

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session – Thirteenth Legislature
5th Day

Wednesday, February 18, 1959

The House met at 2:30 o'clock p.m.

On the Orders of the Day:

SPEECH FROM THE THRONE

Debate on Address-in-Reply

The House resumed from Tuesday, February 17, 1959, the adjourned debate on the proposed motion of Mr. Brown (Bengough) for the Address in Reply to the Speech from the Throne.

Hon. T.C. Douglas (Premier): - Mr. Speaker, the Speech from the Throne which His Honour the Lieutenant Governor read to this Assembly last Thursday forecasts the government legislative program for this session. The budget, which will be brought down in due course, will forecast the financial program for this year. In the light of that fact I think it is appropriate that take a few minutes this afternoon to examine what is the long-term objective toward which this government is moving and has been moving ever since it assumed office. To be effective a government must have a clear-cut goal. This government has a set objective toward which all its efforts and all its programs are directed. I don't think I can sum up our long-term objective any better than to quote for first paragraph of the Winnipeg Declaration, which said:

“The aim of the Co-operative Commonwealth Federation is the establishment in Canada by democratic means of a co-operative commonwealth in which the supplying of human needs and enrichment of human life shall be the primary purpose of our society. Private profit and corporate power must be subordinate to social planning designed to achieve equality of opportunity and the highest possible living standards for all Canadians.”

I would draw particular attention, Mr. Speaker, to the phrase “Private profits and corporate power must be subordinated to social planning . . .” One of the things that concerns us most in our day and generation is that in our present society we are not only witnessing a growing concentration of wealth but we are witnessing a growing concentration of economic power. The great anomaly of the 19th century was that during the very period when the people of the western world were expanding their political freedom they were witnessing a contraction of their economic democracy. A hundred years ago

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farmers owned the land they tilled and did most of their own marketing. Artisans owned their own tools and their workshops because most of it was house industry. Merchants owned the stores which they operated. With the coming of the Industrial Revolution we saw the concentration of the means of production and distribution fall into the hands of those who supplied the capital, with the result that great masses of people were economically disinherited. In the same period of time that we were winning the right to vote we were losing control of the economic means by which we live. This was put forward very succinctly just a couple of months ago by an outstanding Canadian, Father M.M. Coady of St. Francis Xavier University at Antigonish, Nova Scotia. Most people will be familiar with Father Coady's works. I remember 25 years ago reading his book "Masters of Their Own Destiny". He was one of the founders of the co-operative movement in Nova Scotia and in Canada. He is now an old man but he spoke at a co-operative seminar in the United States a short time ago. This is what he said:

"We may find that the real reason for the refusal of the world to rush in and accept our way of life is due not to illiteracy or ignorance or to political dictators, but to ourselves.

"It may well be that we are trying to palm off a counterfeit democratic coin on the poor people of the earth.

"The first great fact that stares us in the face is that democracy has declined even here in its own home in the North American continent. As a matter of fact, we have not got as much democracy here in North America now as we had over 100 years ago.

"In the old days more than 70% of our people were on farms. They had ownership. This ownership of land was the very foundation of American democracy. It gave the people a measure of economic independence and that sense of responsibility that goes with effective political democracy.

"The founding fathers, who had given their people an effective program of political democracy, did not figure out the vital connection between political democracy and a fair share of economic independence or what might be called economic democracy."

I recommend that statement to the careful thought of every person.

President Eisenhower has been credited with coining the phrase "Our economic destiny must be settled in the market place." But I want to point out, Mr. Speaker, that the concept of a free society in which the free laws of supply and demand operate uninhibited no longer obtains. The law of supply and demand does not operate in our society. For instance, if it were in operation, how would we explain that during the past two years when the demand for automobiles and farm implements has gone down, the price has continued to go up and so have the profits? How is it that during a period of

