

“ . . . and substituting therefor the following words: ‘but, as costs of production have increased, thereby destroying the relationship between farmers’ costs of production and selling prices which existed when the International Wheat Agreement was signed,’ ”

That would replace the words introduced in the amendment. And then, if the amendment to the amendment is accepted, the resolution would read as follows:

“That this Assembly approves the principle of International Wheat Agreements for the marketing of wheat, but, as costs of production have increased, thereby destroying the relationship between farmers’ costs of production and selling prices which existed when the International Wheat Agreement was signed, that this Assembly requests the Government of Canada to endeavour to secure recognition by importing countries of the necessity for an escalator clause in this and future agreements,” . . .

Now, I did not move to strike out the last clause, although I really think I should have, because I think we should deal with one thing, if it is as important as this is, at one time; but the fact is that I have not proposed the striking out of the last clause:

. . . “that the Federal Government support the price of wheat at parity level to the Canadian Farmer.”

I have not moved to strike that out because a motion like that, while it might be based upon the desire to deal with just one thing at a time, it might be represented as an indication that we were against the principle of parity prices, and I do not want our position misunderstood.

So the only affect of my subamendment, Mr. Speaker is this: it is to put clearly that we are in favour of having the relationship that existed in regard to the purchasing power of wheat at the time the Wheat Agreement was signed, restored by an escalator clause. We have accepted that suggestion instead of the suggestion of yearly conferences. That is, how it is to be done does not matter, so long as it is done. We are ready to accept that part of the Amendment. We are suggesting Mr. Speaker, that we remove this suggestion that the Federal Government allowed costs of production to increase and thus destroyed the proper relationship. Now, the reason we take that out is because we do not feel that is a true statement of the situation. We think that other factors which the Federal Government could not control have contributed to that situation. We see the cost of living rising in other countries in the world. We see them rising in such countries and that the only countries where there has been any successful attempt made to hold down the rise in the cost of living have been countries where you have complete control over your economy, as in the Soviet Union.

Hon. Member: — Socialistic countries like Great Britain.

Mr. Tucker: — But under a Socialistic government like Great Britain, as my hon. friend says, one of the big problems is the rise in the cost of living, because they live in a world which is affected by the war and by the tremendous destruction that took place in the war. To pretend that any government could have halted this situation, unless it were ready to go the limits

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of the government of the Soviet Union, is to make a statement that is not true.

But, I suppose, the idea is to put the Opposition in the position that if they want to support this principle of trying to get the Wheat Agreement put in the right position, we will be made to say, by virtue of the majority in this House, that the Federal Government is solely responsible for the situation — in effect.

Now, of course, the Government has the power to do that if it wants to; but it is not promoting unity behind this situation, and I say to it that this continual insistence that the Federal Government is alone responsible for this situation, and by taking some definite action it could control it, is taking a stand that is not justified by the facts in the world today. It is not so easily controlled. Why is the situation so desperate in Great Britain today? Now I know that the hon. members opposite will say, “Well, their cost of living has not risen as much as ours.” But it is reflected in crushing taxation upon the very people that in this country are paying the cost in higher prices. Now then, there is no real difference. Their subsidies are going up in order to keep down the costs of the things they have to buy; but their taxes are going up, which the workingman must pay just the same. And so, if you take it all together, Great Britain cannot avoid what is happening any more than we can. The only country that has in some measure avoided it is the Soviet Union, which has an iron hand over its people. Well, if it is the idea of the Government that that is the way a government should operate — for the only way you can enforce absolute price control under present circumstances is by some such iron clad control over the people — then, of course, it is a different matter. But if Great Britain cannot do it, how can we hope to? I draw to your attention this, Mr. Speaker: where would Great Britain be today if it had not been for the great amount of help she got under Marshall Aid, and the help she got from Canada, too. Does anybody for a single moment suggest that her situation would not be infinitely worse if it had not been for this vast outpouring of wealth on the part of the United States and Canada? Well then, we have been in the position of trying to give that help, and the United States has, too. One of the reasons why the United States has her inflationary trend to contend with today is because she has been giving this help by way of providing arms and munitions to the nations of Europe, and by furnishing other nations with the means to buy her food products and so on. And when the United States puts out this money to pay for those food products, and no goods come in to pay for those food products, the putting out of that money and that help is inflationary. Anybody can see that. So the very thing that is helping Britain to keep a bit of control of the situation and that has thrown things out of balance in the United States, has been the Marshall Aid Plan and the rearmament of Western Europe by the United States.

