

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Thirteenth Legislature
5th Day

Wednesday, February 19, 1958

The House met at 2:30 o'clock p.m.
On the Orders of the Day:

QUESTION RE GOVERNMENT MAIL

Mr. F.E. Foley (Turtleford): — Mr. Speaker, before the Orders of the Day are proceeded with, I have a question I would like to ask.

Is it Government policy to advertise the C.C.F. Party by the use of seals or stickers attached to letters written by Ministers of the Crown in the routine discharge of their duties? I have here a letter dated January 21, 1958, addressed to myself from the Hon. Minister of Highways (Hon. Mr. J.T. Douglas) bearing a seal commemorating the 25th anniversary of his party in Canada. I am prepared to table the letter, if requested, and I would again ask, is this type of advertising on Ministers' mail the policy of this Government?

Premier Douglas: — It is always the policy of the Government to commemorate any great historic event.

Mr. Cameron (Maple Creek): — The use of the mail!

Mr. Batten (Humboldt): — What modesty!

Mr. Foley: — I feel that this is a distinct abuse of Ministerial privilege, when Government mail is so used.

SPEECH FROM THE THRONE

Debate on Address-in-Reply

The House resumed from Tuesday, February 18, 1958, the adjourned debate on the proposed motion of Mr. Davies (Moose Jaw City) for the Address in Reply to the Speech from the Throne and the amendment thereto by Mr. McDonald.

Premier Douglas: — I would like first to extend to the University students who are visiting here this afternoon, a very warm welcome on behalf of the members of the Saskatchewan Legislature. This is probably the only statement I shall make this afternoon that will have the universal endorsement of all parts of the House. We are always pleased each year to have students from the University,

February 19, 1958

and particularly to have some of the international students come to the debate on the Speech from the Throne. These students, in a few years, will be going out to take their places in the world; they are going out into an extremely troubled world. We think It augurs well for the future that you have taken time off from your studies to come here and to the proceedings of this Legislature and to give some thought to some of the public questions which are discussed here and also in your own debating fine directorate, to discuss and argue about the various social, economic and international questions which are facing the human race.

So we are exceedingly pleased that you have come to visit us. I am sorry that you didn't have an opportunity yesterday of listening to the Hon. Leader of the Official Opposition (Mr. McDonald) speak but you will have the opportunity of hearing him this evening when he addresses the dinner which is being tendered to you by the members of the Legislative Assembly. However, I think you will gather from what I have to say this afternoon, that he and I are not in complete agreement on all the questions which are under discussion.

Mr. Speaker, before the debate was adjourned yesterday, I made some reference to the population figures for the province and I quoted some of them from memory. I have now the accurate figures from the census. I would just like to run over these again. As the hon. members know, the census is taken every five years. The 1936 census was therefore an actual census and not an estimate. The census for that year showed a population in Saskatchewan of 931,000. By 1946, just after this Government had come into office, our population had dropped to 832,000 — a drop of 99,000. If you add to that the loss of natural increase it means that during that ten years about a quarter of a million people left the province of Saskatchewan. The population from 1946 to 1951 dropped another thousand. We weren't quite holding our own and also we were losing our natural increase. From 1951 to 1956 our population went up from 831,000 to 880,000, an increase of some 49,000. We had no census in 1957. All we have is an estimate taken from postal records, from the records of the Hospital Services Plan, and so on. When the actual census is taken we find that these are out by some small margin — 2,000 too high or 2,000 too low. The estimate for 1957 was 879,000. The Leader of the Official Opposition said yesterday we had dropped 2000. Well this estimate shows a 1000 drop. It may be more or it may be less. I think the point to keep in mind is that we have dropped about 100,000 people from 1936 to 1946, we have picked up nearly 50,000 since 1951. That is not a great increase but it would indicate that the drain upon our population has been stopped and that we are beginning to make gains again. However, if agricultural conditions worsen and people are driven off the farms, it is quite possible that we can have a continued decrease in agricultural population.

The other fact I was mentioning when we adjourned was with reference to the statement made by the Leader of the Official

Opposition that Saskatchewan was paying a smaller percentage of education costs than any other province in Canada. We have, of course, the latest figures on other provinces. We have to depend upon their annual reports. The last year on which information is available for all provinces is 1955. I think this is interesting. In 1955 in the province of Ontario the provincial government's contribution to education represented 32.4 per cent of the total cost of education. In that year in Saskatchewan the government's contribution represented 29.2 per cent. But, Mr. Speaker, that is not the lowest in Canada, as my honourable friend says. I wonder why my honourable friend didn't go to the Liberal province of Manitoba where in 1955 the provincial government's contribution to education represented only 26.3 per cent of the total cost of education, and not 29.2 per cent as in Saskatchewan. As I pointed out yesterday from 'The School Trustee' magazine, our contribution has continued to rise since 1955. In 1956 the provincial government's contribution represented 30 per cent of the total cost of education. This year, when we include the supplementaries, the provincial government's contribution will represent 36 per cent of the total cost of education. As I pointed out yesterday the grants authorized by this legislature last year plus the supplementary estimates which will be submitted this year represent a contribution on the part of the government to education in 1957 greater than the total amount that was spent in the whole province for education in 1946.