two years of recession when prices should have been falling, they are still going up? The President of the United States appointed Dr. Sumner Slichter of Harvard University to make an investigation into the matter and he made a report to the President last year. In that report Dr. Slichter said that something over 60% of the prices in the United States are administered prices. In spite of the fact that the demand is going down, the prices of such commodities as steel, cars and farm implements have continued to go up. This is the only way to explain how you can have unemployment and inflation side by side in spite of the fact that the classical economists have been telling us for a hundred years that you can't have inflation and unemployment at the same time. The concentration of economic wealth has gone on and as corporations grow larger the number of shares needed to control them grows less. Proxy voting and interlocking directorates make it possible for a relatively small number of people to have undisputed control over great areas of our economy. They do not always control just their own wealth but they control other people's wealth as well. The best example of this is the insurance companies, in the main, handle not their own money but the money of millions of policy holders. These men have the power to decide where that money will be invested and in whose interest it will be invested. This idea of a free, competing economy is a myth. It doesn't exist. It's doubtful if it ever did exist. Certainly today it exists only in the minds of the Liberal Party and in the minds of the Sifton press. I have always been amused by the cry of the Sifton press for unrestricted competition. It comes very well from a multi-million dollar corporation which has a virtual monopoly of daily newspapers and other media of mass communication. These same people who talk about unrestricted competition at the same time that economic control is in the hands of fewer and fewer people are the very same ones who object when labourers form themselves into trade unions and when farmers seek to organization a march to Ottawa to get for themselves some measure of economic justice. Mr. Speaker, let us face the fact that big industry is organized and big finance is organized. Labour and farmers have no recourse but to organize if they are to get any slice at all out of this economic pie. But where will such a trend take us? Big finances and big industry will inevitably lead to big labour and big farm blocs. The average citizen, who doesn't belong to any of these blocs, will find himself crushed in the battle of the giants. We in the C.C.F. don't believe in a society in which you have virtual economic wars between economic pressure groups. We believe there has to be a new approach if our society is to survive. We believe that we have to establish a society dedicated to the supplying of human needs and to the enrichment of human lives. To us such a society depends on two basic principles. First, there must be social and economic planning in the use of our human and material resources. Second, there must be social ownership of those areas of our economy which require sound planning in the interests of human welfare. This government has endeavoured to apply these two principles during its term of office. We have followed out the policy of social and economic planning. I can remember when we set up the Economic Advisory and Planning Board all the gibes there were about the "back room boys". But the fact remains that any government which does not plan is a government which merely goes from crisis to crisis, floundering like a ship with a chart or a compass.

I would like to ask the House to look for a few moments at the progress which we have made under this type of economic planning. I would ask the House first of all to look at the contribution which public enterprise

has played in the development of Saskatchewan since the end of World War II. I am sure that some of the Members saw, as I did, a program called "Close Up" on television a couple of weeks ago in which Professor J.K. Galbraith, the author of the book "The Affluent Society", appeared. He made a significant statement. He said in effect that on this continent we have become the victims of advertising propaganda to the extent that if an individual or a few individuals build a plant to manufacture an automobile with a longer tail-fin, he is hailed as a public benefactor, but when the people themselves, through their government, build a hospital or supply themselves with electric power or some other commodity or service which they require, it is immediately labelled bureaucracy, or even worse – socialism.

Mr. Speaker, I think the time is coming when people are not going to be frightened by words. We are not going to apologize for the fact that there must be some place in our society for public enterprises owned by the people and operated by the people.

I want to deal with some of the benefits which this province has received from the public enterprises which have been set up. I want to start with electric power because before we can talk about development in Saskatchewan we had to have abundant sources of power and cheap fuel as quickly as possible for this province. By the end of 1958 the Saskatchewan Power Corporation had invested over \$200,000,000. That is a tremendous investment – something of which the people of this province can be proud. If anyone had told us 14 years ago that we could find this amount of money for this important field of public enterprise, we would have thought it fantastic. But the fact is, it has been done. We have in that period of time increased power consumption in Saskatchewan 5 times; we have increased our generating capacity 3 times. The annual increase in power consumption across Canada is 10.5% - in Saskatchewan it's 18.5%. Part of this is due to the fact that we were so far behind to begin with but are now making very rapid strides. The Power Corporation in 1945 had 24,000 customers. In 1958 it had 154,000 customers – more than 6 times as many customers. This has meant a tremendous program of generating capacity installation. The great thermal plants at Estevan and at Saskatoon are well known, and smaller plants have also been installed. The South Saskatchewan Dam, of course, will supply power but that will not be for some years. As was announced in the Speech from the Throne, we propose to begin this year working on the production of hydro-electric power at Squaw Rapids on the Saskatchewan River. This project will in all probability come into operation before the South Saskatchewan Dam is producing power. There are other sites on the Saskatchewan River which have a power potential. We are therefore moving very rapidly toward being able to serve the power needs of this province.