In regard to whether the Federal Government is solely to blame or not, there are things that this Government could have done; but perhaps I should not go into this matter until I know whether the Government is willing to accept this amendment to the amendment. If the Government is willing to accept this amendment to the amendment that restores the resolution exactly to what it was before but accepts the suggestion as to parity prices, then we can unanimously agree on it I think. I hope so. And we will have taken a step in the direction in which I think we want to move, of giving parity and security to our farmers. So, perhaps I should not go into an argument on this whole question of the cost of living, because it may well be (I do not know what the mood of the Government is) that they are ready to accept this amendment to the amendment. Of course,

quite clearly, Mr. Speaker, by moving this amendment to the amendment, if the Government does not see fit to accept it, I can leave it at that, because I will not lose my right to speak on the amendment or the motion itself. So perhaps I should just put it to the Government that this amendment does not destroy what we had in mind, it merely takes out the item that has political implications, and suggest that, if that is accepted, we can all go together on one of the last acts of our Session, unanimously. So, I will not go into these other matters that I was going to deal with in regard to who is to blame for the cost-of-living rise, and so on; analyzing that whole question, Mr. Speaker, at this particular moment. I move this amendment to the amendment, seconded by Mr. Loftson.

Mr. Speaker: — The debate is now on the amendment to the amendment and must be confined to the subject matter in the amendment to the amendment.

Premier Douglas: — Mr. Speaker, I do not want to prolong the sitting of the House, and I know a lot of the members are anxious to get home, and I shall make my remarks quite brief. But I do feel impelled to say a few words with reference to some of the things which the Leader of the Opposition has said.

The first part of his speech was actually a treatise on the value of a controlled economy, which I thought came rather strangely from someone who said a few days ago that anybody who thought you could control the cost of living was a political ignoramus. I thought he made rather a good speech for the value of controls and for the necessity of controls, and with much of what he said on that occasion I agree.

Now, the Leader of the Opposition has taken very violent exception to the amendment moved by the Minister of Agriculture, and he has imputed all sorts of political motives and accused the Minister of indulging in political trickery. I think that is hardly fair. I want to point out to the Leader of the Opposition that there is no desire on this side of the House to cause any disunity among the members with reference to the whole question of the International Wheat Agreement; but I do want to point out that the motion moved by the member for Arm River only deals with one side of a very important question, and tried to divorce two things that, to us, are inextricably bound up together. That is, in his motion, he wants to provide an escalator clause or yearly negotiation inside the International Wheat Agreement, to do what? So that the prices may be set at an amount which would give the same purchasing power as the said prices did when the Agreement was signed.

The Leader of the Opposition, in trying to outline it this morning and defend it, said we were trying to keep this in relation to the purchasing power of the American dollar. Now, surely that is not what the motion says. That is part of it, it is true. But the American dollar has been for some time — our dollar has been at a discount of 10 per cent with the American dollar, now the discount is four or five per cent. That is, we are still getting \$1.89 for \$1.80 American funds, so that we cannot complain that the American dollar is at a discount. We cannot complain that we are not getting the \$1.80 which we are expected to get under the International Wheat Agreement.

What the member for Arm River complains about is the amount they are receiving under the International Wheat Agreement is becoming inadequate because

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of the purchasing power of our own dollar. Now the purchasing power of our own dollar, Mr. Speaker, is affected by the price structure in our own country, and it is impossible to separate the question of the price paid under the International Wheat Agreement on the one hand, and the price structure in our own country.

One of the reasons why I would like to see some unanimity on this resolution is that I think we could do the farmers of the country a great disservice if we allow a lot of loose thinking with reference to this International Wheat Agreement. For years in this country we talked about trying to get some measure of stability. Through the 'thirties, we were bedevilled with the spectre of wheat-exporting countries who had low costs of production and cheap labour, throwing wheat onto the world market at fire-sale prices. The result was, we were throwing wheat onto the world market at fire-sale prices. And the thing we have been talking about on these prairies for the last twenty or twenty-five years is getting some orderly marketing, getting some agreement between exporting and importing countries regarding a fair and a stable price over a period of years.