Now, Mr. Speaker, I want to turn to the larger picture and look at the Saskatchewan economy. I have already referred to the fact that from 1936 to 1946 we lost a quarter of a million people. In the past ten years that drain has been stopped and we are coming back. We have had a population increase of something close to 50,000 people. I am not laying the blame for that decrease in population upon the Liberal government, which happened to be in office most of the time from 1936 to 1946, but to the fact that we had in this province an extremely vulnerable economy. This economy was 80 per cent dependent upon agriculture for its wealth of production and a large part of that agricultural production depended upon a world export market. An agricultural economy is extremely vulnerable both to the hazards of weather and to world prices. The result is that our economy suffers violent fluctuation. The best illustration of that is to take the year 1937 (probably our worst year) when the total production for the province — agriculture, manufacturing, mines, lumber and everything else — was only \$177,000,000. That year demonstrates just how vulnerable our economy was to the hazards of weather and to world prices of basic agricultural commodities. It has been the avowed policy of this government over the years to endeavour to build a more diversified and stable economy, not to lessen the importance of agriculture but rather to supplement our agricultural economy by developing our other basic resources and by developing primary and ultimately secondary and tertiary industries. I am glad to be able to say to the legislature this afternoon that the gross value of commodity production in this province last year amounted to \$1,400,000,000. Of

February 19, 1958

that amount the non-agricultural segment of our economy was responsible for almost 65% or nearly \$900,000,000. This compares very favourably with the non-agricultural production in 1945, which was only \$224,000,000. Our honourable friend, the Leader of the Official Opposition (Mr. McDonald) yesterday tried to pull statistics out of various corners to give the impression that there had been no great industrial development. One has to look at the overall picture. The overall picture is that in 1945 the gross value of our non-agricultural production was \$224,000,000 and last year it was almost \$900,000,000. Let me just take a few moments of the House's time to break that down.

Our mineral production in 1945 was only \$22,000,000. In 1955 it was up to \$85,000,000. In 1956 it went up to \$115,000,000. It is estimated that our mineral production last year will be valued at \$158,000,000. I submit, Mr. Speaker, that is a tremendous increase from \$22,000,000 to \$158,000,000.

The Leader of the Official Opposition, trying to make a case yesterday, took some figures on base metals — copper and zinc. He said that in the war years 1943-44 there was more base metal produced than there was last year. Of course! During the war, copper and zinc production was in demand and the plants were working on a three-shift per twenty-four hours. But the Leader of the Official Opposition (Mr. McDonald) failed to make an important point and that is, who got the benefit of this production during the years of the Liberal regime. He says they produced more base metal in 1943-44. How much did the people of this province get from the production of those base metals? Well, the total amount paid into the provincial treasury in 1943-44 was \$200,000. In spite of a lesser production in 1957 there was paid into the provincial treasury over \$2,000,000 or ten times as much.

In mineral production there are several items, the most important of which, of course, is oil production. Just to give the members a bird's eye view again, remember that in 1945 this province produced 14,400 barrels valued at \$15,000. By 1956 we were producing 21,000,000 barrels valued at \$35,000,000. Last year we produced 37,000,000 barrels valued at \$78,000,000. We think it is safe to estimate that this year we will produce 45,000,000 barrels valued at \$100,000,000. We now have some 3,300 oil wells in production. During the month of September the average daily production reached 110,000 barrels per day. And October exceeded that, when our average daily production was 118,000 barrels per day. Investment by oil companies in exploration and development in 1957 was \$160,000,000 as compared to \$154,000,000 the year before. Mr. Speaker, I submit that that is a spectacular record. It is true, as the Leader of the Official

Opposition (Mr. McDonald) says, that this is not as good as Alberta. Alberta, of course, has been in the oil producing business for forty years. But why didn't the Leader of the Official Opposition (Mr. McDonald) go to Manitoba. He kept saying yesterday that the three provinces are the same. They had the same kind of people and the same kind of terrain. Then why didn't he go to Manitoba for his comparisons? The figures were just tabled, I think, on Friday in the Manitoba House. In Manitoba they produced last year a little over 6,000,000 barrels of oil as compared to our 37,000,000. As a matter of fact, their total production since they found oil in 1951 is something over 18,000,000 barrels. In other words, we produced twice as much oil last year as the province of Manitoba has produced since it first discovered oil in 1951. Now I don't say this in criticism of the Manitoba government. I know, and I think the Leader of the Official Opposition (Mr. McDonald) knows, that oil has nothing to do with provincial boundaries or political complexion. Oil is determined by geological formation. It is just as silly to condemn this government because of the great oil that's been discovered in years gone by in Alberta as it would be for me to blame the Manitoba government because their production is so much less than ours.

Gas is also becoming an important part of our mineral production. We now have 174 wells in production. In 1945 our production was only some \$58,000. By 1956 it was \$637,000. Last year we produced gas valued at \$1,100,000.

The production of uranium has now become an important part of our economy. In 1955 we produced \$12,000,000 worth and in 1956, \$27,000,000 worth. The estimate for last year is that it will be valued at \$39,000,000. Now that an agreement has been signed with the United Kingdom for the sale of very large quantities of uranium to that country it looks as though we can anticipate a very steady demand for the uranium industry.

I would like to say just a word about potash because I believe it is destined to play an important part in Saskatchewan's economy. The Saskatoon mine is nearing completion and \$20,000,000 is being invested there in a concentration plant. It is expected to be in production early in 1959. A mine shaft has been started at Esterhazy. It is estimated (no one can guarantee it but it is estimated) that by 1959 there will be a potential potash output worth \$25,000,000 per year. I think potash can be important in our economy. I was delighted to hear the president of one of the largest international companies in the world speaking here in the city of Regina make the statement that in ten years Saskatchewan will be the potash centre of the world.

Manufacturing has continued to grow. If we take a look

February 19, 1958

at some figures we will see how manufacturing has increased in our province. If you go back to 1939 you will find that \$61,000,000 was the value of all our manufacturing production. By 1945 it had gone up to \$167,000,000. In 1956 it was \$301,000,000 and last year the estimate is \$318,000,000, or an increase of 5.6% over the previous year. During 1957 a number of new industries were started. Take the large-scale plants. There were nine new plants established, including a plant that manufactures steel pipe, a multi-wall bag factory and a sewer pipe manufacturing plant, and there were five extensions to existing plants. Take the smaller plants. There were fifty new plants established in the province and extensions to six existing plants. There were fifty-two warehouse expansions during the year and eight new seed cleaning plants were opened in the province.