The Leader of the Opposition yesterday talked about how much cheaper power was in Manitoba. Of course this is understandable. When I was living in Manitoba 35 years ago they already were building their great power stations when building materials cost only a fraction of what they are today. But 35 years ago we had the misfortune of having a Liberal Government in Saskatchewan. They weren't building power stations under public ownership. They were allowing little companies to come in and put up small uneconomic generating systems. There was no publicly owned, integrated power system. Now that Manitoba is beginning to put up thermal plants itself, it is finding

that its costs are just the same as Saskatchewan's. As a matter of fact, as has been announced in the Speech from the Throne, it is now proposed that an inter-connecting link between the Manitoba system and the Saskatchewan system be built. I can assure you that the Manitoba system would not be buying Saskatchewan power if our prices were exorbitant.

I think one of the greatest contributions which power has made to this province is the fact that it has brought the benefits of electric power to some 50,000 farmers at a cost of some \$50,000,000, half of which is paid by the Power Corporation and half by the farmers themselves. The Leader of the Opposition yesterday cited this as an example of discrimination. Power to 50,000 farmers at a cost of \$50,000,000 means about \$1,000 per farm on the average. Of this \$1,000 average amount the farmer puts up \$500 and the Power Corporation puts up \$500. But when the Power Corporation puts power into an urban home in a town, a hamlet or a village, the cost is \$150. The Power Corporation puts up \$500 for every farm customer and \$150 for every urban customer. If that is discriminatory treatment, Mr. Speaker, it is the kind of discrimination the farmers would have liked to receive when the Liberal Party was in office in this province.

Another great field of public enterprise has been the distribution of natural gas.

I do want, on behalf of the Power Corporation, to apologize to my friend, the Leader of the Opposition, for the fact that they put gas in his home without his consent. I can only assume that this was a professional courtesy that one gas distribution concern would want to do for another.

Mr. McDonald: - It was much appreciated.

Hon. Mr. Brown (Minister i/c Sask. Power Corporation): - It was richly deserved?

Premier Douglas: - Mr. Speaker, a few years ago members of this government did everything in their power to persuade Mr. St. Laurent and his government to have the Trans-Canada Pipeline publicly owned, or failing that to allow the province through which it would pass to build and own that section of the line within their borders. If anything has now demonstrated the validity of our proposal it is what has happened since that time. There was a story in the press last Friday night of the "\$15,000,000 Gravy Train in Ontario" relating to the distribution of gas. Rows have gone on in Quebec over the distribution of gas. What has happened in the city of Winnipeg? The gas company there set a price of \$1.06 mcf. After it had gone through several boards and commissions they were finally forced to reduce it to 90 cents. The average price of gas in Saskatchewan works out at about 70 cents per mcf. It costs one cent to take 1,000 cubic feet of gas 100 miles and transporting it 400 miles to Winnipeg would cost about 4 cents. Add that to the 70 cents. If you compare this 74 cents with the 90 cents, it means that the people of Winnipeg are going to pay 20% more for their gas than the people of Saskatchewan. In a great concentrated area like Winnipeg, which can serve most Manitoba customers from one distribution system, the price actually ought to be less.