I submit that if we start to interfere too much with this International Wheat Agreement we could destroy it, and destroy it very easily. How can we go to the importing countries and say to them, "Now we made an agreement that you would have to take from us, whether you wanted to or not, a certain quota of wheat at the floor. We have the wheat, we are willing to start at the floor, you have to take a certain quantity of wheat. On the other hand, if you wanted wheat and we had it, we had to deliver it to you at the ceiling." And so there was this spread between \$1.50 and \$1.80, the floor had dropped ten cents for a period of years, \$1.40, \$1.30, \$1.20; but, within that range there was to be an agreed price over the life of the agreement. Now, we go to the importing countries and say, "We would like you to open-end the ceiling, we would like the ceiling with an escalator clause, so that if the purchasing power of our dollar falls, our costs of production rise, the ceiling will rise." What will the importing country say? The importing country will quite properly say, "Yes, if we agree to that, and the purchasing power of our money drops, we would like the floor to have an escalator clause, too, a descending clause." And if you open-end the ceiling and open-end the floor you have not got a wheat agreement. That is where you could very well be. Or, you could have wheat agreement that would have so much flexibility that it would have very little stability. In other words . . .

Mr. Tucker: — Mr. Speaker, I would like to point out to the Premier that in the amendment moved by the Minister of Agriculture, it advocates the escalator clause.

Premier Douglas: — I am not speaking against the escalator clause, I am simply pointing out its dangers: the danger of dealing with the escalator clause without dealing with the much more fundamental thing, the price structure in your own country. That is, when you go your customer and say to your customer, "We have an agreement to buy and sell within a certain price range, but we would now like you to raise the ceiling to compensate us for our own incompetence and our failure to impose reasonable price controls in our own country," we are saying to our customer, in effect, that by virtue of the fact that we have lacked the courage and the aggressiveness to curb the profiteer in our own country, we want you to do something about the price that

we agree to sell wheat to you for.

Mr. Tucker: — Nonsense, that is just politics.

Premier Douglas: — If we try to separate those two things, that is what we are doing.

Mr. Danielson: — That is just bunkum.

Premier Douglas: — Now, we will see how much bunkum. The cost-of-living index in this country since 1946, when they took the price controls off, has gone from 123.6, I point out, Mr. Speaker, that from 1937 to 1946 — in that period we had a war — the cost-of-living index had only gone up some 22 points; only 22 points in a period of nine years, during which we had had a war; and from 1946, when we took off price controls, it has gone from 123.6 to 179.7, an increase of some 54 points. It goes up 22 points during the war and for the two or three years before the war; and since the war, 54 points on the general average cost-of-living index. In other words, the purchasing power of the dollar has dropped from 100 cents to 55 cents. On the other hand, if you go over to the food people have to buy, which is a major part of the budget of the average family, it has gone up, in 1946, from 140 to 233. In other words, your food dollar has gone down from 100 cents to 41 cents. But that is what is happening to our . . .

Mr. McCarthy: — Would the Hon. Premier permit a question? Are you suggesting those food prices should be rolled back, that you are talking about just now?

Premier Douglas: — I am not suggesting it, it is just contingent — I am making my suggestions, if my friend will just wait a moment.

My friend is suggesting that if these food prices are rolled back it will hurt the farmers; that is supposed to be, Mr. Speaker, a trick question, for which I am supposed to fall. I want to show that it is not the farmer who is getting this increased price for food. If my hon. friend will just keep his mouth closed and ears open — he has two ears and only one mouth which means he is supposed to listen twice as much as he talks; if he did that he would know twice as much as he knows now.

Mr. McCarthy: — You are making a statement that is not true, because we are getting a higher price for our beef than we ever got.

Premier Douglas: — I want to point out to my hon. friend that this is in 1950. In 1950, the index for farm prices in this country was 249.3 and today it is 245.4. Food prices in that period of time have gone up from 199 to 233; they have gone up 34 points. Food prices that the purchasers pay in the store have gone up 34 points, whereas the prices which the farmers are receiving are four points lower now than they were in 1950.

(Interruptions)

Mr. Speaker: — Order! Order!

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Premier Douglas: — If there is any standard of truth coming from the member for Arm River, I would be as distorted as a pretzel.

Mr. Tucker: — You are. It is funny that should have come to your mind.

Premier Douglas: — Here is a man who comes in to this House, brings in a motion asking that we go to the importing countries and say that we want to put an escalator clause in our agreement with the reference to wheat, and either does not know enough, or has not got the political courage in the same breath to say to the importing countries, “We will do something about our own price structure in our own country.” No, he wants to stand by and allow the Federal Government to permit the profiteers to continue to profiteer out of rising prices, do nothing about that, and then say to the importing countries, “Now, because we have allowed these profiteers to push our cost of living away up, won’t you do something about the prices at which we are going to sell you wheat.”