As honourable members know, the Industrial Development Fund was set up by this Legislature to assist in the establishment of new industries. A total of forty loans have been granted since the inception of this plan ten years ago. The total loans have amounted to \$2,500,000. I think it is significant that out of this entire \$2,500,000 only \$6,200 has been written off.

A good barometer of industrial development has always been the sale of power. In 1945 the total value of our power production was \$7,000,000. Last year it was \$27,000,000. The average growth of power load in the province went up last year by 16%. The load growth of the Saskatchewan Power Corporation went up by 20%.

Construction is another good barometer. In 1945 the total value of construction in the province was \$17,500,000. In 1956 it had gone up to \$363,000,000 and last year it was \$365,000,000.

I refer now to public and private investment. In 1948 the public and private capital investment in the province was \$241,000,000. In 1955 it went up to \$472,000,000. In 1956 it was \$603,000,000. All the figures for 1957 are not in yet but our estimate is that it will equal the \$603,000,000 and may possibly exceed it. I want to point out that this represents a figure 50% higher than the average investment for the period 1948 to 1955.

Yesterday the Leader of the Official Opposition criticized me for using this figure of public investment because he said it included the building of schools, hospitals and houses. But the fact is, Mr. Speaker, people are not building schools, houses and hospitals unless they are a part of a thriving growing community. You don't have an expenditure in construction of \$365,000,000 in a stagnate economy. The Leader of the Opposition said that of this

\$600,000 all that actually went into industry was some \$19,000,000. He picked out one small segment having to do with actual manufacturing plants, which was \$19,200,000. However, he overlooked one other little item. That was for primary industry and construction in those industries. There was a sum of \$221,500,000 and another \$43,000,000 was spent on housing. I submit, Mr. Speaker, we are moving with reasonable and encouraging rapidity toward the goal of developing a more diversified and stable economy in Saskatchewan. We are doing this as a result of co-operation between private enterprise, co-operative enterprise and public enterprise. We in this party have always said they could work together in a mixed economy.

Public enterprise, which is the responsibility of this Legislature, ought to be mentioned. Our Crown Corporations have had a good year. Leave out power, gas and telephones, which are operated as utilities and which do not pay surpluses into the provincial treasury but retain them for expansion and development, and take the other Crown Corporations. It is estimated that in 1957 these will show a return of somewhere in the neighbourhood of 7.81%. These are preliminary figures and have not yet been audited. When the Provincial Treasurer (Hon. Mr. Fines) brings down his budget there might be some slight variation but I think these will be found to be reasonably accurate.

We think the Crown Corporations, after taking our interest and amortized payments on principal for power and telephones, will show a return in surplus of nearly \$4,500,000. They have had a payroll of \$18,000,000; they paid into the Treasury \$726,000 in royalties; they paid grants in lieu of taxes to municipalities amounting to \$474,000; they have given employment to 5,144 persons; and they did a total business of over \$63,000,000.

Last year we had a Liberal candidate going around the province making the statement (which he also put into various articles in prominent periodicals) that, "Crown Corporations have never paid a five cent piece for social services, or roads, or highways, or schools, or anything." Mr. Speaker, I submit that that statement is completely false.

Mr. Danielson (Arm River): — It's true.

Mr. Cameron (Maple Creek): — Who was the candidate? Oh, Ross Thatcher!

Premier Douglas: — The public accounts show there has been paid into the public treasury from these Crown Corporations (not including power and telephones) the sum of \$643,737.84. In addition they have paid in royalties to the provincial

February 19, 1958

treasury almost \$6,500,000. The total of surplus and royalty payments is something over \$12,000,000.

Mr. Loptson (Saltcoats): — And an investment of how much?

Premier Douglas: — I will give to the honourable gentlemen opposite, if they want it, the pages in the Public Accounts report where they can get those figures.

I submit, Mr. Speaker, that in the development and steady progress toward a diversified and stabilized economy these Crown Corporations have played an important part.

But there is a great deal more, of course, that should be done. We are now in the transition period from an economy solely dependent upon agriculture to an economy, which will have its balance between agriculture and industrial production. If we are to have such a balanced economy there are three things, which are absolutely essential.

The first of these is an abundance of electric power. We haven't had that. The load of power consumption growth is going up at the rate of about 20% per year. That means that in four or five years we must completely duplicate our existing power generating capacity. That also means that over the next ten years the province of Saskatchewan will have to spend anywhere from \$300,000,000 to \$500,000,000 to keep pace with the demand for electric power. As honourable members know, two plants costing some \$40,000,000 each are being constructed at Saskatoon and Estevan. It is hoped that within the next few months some of the units will be in production. Following that it will probably be necessary to develop hydro-electric power on the Saskatchewan River, at Fort a la Corne, at Squaw Rapids, and probably eventually at one or two points on the river. We hope this also means eventually the development of power on the South Saskatchewan River, and I'll be saying something about that later on. It is estimated that within 15 years the cost of producing electricity from nuclear energy will come down in price to the place where it will be competitive with coal, oil and gas. We will then, it is hoped, be able to produce electricity from nuclear power. During 1957 the last village in the province was tied into our power system. Over 6,000 farms were put on power, making a total of 47,000 farms that have been electrified. This year we expect to pass the 50,000 mark. The marked growth of power in the province shows that the Power Corporation has gone from some 123,000 customers in 1944 to 148,000 customers at December 31st, 1957. We are now well on the way toward being able to take care of the first prerequisite, abundance of electrical power.