Mr. Loptson: — Would you allow me to ask you a question? Would you confide who are the profiteers; the retail merchants, or the wholesale merchants?

Premier Douglas: — If the member of Saltcoats will take a look at the returns of some of the farm implement companies, some of the oil companies; look at some of the big food companies and the big food wholesalers; if he will take the trouble to look at the prices of the C.P.R. stock today, which has doubled in the last few years, he will see where the profiteers are, very quickly. And in my cases these are people who are making their money out of increased appreciation of their stock, on which they are not even paying income tax. There is no doubt who the profiteers are.

Mr. Danielson: — Mr. Speaker, I would like to draw attention to the fact . . .

Premier Douglas: — Well, Mr. Speaker, I am making a speech and the hon. gentleman interrupts. He can make all the speeches he wants when I am through. I am pointing out, Mr. Speaker, that either the gentlemen opposite, and particularly the gentlemen who moved this original motion, had not appreciation of the fact that the primary responsibility for the decreased purchasing power of the dollar lies within our own domestic economy, or they lacked the courage to say so — either one. I agree that where there are fluctuations which are due to increased transportation costs or differences in exchange, those should be negotiated, and there is provision for them to be negotiated under the terms of the Agreement. Those can be negotiated. And there is provision for the setting up of an advisory committee to deal with price equivalents. And I agree that there should be some escalator clause to take care of some of these adjustments. Mr. Speaker, that does not relieve us, as Canadian citizens, of dealing with the primary responsibility of seeing that the purchasing power of the farmers’ dollar becomes stabilized to a much greater extent than it is today. When the purchasing power of the people’s dollar since 1946 has dropped from 100 cents to 55 cents, that is not a stable dollar, and it would be impossible to get adjustments on the international price of wheat to keep pace with a spiralling inflation of that sort. And if this is allowed to continue, we would price ourselves completely out of the world market insofar as such wheat is concerned.

Now, the Leader of the Opposition says in this amendment of the Minister of Agriculture, that we are putting all the blame on the Federal Government. Well, Mr. Speaker, they must accept the major part of the blame; they control the fiscal policy of this country. I took down the words which the Leader of the Opposition said. He said there were factors which the Federal Government could not control. Well, they controlled them with admirable efficiency from 1941 to 1946, when the cost of living, if I remember it, varied only some 8 or 9 points. Now, if they could exercise those controls in time of war when we were faced with the menace of Hitlerism, surely they can exercise control when we are now faced the menace of inflation that is depreciating the dollar of every citizen of this country. What is this thing doing to people? — to say nothing of what it is doing to the people on fixed incomes, to say nothing of what it is doing to the farmers, whose wheat prices are fixed by International Agreement. See what it is doing to people in terms of their life insurance policies, their superannuations, their bank statements. A man with \$10,000 life insurance today is leaving his wife \$5,500, not \$10,000. The man who bought a thousand dollars of Victory Bonds today has the purchasing power of \$550 not of the thousand dollars which he paid for a Victory Bond. In other words, we are undermining the whole basis of our society by allowing the termite of inflation to eat into the structure of the Canadian economy.

Now, the Leader of the Opposition said there are factors we cannot control. There are some factors which we cannot control, I agree. There are goods which come into this country from other countries, which we must buy elsewhere, or assemble, and we cannot control the prices of those things. There are many things which could be controlled and which have not been controlled. Now, he mentions Great Britain, says there in Great Britain what have they done? Mr. Attlee spoke over the radio to the people of Great Britain on a national hook-up just a few days ago. He pointed to the people of Great Britain, and gave them the figures to show that the cost of living in Great Britain since the war has risen less than in any other democratic country in the world. Now, the Leader of the Opposition says, “But how did they do it?” He says they did it by a crushing burden of taxes. Well, Mr. Speaker, now there is the secret; there is the secret. The real reason that we do not have price controls in Canada is that it might be necessary to take money out of circulation by imposing excess profits taxes and higher corporation taxes, and the Liberal Party would rather allow the cost of living to go sky-high than impose taxes on those who are very well able to pay them.

The Leader of the Opposition says, “Well, they have done all this because of the help they got.” Surely, that is a very unfortunate remark for a man who knows much better. The people of Great Britain, Mr. Speaker, have given away to other countries just as much as they have received from United States and from Canada. Their assistance to the people of Asia and to the backward people of Europe is one of the most magnificent gestures of all time. In the first few years after the war they were actually taking food, food which they badly needed and which they received from Canada and the United States, and shipping it to the defeated people of Germany and to the people of Holland and Belgium and France. They took children out of those countries and brought them over to Britain and fed them, despite the fact that they themselves were on rations. These are the people who poured out everything they had to stand between us and the menace of Hitlerism in 1940 and 1941. Now we come along and say, “Look at the help they got!” They have paid out more than all the help they got, Mr. Speaker. The real difference is that

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they have had the courage to say to those who have, and who have an abundance, "You are going to pay your fair share in taxes to enable us to stabilize the economy, in order that the poorer people may be able to buy the things they need at prices which they can afford to pay."

Mr. Egnatoff: — Mr. Speaker, I wonder if the Premier would permit a question. If the Premier and his Government believe in price controls, and if they are so much concerned about the increase in the cost of living, why does the C.C.F. Government of this province not subsidize milk production and butter and control the price of these two very important food commodities . . . (Interruption) . . . I am not quite through with the question, sir. Why don't you control the price of lumber? You have the power. Now do something about it.

Premier Douglas: — Mr. Speaker, only the rules of this House prevent me from adequately describing that question. How could any provincial government take on hand to subsidize commodities so as to relieve the burden upon the people who are now being asked to pay 54 points more in their cost of living than they were paying in 1946. Subsidize milk? You would have to subsidize not only milk, but butter and meat and bread and clothing and lumber; there is no limit to the items. Why should a provincial government, with a very limited field of taxation, start in to pay money which would not be going to the consumer, but would simply be going to the profiteers, who are now getting more of the commodities than they were getting five years ago. I wonder at the type of mind people have who, instead of taking the simple road of keeping prices down, say "No, let the prices go up and the Government will pay the difference."

Mr. Tucker: — He said, "Why didn't you control the prices?"

Mr. Egnatoff: — Mr. Premier, possibly you misunderstood my question. My question was this: If you believe in price controls and if you believe in actually doing something to curb the increase in the cost of living, then why do you not (a) subsidize, say milk producers and butter producers, (b) control the price of butter. You have the power to do that. You have a Milk Board. Why do you not control the price of butter?

Premier Douglas: — I have already answered the question, the subsidy question. I cannot talk when the Leader of the Opposition is talking. I have already answered the question of a subsidy. The answer is not to let the prices go up and let the Government pay the difference, because the Provincial Government can only collect the taxes from the people in this province. They cannot put on Corporation Taxes and Excess Profits Taxes. You are going to take it away from the people of the province and pay it to the profiteers who are making this extra money. Now you ask why we do not put on price control in reference to milk? Mr. Speaker, price controls can only be put on if you start with an overall fiscal policy. The people who produce milk, the people who produce butter, have to buy their goods in the Canadian market at these inflation prices, just as the farmer has to buy machinery, oil and other goods at these inflation prices. Then, can you come along to him and say "Your commodity, namely milk or butter, is going to be fixed, but farm machinery, oil and all else, everything else, will go sky-high?" Does my hon. friend suggest that? You know that it is absolutely fantastic.

Mr. Lopton: — Would the Premier permit a question? Similarly, don't we have to buy on the world market at inflation prices.

Premier Douglas: — But the amount we have to buy on the world market is very small, and I said a moment ago that there are commodities outside which we must buy. That could be taken care of very easily as we did during the war. I will come to that in a moment with reference to agriculture. We could do what we did during the war. During the war we paid subsidies to those who had to buy those goods outside. And the Canadian Government have a whole fiscal system by which it can collect that money by Excess Profits Tax or by any other means it wants from those who have it and have it in abundance, and pay it to those who have to import goods such as ball-bearings or equipment which is not made in Canada and to buy at those prices they must pay the difference. The rest of the prices in Canada can be checked. But no Provincial Government can say to the farmers, "You must sell your milk and your butter at a low price, but since we have no control over the other prices you will have to pay 50 per cent more for the things you have to buy".

Now, Mr. Speaker, we on this side of the House are not going to go on about the matter of berating the Federal Government. We have no doubt in our minds as to where the responsibility lies. The responsibility lies squarely on the Federal Government who have control of fiscal policy. From 1941 to 1946 they could exercise price control, and who, Mr. Speaker, in 1946, when we were signing a Wheat Agreement — at that time the Anglo-Canadian Wheat Agreement — accepted this principle that something should be done about price control, the present price structure in Canada, and that if the Federal Government did not do something about the price structure it had a responsibility to compensate the farmers. You will remember — I believe the page is 1295 of Hansard, August 15, 1946 . . .