The second thing an economy like ours must have is cheap

fuel. Of the fuel resources of our province, the first is oil. We are now producing more than enough to meet all our refinery requirements. Our refinery requirements in this province are 66,000 barrels per day. As I indicated, we were producing 110,000 barrels per day in September. Three companies, the B.A. in Moose Jaw, the Husky Oil in Moose Jaw, and the Co-op Refinery in Regina have all been expanding their refinery facilities. I think members will be interested in knowing that as a result of the arrangements between the government and the co-operatives the co-operatives are now producing oil in the province and have over 40 oil wells in production. The farmers and other people who are members of the co-operatives in this province are demonstrating in a practical way that you can have production for use and not for profit.

The other fuel we have is natural gas. This is being taken to as many communities as possible as quickly as possible. This last six towns and the city of Regina were added to our natural gas system. The Power Corporation is now serving 33,000 customers as compared to 20,000 a year ago. We will be asking this Legislature to approve the largest expenditures that have ever been made in a single year for the expansion of our gas system in the province of Saskatchewan. Mr. Speaker, members have read about what is happening in Winnipeg and they know of the fiasco that has taken place there. The company wanted to charge the citizens of Winnipeg \$1.12 per thousand cubic feet for their gas. As a result of the protests of the Mayor of Winnipeg it was referred to the Utility Board, which reduced the price to \$1.03. The citizens are still up in arms about it because even when you add the costs of taking gas from Regina to Winnipeg the price is 20 cents to 25 cents per MCF higher than it is in the province of Saskatchewan. I think this demonstrates the wisdom of this Legislature in insisting that the transmission and distribution of natural gas ought to be a public utility owned by the people for the benefit of all the people.

The other fuel we have is coal. We often forget about this but actually it is a very important factor in our economy. During the past five years the production of coal has gone down in Canada and has gone down in the province of Alberta. Only in Saskatchewan has the production of coal continued, to rise. That is because our coal can be mined on a strip basis because our coal mining has been largely mechanized. Although coal is not being used as much as it was for domestic purposes there is a great demand for coal for industrial purposes and for generating power. Last year we hit our all-time record when we produced 2,350,000 tons of coal at a value of \$4,625,000.

I think we are well on our way now to having the second prerequisite of cheap fuel — oil, gas and coal.

The other thing we require is an abundant supply of water.

That is an important item in a semi-arid area such as we have on the prairies. In many parts of the Mid-West United States they find that the lack of water is creating a much greater problem than the lack of fuel or certain raw materials.

I was interested when the Leader of the Official Opposition opened his speech the other day. He said to me across the floor, "Why haven't you started the South Saskatchewan Dam"? Well, I'm going to tell him why we haven't started the South Saskatchewan Dam. He didn't start the South Saskatchewan Dam because until June 10th last we had a government whose Prime Minister said that the South Saskatchewan Dam "was not in the national interest". The Liberal party has promised the South Saskatchewan Dam for over 20 years. The former Minister of Agriculture promised it in 1935, and promised it again in the election of 1949. Remember the statement? "As soon as men and materials are ready, work will commence." Well, it got close to the 1953 election and they came to us and said, "Now we haven't asked other provinces to do this but we're going to ask you, if we build the Dam will you assume responsibility for the secondary reservoirs, the canals, irrigation, the levelling, and so forth?" That's a very big item — more than the cost of the Dam. Finally we said that if that was the only way we could get it we would say yes. But the Dam wasn't built. Then in the fall of 1954 they came and said, "Not only will you have to build all these other things mentioned but we want you to pay 25 per cent of the cost of the Dam itself because we don't want to be subsidizing power generated at the Dam." This demand was made even though some of this power was going to be used to pump water for irrigation. Again, very reluctantly we agreed because we recognized we had to have water and we had to have electric hydro power. When the Provincial Treasurer (Hon. C.M. Fines) and I went to Ottawa in April, 1955, and met the Prime Minister and the Minister of Finance they said, "No, the Minister of Agriculture had no authority to make you this offer. It is not in the national interest that we proceed." Until the day he left office, Mr. St. Laurent refused to concede that the South Saskatchewan River project was in the national interest. When the present government took office we opened the question again. I wrote to the Prime Minister on August 8th last about a number of subjects, including the South Saskatchewan Dam. When Her Majesty read her Speech from the Throne on October 14th it contained a sentence, which said the federal government was prepared to open negotiations with the Saskatchewan government regarding the South Saskatchewan Dam. Those negotiations weren't opened until November 27th and 28th when the Provincial Treasurer and myself met with the Prime Minister and some of his Cabinet.

When the Leader of the Official Opposition opened his speech the other day, he said that I had jumped away the moment I was made an offer, which I had before been prepared to accept. Mr. Speaker,

that is just not true. I defy anyone in the federal government either in the present one or in the previous one, and anyone in this House to show where we have ever jumped away from any offer. If my honourable friend has any information to that effect I hope he'll tell the House.

There are two problems in connection with the South Saskatchewan Dam project. The first is the sharing of costs and the second has to do with financing. When we met the present government they suggested a sharing of costs very similar to what had been suggested by the previous federal Minister of Agriculture. We asked for some modification in that proposal. They have conceded that and I think I can sway that to all intents and purposes the matter of the sharing of costs has been agreed upon by both governments.

The only question that is left is the matter of finance. Why is financing a problem? It is a problem because a new factor has come into the situation. In April of last year, the then Prime Minister, Mr. St. Laurent, announced that the federal government was going to build thermal plants for the production of electricity and transmission lines in the Maritimes. It would pay all the costs and then would allow the Maritimes to buy those facilities back — the power plants over a 30-year period and the transmission line over a 40-year period. I think that was a very commendable suggestion and I wrote the Prime Minister and told him so. I asked if the same treatment would be accorded to Saskatchewan. However, I pointed out to him that we weren't asking for any special favour. I pointed out that the federal government had spent millions of dollars on the St. Lawrence Seaway. I quoted Mr. St. Laurent himself where he said, "As a result of the St. Lawrence Seaway the Ontario hydro will save \$25,000,000 a year." I quoted Mr. Sinclair, Minister of Fisheries, who said that, "The federal government was prepared to put \$300,000,000 into hydro-electric developments on the Columbia River in British Columbia." If this could be done for the Maritimes, for Ontario and for British Columbia why could we not have the same thing in Saskatchewan? I got a reply from Mr. St. Laurent, which said, in effect, that these projects were for the provinces with which the federal government had made special arrangements and they were not of general application. That was that!