Mr. Tucker: — You should know it by this time.

Premier Douglas: — Oh, I know it very well. Mr. Gardiner pointed out the Federal Government had set up a fund of \$200 million for the very purpose of guaranteeing the farmers floor prices, and, if the cost of living went up and the price did not go up proportionately, that they would be able to guarantee that floor to him and make up the difference. He went further and said that if it were necessary similar arrangements would be made through the Wheat Board with reference to wheat. In other words, the Federal Government itself recognized that when it signed that wheat agreement, whether it was the International Wheat Agreement or the Anglo-Canadian Wheat Agreement to sell wheat within a limited range, then they had a responsibility to do one of two things: either control the domestic price structure on the one hand, or make some compensation to the farmers if the domestic price structure got to the place where the price which they received for their export commodities was inadequate. Therefore, Mr. Speaker, we on this side maintain that, while we agree with the member for Arm River that there might be some escalator clause, you cannot divorce any escalator clause in the International Wheat Agreement from the responsibility which we Canadians and the Canadian Government have to control our own price structure. They are bound up together, and they must both be recognized.

Now, with reference to the sub-amendment which the Leader of the Opposition has moved.

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Mr. Tucker: — I am glad you came around to it.

Premier Douglas: — Well, I can go on if my hon. friends want me to . . .

Mr. Tucker: — We are enjoying it.

Premier Douglas: — The Leader of the Opposition wants to strike out the words: “but regrets that the Government of Canada allowed costs of production to increase thus destroying the proper relationship between farmers’ costs of production and selling prices.” He wants to put in: “but as costs of production have increased, thereby destroying the relationship between farmers’ costs of production and selling prices which existed when the International Wheat Agreement was signed.” Are those words a factual statement of what is happening? I agree with you. They are a factual statement of what is happening. What is funny about that? The price structure can get out of hand with the result that the farmers’ prices which he must pay for the things he buys are out of line with the prices which he is getting for his wheat. That is a factual statement. It is the same as the statement which we made, except that we apportioned blame to the Federal Government. Now, I do not know — I have not had any chance to consult with my colleagues; they will have to speak for themselves on it. My own opinion is that we should accept this other amendment. In accepting this other amendment it is not because I think that the blame does not lie with the Federal Government, actually it does . . .

Mr. Tucker: — Each is entitled to his own opinion.

Premier Douglas: — I think that any government in Canada which controls the fiscal policy of this country has the power and has the responsibility for controlling inflation. I think the Federal Government should be condemned in as strong terms as possible for failing to exercise their responsibility and their power in that regard. On the other hand, if we can get some unanimity on the question with reference to the International Wheat Agreement, I, for one, would like to see this Legislature close on a unanimous note in reference to that matter. We do not have to say who is responsible. I have said who I think is responsible, the Leader of the Opposition slightly disagrees with me, publicly — there is no telling what he thinks privately.

Mr. Tucker: — I can assure you I say publicly what I believe privately.

Premier Douglas: — But he has to admit that the cost of production has increased, thereby destroying the relationship between the farmers’ cost of production and selling price. He stated that categorically. That is what we believe. We do not need to say who is responsible, if we do not want to. We have tied in now the main thing we wanted tied in, namely, that dealing with the International Wheat Agreement itself and putting escalator clauses in there is not enough. We must recognize on the other hand, that the domestic price structure is out of balance, and it is the responsibility of the Federal Government to do something about it and to recognize the principle of parity. Since the Leader of the Opposition has left in the clause providing for parity, and since he has recognized that the domestic price structure is a responsible factor for this imbalance which now obtains, I would be inclined to support the subamendment and that would make us — the Leader of the Opposition and myself unanimous on this resolution.

Mr. Tucker: — That would make it a red-letter day.

Hon. Mr. Nollet: — On a point of privilege, Mr. Speaker. In having introduced that amendment with the contentious “regret” feature contained in it, I in deference to the sensibilities of the hon. members opposite and in order to get unanimity, will certainly go along with the subamendment of the hon. Leader of the Opposition, without prejudice to my own particular opinion in the matter.