Mr. Loptson: — Better get rid of the C.C.F. then.

Premier Douglas: — Yes, I believe that's right. I believe the member for Saltcoats (Mr. Loptson) has put his finger on it. He wants to get rid of the C.C.F.! It was a Liberal Prime Minister who once stood up and said, "I will not give a five cent piece to any provincial government unfriendly to my own." That is Liberalism, Mr. Speaker. There you have it in its naked and unashamed rascality.

February 19, 1958

Mr. Loptson: — It's about time the people should realize that the C.C.F. is not a popular government.

Mr. McDonald: — How did the Social Credits get it? How did the Tories get it.

Mr. Loptson: — The Tories get it . . .

Premier Douglas: — When the present government came to office and the Provincial Treasurer and I met with them we made representations in the light of the assistance which they are giving the Maritimes, British Columbia and other provinces. We contended that Saskatchewan ought to get some assistance in the matter of financing power development. It is argued in some quarters that we are not a depressed area like the Maritimes and that's true. But in terms of power development we are an underprivileged area. Because of our sparsely settled population it costs more per capita to generate power and it costs more per capita to transmit power. Our consumption of power is less per capita than probably any other province except perhaps Prince Edward Island. Therefore we feel we have a good case. We are not asking for special privileges but we are asking that some assistance be given to us in the financing of power development in Saskatchewan on a comparable basis to that being extended to provinces in other parts of Canada. Not that they need to give us the money but there ought to be, as there is in these other cases, a loan repayable over a period of years. That is the only part of the negotiations that has yet to be completed. I think I can say, Mr. Speaker, that insofar as the sharing of costs is concerned an agreement is very close to completion. I am reasonably confident that we can work out some agreement on the matter of finance. I think I can say with some degree of assurance that there is a strong possibility that construction of the South Saskatchewan Dam will start this year, unless on March 31st the people of Canada are so unfortunate as to get a government which does not believe that the South Saskatchewan Dam is in the national interest.

Mr. Cameron: — Good plug for the Tories, there — good plug for the Tories! If they can't do it, Tommy will!

Premier Douglas: — Mr. Speaker, having said something about the progress which we have made in our economy I think it would be unfair of me not to point out that there are some soft spots in our economy. We cannot isolate ourselves from the economic trends in Canada which indicate that in the coming year there will be some reduction in total capital investment. One of the soft spots I would point to is the base metal industry where the decline in demand and the decline in price is having some effect on production . . .

Mr. Loptson: — There's more than soft spots!

Premier Douglas: — . . . not only in this province, of course, but in every part of the world. Copper and zinc at the present moment are in surplus supply. The same thing is true with reference to the forest industry. Both lumber and the pulp industry are experiencing a slump at the present time.

The Leader of the Official Opposition wanted to know yesterday where the pulp plant is.

Mr. Cameron: — Yeah!

Premier Douglas: — Well, of course, this is not unusual. I can remember one of his predecessors standing up and saying there would never be a barrel of oil produced in Saskatchewan as long as we have a C.C.F. government. When we began to produce oil they began to say, "Where is this potash industry you're going to have?" Now that the potash industry is well on its way to being established, the question is, "Where is the pulp mill?"

As a matter of fact, Mr. Speaker, we have had several companies interested who have signed agreements. We have allowed them to make surveys and investigate and put up their money as a guarantee of good will and they have spent very large sums of money in exploration work. There are still some companies interested. The fact remains that at the moment the pulp industry in Canada has a potential output of about 15% to 20% in excess of effective demand. I am not discouraged by that because the fact is that the demand is growing at the rate of between 4% and 5% per year. That means that we will require new pulp capacity by 1960 or 1961 . . .

Mr. Cameron: — Another election year!

Premier Douglas: — . . . and if any company wants to produce pulp it seems to me that now is the time to begin to lay plans to be ready when demand once again exceeds supply. Therefore I want to say that while we would naturally like to have seen the pulp industry started at an earlier date, we are not at all discouraged and we are confident that as the market picks up it will come.

The other soft spot I have to refer to is one which was referred to by the member for Touchwood (Mr. Meakes) when he seconded the motion in Reply. It is the agricultural industry which, after all, is still our basic industry. It still provides employment for the largest number of people and produces the greatest volume of wealth of any single activity in the province. There is one bright

February 19, 1958

spot in it. Our livestock production is up. Last year our livestock sales exceeded \$100,000,000 which is the highest figure since 1951. But the grain farmers are having a bad time. On delivery we find that as at February 3rd this year there were 317 points on a three-bushel quota as compared to 340 a year ago. As at February 3rd this year there were only 48 points on a four-bushel quota as compared to 85 pints a year ago.

Wheat export as at January 30th last year was 280,900,000 bushels; on January 29th this year export was only at 197,200,000 bushels — a drop of some 11,000,000 bushels. It is estimated that the situation will improve and we will probably export 300,000,000 bushels this year. I hope we do but even that, while it will be 40,000,000 bushels better than the previous year, will still be 10,000,000 bushels less than the year before that. It will take care of our current production but will do nothing to reduce our surplus.