Mr. Benson: — Mr. Chairman, I want to say just a few words in regard to this subamendment. I think that when we have something to do with a question that is as important to Saskatchewan as this question is, we should have endeavoured to keep politics out of it. When the Minister of Agriculture introduced his amendment he certainly interjected politics into this discussion, and I would suggest in all seriousness that when we have a matter of such great importance as this to the people of this province, we should keep politics out of it. If we want to discuss politics, if we want to lambaste the Federal Government, the British Government, or this government, let us have a debate on that; but keep it out of the discussion of farmers’ affairs. We can go after the Dominion Government to our heart’s content.

I want to say in regard to this subamendment that I think it covers the original motion and it also covers the main part, the important part, of the amendment. So far as I am concerned I am going to support this subamendment, and I hope that everybody in the House does, because I believe that we have had a bit of a trimming on one agreement and that we should, from this province at least, show unanimity in regard to this International Agreement and see if we can get something worked out that will help the farmers of Western Canada, and the farmers of Saskatchewan in particular, in their proper relationship with other groups in Western Canada and in the Dominion of Canada.

Mr. Danielson: — I am not going to say very many words and I am going to try and get away from the wind and fury we heard a little while ago. I introduced this resolution, Mr. Speaker, and I think, tempted as I was at times to talk politics, I did not talk any politics. I think that was the one point the Press recognized — that I made a non-partisan speech.

Now, the Premier has made many statements; I am just going to mention a few of them. One thing he said was that value of this wheat for the currency used was based on distant payment — was based on United States currency. If that is true, of course, it must be based on some kind of a currency and I imagine, being a world agreement with about 36 nations linked together in purchasing and selling the international commodity of wheat, that it could only be based on the most favourable and widely recognized currency in the world today, which is the United States dollar. But that has no bearing on the resolution, whether it is the amended resolution or the one I introduced; not a bit.

He said something about the index of the farmers’ price system. Well, with the exception of wheat, Mr. Speaker, the price that the farmer received for his commodities has been for some months past, some years past, the most favourable it has ever been. I have it here. I clipped it out of the “Leader-Post” a few days ago, and it gives a representative chart: it was on the Editorial page. The cost of a suit of clothing in 1926, counted in bushels of

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wheat: it took 17½ bushels of wheat to buy a good suit of clothing in 1926. 1926 has been used for many years as a basic year for figuring farmers' prices because at no time, Mr. Speaker, when this country discusses the farmers' relationship to the rest of the national economy, has it been on a more level and equitable basis than it was in the year 1926. That is recognized by everybody. Now then, it took 17½ bushels to buy a suit of clothes; today it takes 26½ bushels. And when you take a low-priced car, it took 527 bushels of wheat to buy a low-priced car in those days, now it takes 1107 bushels of wheat. And it is the same when we get down to one ton of coal: it took 8½ bushels in 1926, and it take 8 7/8 bushels in 1951. When you come down to beef prices, that is the only commodity produced on the farm today that is at a disadvantage as compared with 1926. All others are away above for this year of 1926. Then a suit of clothes cost 4¼ cwt. in beef; today it costs only 1 4/5 cwt. in beef. And the same with a car: 135 cwt. in 1926, today it only takes 77. And we can go down the line: One ton of coal 2¼ — it takes only 3/5ths to get the same amount of coal today. That is the situation.

The Premier said something about conditions in Great Britain. Well, an average workingman, a man who earns today approximately from \$38 to \$45 in our money, Mr. Speaker, will pay just about 43 or 44 per cent of it in taxes. And that is why he buys goods from the Government stocks, which are subsidized and must be rationed in most of the lines; — that is why he can buy at lower prices than what he would have to do if that tax and that subsidy was not paid. The workingman's wages help to pay the subsidy. There is just this to be said in favour of it, Mr. Speaker, and it is a good principle, — that is, that a person with a big family and not a very high wage is a little better off than the one with a high salary who can better afford to pay a larger amount of tax. There is no doubt about that. It equalizes the wealth of the country and increases the consuming ability of the lower wage earners.

Now, Mr. Shinwell, not very many months ago said that he was rather proud that in Great Britain today, which has between 50 and 51 million people, there were only 86 persons who had an annual income of over £6,000 a year. Now that is what taxation has done in Great Britain. Evidently that is the Socialistic policy. And maybe the day will come, if we continue to have a Socialistic government here, when we will be in the same position.

Premier Douglas: — May I ask my hon. friend a question, Mr. Speaker? Does my hon. friend think anybody has a right to more than £6,000 a year, that is \$30,000 a year?