The real problem which faces agriculture, of course, is cash income. While our crop last year was only an average crop, the farm income, if you include inventory, didn't show a great decline. It was \$511,000,000 as compared to \$599,000,000 the year before. But when you take the farm net income, that is, the money the farmer has left in his pocket not taking into account inventory, the wheat stored in his granaries, or in other words the cash from actual sales after he has paid his taxes and his machinery but not including his living, we find that last year the farmers of this province got \$197,000,000 as compared to \$391,000,000 the year before. Almost cut in half! I think the most staggering thing of all is to look at the average net farm income which last year was \$1,913. The Royal Commission on Agriculture points out that over 65% of the farmers of Saskatchewan are below that average. That means that in 1957, 65% of the farmers of this province had in actual cash to maintain and support their families less than \$1,913.

The cost price squeeze continues. During 1957 the farmers prices went down. The price of things they had to sell went down 9.6% and the cost of the things they had to buy went up 2.6%. The Leader of the Official Opposition has moved a motion of non-confidence in the government because he says we haven't done enough for agriculture. He suggests mainly two things, first, we should institute a system of rural credit and second, we should introduce a system of crop insurance.

Mr. Speaker, the fact that he suggests these two things seems to me to be the most damning indictment of federal administrations, past and present. We set up a Royal Commission in this province and the terms of reference given to them by this Legislature

were to look into the matter of rural problems. Having in mind the ill-fated Saskatchewan Loan Board, the Royal Commission suggested that rural credit was basically a matter for the federal authorities to handle by expanding the Farm Loan Improvement Act, by taking the Canadian Farm Loan Board and turning it over to the administration of the Veterans Land Act and broadening its scope, giving it more money and less stringent regulations under which to operate. If the federal government says it wants the province to co-operate, we're prepared to consider that also. But for the provincial government, with its limited resources, to step in and do what a federal government had failed to do would seem to me, Mr. Speaker, to border on the ridiculous.

The same thing is true of the suggestion that we institute crop insurance. We have had in Canada for twenty years the P.F.A.A. which collects from the farmers a percentage of the proceeds of their grain. This was supposed to be crop insurance. There is nothing to prevent this being expanded and reorganized so as to make it into a crop insurance program. If the federal government wants the province to join in we will certainly do everything we can. But I agree with the Leader of the Opposition when he says crop insurance ought to be comprehensive. Crop insurance in one province would be to risk bankruptcy for that province. It must be on a national level.

More credit would help but that is not the farmer's real problem. Crop insurance would help but it is not his real problem either. The real problem is that for some six years the farmer has watched the price of everything he sells go down and the price of everything he buys go up. There has been no solution brought forth by those who are responsible for farm prices. The present Agricultural Stabilization Bill will not improve the farmers' income. It may slacken the decline in prices but it will do nothing to guarantee the farmer his cost of production. We say the only thing that will do that would be deficiency payments based on parity prices. That is the only thing that will help the farmer. Until we deal with this basic problem of farm income to talk about anything else would do nothing but confuse the issue. Of course I know that the Leader of the Opposition is intensely interested in the new agricultural program of the federal Liberal party. He was, I believe, one of the delegates who helped to frame it. I was interested in a speech which he made to the Regina Women's Club, as reported in the Regina Leader-Post of February 3rd. I thought it was a most illuminating speech. He began by saying, according to this report:

"The new Liberal program, said Mr. McDonald, bears little resemblance to the old

February 19, 1958

platform, except in the matter of Liberal philosophy."

It bears little resemblance to the old platform! In other words, he is saying that now they are out of office they are prepared to do all the things they refused to do when they were in office.

The Leader of the Official Opposition went on to say:

"It will probably take us 20 to 25 years to do everything we plan."

I can think of things they took longer than that to do.

Mr. McDonald: — Without a Planning Board.

Mr. Cameron: — That's what you said when you set up the Royal Commission.

Premier Douglas: — I thought that the concluding sentence was the clincher. The Leader of the Official Opposition said:

"People vote for a program, not for a past record, and our new platform will prove successful at the polls."

Mr. McDonald: — Hear! Hear!

Premier Douglas: — People vote for a program not for a record! The Leader of the Official, Opposition says in effect, "If we can persuade people to forget our record and think about our platform we may have some chance to survive."

Mr. Lopton: — We don't have to be ashamed of our record.

Premier Douglas: — The other soft spot in our economy which has already been noted is the growing unemployment which obtains in Canada. There have been varying arguments about the figures. However, there are certainly well over half a million persons unemployed, as was indicated by the report which was issued by the federal government yesterday. The employment survey shows that in the past year unemployment is up 108% and I think it is some measure of satisfaction that one of the provinces least affected has been the province of Saskatchewan, where unemployment is only up some 60%.

Mr. Danielson: — The people go away from here.

Premier Douglas: — That, of course, doesn't give us any cause for elation. But it does indicate that some of the primary industries that have been established in this province have helped to provide employment even in this time of unemployment. As a matter of fact, look at our labour force in 1957 as compared to 1949. Construction employment is up 50%; the number of people in the service industries is up 17%; and employment in industries generally is up 25%. The Leader of the Official Opposition talked about industrial development yesterday. He said that the total amount of people employed is only 71,000 if you take everything. He just omitted to say that that 71,000 compares very favourably with 1944 when it was only 39,000. It has gone up 82% since this government came into office.

Mr. Loptson: — The big breeze!

Premier Douglas: — When the Dominion-Provincial Conference was held in November this government advocated, as we have done at previous conferences, that a shelf of public works projects should be prepared. We indicated our willingness to stay there, to bring in our technical people and to prepare three provincial and municipal projects which could be used as a means of creating employment. The present government, like the previous government, didn't show any interest at that time in that proposal. Since then we have had a number of proposals and to all of them we have acceded, including a program for the development of parks and tourist facilities, a forest access roads program, and more recently, a five-year \$15,000,000 program for developing northern development roads.

I am not like the Leader of the Official Opposition who rather "pooh-poohed" roads in the north yesterday. I think \$15,000,000 spent in developing roads in northern Saskatchewan will be a welcome thing to the people in that area and will help to open up new resources.

As a matter of fact the Leader of the Official Opposition asked us about a number of things. He asked why we weren't building a women's gaol. I don't know whether . . .

Mr. McDonald: — You announced it.

Premier Douglas: — . . . he has anybody in particular he wants to get rid of, but I want to tell him that he has probably read the Fauteaux report which was given to Mr. Garson some two years ago and on which so far no action has been taken. If that report is implemented, we may be altogether out of the business of handling women prisoners. Certainly we will be

February 19, 1958

out of the business of handling any prisoners over six months. Therefore we would be very foolish right now to make expenditures until we know whether that report is going to be implemented or not.

He wanted to know why we haven't put up the power building and suggested that maybe we were in financial difficulties. Well, I can assure him that the Power Corporation is not in financial difficulties. The Board of Directors is looking at two possible sites. They have to decide whether to put a building downtown, with limited parking facilities and possible congestion but having the advantage of close access, or whether to go out a bit where it will be less accessible to the public but where there will be more parking facilities and more room. When they have decided on the location that building will, of course, be proceeded with.

The Leader of the Official Opposition (Mr. McDonald) also asked why we haven't built the Prince Albert bridge. I can tell him why we haven't built the Prince Albert bridge. For years we have claimed that the Prince Albert bridge is not just a provincial responsibility. This bridge is used by the federal government in Waskesew National Park and in moving materials and people up into the far north and into the Northwest Territories in shipping supplies for military purposes and so forth. It is also within the confines of the city limits of Prince Albert. Therefore our proposal to the previous government was that the three governments — federal, provincial and city — should divide the cost of building such a bridge on some agreed basis. Well, the previous government refused. This, of course, was not an unusual decision on their part. But last year the people of Saskatchewan decided to remove this barnacle on the ship of progress. We therefore made a similar proposal to the new government. I understand that the federal government is now announcing publicly what we have already been advised of privately, and that is that they have accepted our proposal. The federal government will make a contribution of \$1,250,000, which would be roughly half the cost of putting up a bridge which it is estimated will cost \$2,500,000. The other half of the cost of the bridge will be shared on some agreed basis between the city of Prince Albert and the provincial government. I may tell my friend, and I know he will be very happy, that we are going to build the Prince Albert bridge. This, of course, will not rule out the possibility that at some date in the near future we will also be doing work on the Petrofka bridge.

I want to say that the provincial government is prepared to co-operate with the present federal government or with any federal government that may be in power at Ottawa in the preparation and implementation of public works projects that will help to develop our resources, to improving our provincial and municipal facilities and to

provide employment.

I would like to say just a word about our regulations with the federal government. As all honourable members know, we had a Dominion- Provincial Conference in November. The main purpose of it was to discuss tax-sharing arrangements. There has been a great deal of newspaper propaganda about how much money Saskatchewan was going to get from this tax-sharing program. May I just remind the members that income tax, corporation tax and succession duties are shared between the federal and provincial governments. Of the total amount collected the federal government retains 70% and distributes to the provinces on an equalized basis the other 30%. We think the provinces and the municipalities which depend to some extent on the provinces for financial support deserve more than 30% of the pot. That is the position we have taken throughout the years. In 1956 the Liberal government announced that under the new tax sharing arrangement we were going to get \$36,024,000. Later on they revised this down to \$34,619,000. Now that the payments are actually in, it is about \$33,000,000. Therefore we get about \$3,000,000 less than the fanfare of trumpets announced. This year, if we take . . .

Mr. Danielson: — Tell us the reason.

Premier Douglas: — The reason had nothing to do with the drop in population. The reason, if my honourable friend, who is supposed to be the financial critic for the Opposition, wants to know, is that they overestimated the amount of tax revenue which they would get from the three sources under discussion.

Mr. Loptson: — And the population.

Premier Douglas: — . . . and not only Saskatchewan got less but all the other provinces got less. The financial critic had better do his homework.

Mr. Danielson: — . . . for the same reason.

Premier Douglas: — If they give us, this coming year, even the guaranteed minimum plus the \$3,481,000 which has been announced we will still be getting \$1,500,000 less than this \$36,000,000 which was announced with such a flourish of trumpets back in 1956.

When the conference met in Ottawa the provinces were almost unanimous in suggesting that instead of the present division, which is on the basis of each province getting 9% of corporation taxes, 10% of income tax and 50% of succession duties (or what would bring per

February 19, 1958

capita on the average between the two top provinces of Ontario and British Columbia), that the division be 15% of corporation taxes, 15% of income taxes and 50% of succession duties. We were disappointed that the federal government had no proposal to make in regard to this. We were sent home. The federal government indicated it would think over our proposals and call us back some time in January. The conference was never reconvened. Instead we were advised by telegram that they were going to raise the standard rate on income tax from 10% to 13%. That will give Saskatchewan something over \$3,480,000, although this cannot be said with certainty until we know what the tax revenue will be and that won't be known for another year. I think the significant thing is, Mr. Speaker, that this arrangement is for one year only. The more serious thing is this. The Minister of Finance was asked, since this was only for one year, if he would guarantee that whatever changes might be made there would be no elimination of the equalization basis for allocating these tax revenues. The Minister of Finance refused to give that assurance. I want to say that insofar as this government is concerned we shall continue to ask for the 15 — 15 — 50 division because we believe the provinces and municipalities are entitled to equalization basis and if there happen to be any election debts paid off in any part of Canada they should not be paid out of these tax-sharing arrangements.

Mr. McDonald: — Hear! Hear!

Premier Douglas: — There was one other thing which came out of the Dominion-Provincial Conference and that was a discussion regarding the National Hospital Insurance Plan. As most honourable members know, the previous federal government would not participate until six or more provinces representing a majority of the people of Canada had plan in operation. The federal government has now announced that they are prepared to begin participating on July 1st. That is a welcome announcement. The only thing that disturbs us is that that has not been put into legislation. So far we only have the announcement of the Minister. We have no legislative guarantee that payments will begin the first of July.