Mr. Danielson: — No, I did not say that, Mr. Speaker, and he is not going to put any words in my mouth. He should know by this time, after seven years in this House, that that never works. He is twisting and turning and distorting anything that any of the members say on this side of the House. That is past, and he is just wasting his time. But I say that in a population of over 50 million, there are only 86 persons in that 50 million with an annual income of above the amount which I mentioned, £6,000. That should indicate something, Mr. Speaker, and it is, as Sir Stafford Cripps said, a few months before he retired on account of ill health — that there was no more wealth to be taxed in Britain. Here is how he put it (that came out of the C.C.F. dictionary); he said this: the people would have to get along with less income — that meant less wages, Mr. Speaker, in Great Britain — less food and everything else. That is the dictionary the C.C.F. uses. He would not say less

wages as far as the workingman is concerned, but he said they will have to get along with less income.

Now these are things that we should not forget. The rosy picture that has been painted by the Premier is always two-sided, and there are two sides to every question. But the condition of the farmers in Saskatchewan, Mr. Speaker, is not so terrible. I want to say that if you put on price control in Canada, the person that will be hit, and hit hard, is the farmer. How long is the workingman going to be able to pay 80 cents a pound for butter? How long is he going to be able to pay 80 cents and a dollar a pound for beefsteak? I think it is outrageous, and many farmers feel the same way about it. The sensible, ordinary farmer in Saskatchewan today says that these prices cannot last and in the long run they will be the sufferers and will have to pay abnormal prices for some of the things they have to buy. Farmers know these things, and the farmers will tell you that the years between 1922 and 1928 were the most equitable years that they ever had on the farm in Western Canada, and these were normal years, when the relationship of prices was equalized between the farming economy and the other economy in this Dominion of Canada. But the Provincial Treasurer (and I am going to quote him) said that the income of the farmers of Saskatchewan this year will be \$690 million, possibly an all-time high. That is from his budget speech. How can this Government stand here and talk as far as the farmers are concerned? These are figures used by the Provincial Treasurer. So, I think we should all take the Premier's statement for what it is worth, which, of course, is a purely down-to-earth political C.C.F. speech. That is all I have to say, Mr. Speaker.

The question being put on the subamendment moved by Mr. Tucker, it was agreed to.

The question being put on the amendment as amended, it was agreed to.

The question being put on the motion as amended, it was agreed to in the following terms:

“Resolved, That this Assembly approves the principle of International Wheat agreements for the marketing of wheat, but, as costs of production have increased thereby destroying the relationship between farmers' costs of production and selling prices which existed when the International Wheat Agreement was signed, this Assembly requests the Government of Canada to endeavour to secure recognition by importing countries of the necessity for an escalator clause in this and future agreements, and that the Federal Government support the price of wheat at a parity level to the Canadian farmer.”

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His Honour the Lieutenant Governor entered the Chamber at 3:45 o'clock p.m., and, having Assented to several Bills, was pleased to deliver the following speech:

Mr. Speaker and Members of the Legislative Assembly:

It is my duty to relieve you of further attendance at the Legislative Assembly, and in doing so I wish to thank you and congratulate you upon the work you have done, and to express my confidence that the results of your labour will be of benefit to the people of the Province.

Many important matters have come before you for discussion and decision.

You have approved the largest construction programme in the history of the Province for highways, power and telephones. Important steps have been taken in the implementation of some recommendations of the Report on Provincial-Municipal Relations. With a view to providing more equitable representation in this Assembly, provincial constituency boundaries have been adjusted. Legislation has been provided to enable absentee voters to exercise their democratic rights. You have made provision to assist farmers to acquire electric power service, and to be given further protection in years of crop failure. I have noted with satisfaction that you have made provision for superannuation schemes for employees of Urban Municipalities and Larger School Units, and the extension of superannuation schemes for teachers and Public Service employees.

I thank you for the provision you have made to meet the further requirements of the Public Service, and assure you that the sum of money voted will be used economically, prudently, and in the public interest.

In taking leave of you, I desire to thank you for the manner in which you have devoted your energies to the activities of the Session, and to wish you the full blessing of Providence as you return again to your respective homes.

Hon. Mr. Williams (Provincial Secretary): — Mr. Speaker and Members of the Legislative Assembly: It is the will and pleasure of His Honour the Lieutenant Governor that this Legislative Assembly be prorogued until it pleases His Honour to summon the same for the dispatch of business, and the Legislative Assembly is accordingly prorogued.