Another thing that disturbs us is that we have been asking for years (and this Legislature passed a resolution to the same effect) that mental illness and tuberculosis should be included in the hospital plan. After all, those two illnesses represent 50% of all the hospital beds in Canada. We were delighted when we met in Ottawa to hear the Prime Minister say that the federal government was prepared to include mental illness and tuberculosis providing that the provinces will agree to take the \$68,000,000 which it is going to cost out of the tax-sharing agreement fund. Eight provinces were willing, Then a few weeks later the Minister of Health announced in the House that because of disagreement the federal government wasn't going to include

mental illness and tuberculosis. I want to say that as far as we are concerned we are extremely disappointed, not just from a financial basis, because the money was going to come out of the tax-sharing arrangement money anyway, but because as a government we had believed over the years that we ought to remove the artificial line of demarcation between mental illness and physical illness. There isn't any difference between a man who is sick in the head, or sick in the foot. All people who are ill ought to be treated on the same basis without any stigma or without any discrimination. I do hope that whatever government is in office on the 1st of July when this thing comes into operation (if it does then) will be prepared to co-operate with us in including mental illness and tuberculosis.

Mr. Speaker, I have tried in these remarks to show the development which is taking place in our province, to indicate the progress we have made, but at the same time to recognize some of the weak spots and some of the things that are causing us concern. I am optimistic about the future insofar as some of our primary industries are concerned. I am concerned about the situation insofar as agricultural markets are concerned. Political parties right now are trying to allocate responsibility for unemployment and for the economic recession through which we are passing. Those of us on this side of the House have been trying to point out for years that the only answer insofar as Canada is concerned is a planned economy. We pointed out in 1945 that if price controls were taken off . . .

Mr. Loptson: — Price controls!

Premier Douglas: — . . . that prices would rise . . .

Mr. Loptson: — Why didn't you take it off?

Premier Douglas: — . . . for domestic products which the farmers must buy but they wouldn't rise for the products which the farmer must sell on the world markets. We pointed out that consequently there would be a cost-price squeeze in which the farmer would pay more for the things manufactured in Canada but would get less for the things which he sold on the world markets. Ever since 1951 we have been pointing out that the farmers' purchasing power was declining and that if his purchasing power continued to decline it would soon make or have its effect upon business and industry, and eventually upon manufacturing, and that when manufacturing was affected by the lack of purchasing power unemployment would result. Mr. Speaker, that time is now here. It is not a matter of allocating blame. The Liberal party, by its inertial and ineptness, got us into this economic recession and so far the present government has done nothing constructive to get us out of it.

February 19, 1958

We are convinced that we must be prepared, both in this province and in the nation as a whole, to think in terms of economic planning. Canada is a country which has vast untouched resources; a country which needs hundreds of thousands of new homes, schools, and recreation centres. In a country which is practically virgin there is no possible excuse for having over half a million men and women walking the streets unemployed. During the war we demonstrated that whatever is physically possible can be made financially possible. We demonstrated that it is possible to mobilize all your physical and material resources to fight a war. You can also mobilize them against poverty and against depression.

We think this economic planning must go beyond the national status. It must go out into the international status. It is the most pressing problem of our time. No one can look at the modern weapons of destruction without feeling a sense of apprehension. Nine thousand scientists in the western world signed a petition protesting against nuclear tests because of the effects they will have not only on human life today but upon the generations yet unborn.

This is a problem about which all of us must think, especially those who have the major part of their life still ahead of them. I think in the realm of weapons we have probably come to a stalemate. Weapons which science can now produce are so horrible that it is doubtful either side will dare to use them. Consequently the Communist countries are turning their attention to another kind of war — economic infiltration and expansion of trade. They are reaching out into the Middle East, the Far East and down into Africa with trade agreements and barter arrangements. I think this is something we must do. I think Canada will make a terrible mistake if we turn down the opportunity of becoming a member of a free trade area which would include all of Great Britain and most of Western Europe. This would open a market of 250,000,000 peoples, not only for our primary products but even to our manufactured products.

I think we must be prepared to resurrect what the British and American and Canadian governments so rudely dismiss — the idea of a World Food Bank. We should put our year food surpluses into a Bank so that either on long term credits or on the basis of local currency we can make that food available to the hungry people of the underprivileged nations of the world. I was disappointed the other day when on a television program the present Minister of Agriculture said that he wanted nothing to do with the American give-away program. Mr. Speaker, we are going to have to make up our minds whether we're going to sit and insulate ourselves from the rest of the world or whether we're going to use our vast supplies of food and other raw materials to raise the standard of living of people in other parts of the world in order to establish bonds of good will and good neigh-

bourliness with nations in all corners of this world. The struggle that is going on in the world today is a struggle for the minds of men. In the final analysis it is not going to be won by bombs or guns. It is going to be won because we believe that love is stronger than hate and that a helping hand will do more than a clenched fist. We believe, Mr. Speaker, that the idea of a planned economy in which democratic people plan for their own advancement and their own well being should not only be applicable to Canada but should be extended to other countries. We cannot live unto ourselves. Part of the good things which a kind providence has given us must be used to help to establish peace and prosperity in the world. This Legislature and this Parliament has a very limited jurisdiction under the British North America Act. We have no control of trade. We have no control of fiscal policy. But I want to say that insofar as those things which we have control are concerned, and insofar as our voice and influence will play any part in the affairs of this country and if the world, we stand prepared to use all the powers at our command to help by means of economic planning and goodwill, to establish prosperity at home and peace and goodwill abroad.

Mr. H. Begrand: — Mr. Speaker, I beg leave to adjourn the debate.

The Assembly then adjourned at 4:05 o'clock p.m.