I wonder if we have ever stopped to consider what this gas distribution has meant in savings to the people of this province. In our own home

last year we estimated that gas saved us approximately \$170. Last year we had a very mild winter. Therefore take the average minimum savings which were estimated for space heating alone. This amounted to \$60 per customer. With nearly 50,000 customers now using Saskatchewan gas this amounts to about \$3,000,000. It is estimated that for hot water heating and cooking and the operation of other appliances the saving is probably another million dollars. Already the consumers of this product are saving somewhere between \$3,000,000 and \$4,000,000 as a result of gas being handled on a public ownership basis.

We may mention another public enterprise. You cannot build up an economy unless you have adequate means of communication. The Telephone Corporation, which this year is celebrating its 50th anniversary, has done an amazing job. The people of Saskatchewan now have an investment of \$63,000,000 in this enterprise. In 1945 there were 48,000 telephones installed; today there are 159,000, or three times as many. I think it is rather interesting that there have been more than twice as many telephones installed in the last 14 years than there were in the previous 36 years. Last year alone the Telephone Corporation installed some 12,000 telephones and the construction of the micro wave line, which brought the benefits of television to the different areas of the province, is something which I think has been of great benefit to our people.

Let me ask you to look at some of the other public enterprises for a moment; and I am referring now to some of the Crown Corporations other than Power, Gas and Telephones. There has been a good deal of gibing at these Crown Corporations, gibing which will not stand up if you take the trouble to examine the facts. For instance, let us take the production of sodium sulphate. Since 1945 sodium sulphate production in this province has trebled and a good bit of this is due to the fact that it has been produced by a Crown Corporation, but a good bit of it is the production of brick and tile by a Saskatchewan Crown Corporation. When I was in Winnipeg last fall I was impressed with the rows of public buildings and business blocks that are being constructed from Saskatchewan brick and Saskatchewan tile. There is one entire area there which is now being called Estevan Row because almost every building in it has been built with Estevan brick.

The Government Insurance Office is not only giving to our people cheaper insurance, it has compelled the insurance companies to reduce their rates. Even then it has turned over to the public treasury since it started \$3,000,000 which has been available to give to our people health, welfare and educational services.

These Crown Corporations, which have been criticized so much, have a good record. The financial statements will be tabled. At this time not all of them have been audited, so I will use round figures which can easily be checked when the financial statements are tabled. The only one of these Crown Corporations which had any loss in 1958 – and it was a very small loss – was the Saskatchewan Government Airways. All the other Crown Corporations show a surplus. They will show a surplus in round figures for 1958 of

\$1,250,000 on a \$9,000,000 investment, or a return of over 14% on the money invested.

Mr. Loptson (Saltcoats): - That's an excessive profit, isn't it?

Premier Douglas: - When you add to that Power and Telephone, after interest has been deducted for these latter two, they will show a surplus of \$5,750,000. They have a payroll of \$21,000,000 and provide employment for 5,466 persons. I say that this is a record in which the people of this province can take pride and it demonstrates that public enterprise can play a useful part in the social and economic development of a province.

Another essential to economic development in any area is, of course, transportation. We must have roads. The people must be able to get around. Transportation enters into the cost of everything we ship and everything we buy. Therefore it is important that we have a proper transportation system. Great progress has been made since the war in building up a highway system and, in more recent years, in building up a municipal grid road system. I think it is rather interesting to look at the figures, Mr. Speaker. In the 39 years before this government came into power the total amount spent on highways and roads by previous governments was \$89,500,000, \$32,000,000 of which hadn't been paid for. We were still owing it in the form of bonds that had been floated to pay for roads. Since the present government came in we paid off \$7,000,000 of this \$32,000,000 debt. In addition we have spent, on highways and northern roads, \$206,500,000. We have spent more than twice as much in 14 years as was spent in the previous 39 years. In addition to that we have spent almost \$28,000,000 on municipal roads and bridges, making a grand total on municipal and provincial roads and bridges in the 14 year period of \$234,500,000. I might point out, Mr. Speaker, that while we would always like to spend more – there is always a demand for more expenditure on highways – the fact is that last year we spent \$7,000,000 more on roads and highways than we took in taxes from those who drive on the roads and on the highways.

The Leader of the Opposition complained yesterday about the lack of financial assistance to municipalities. Well, I want to just make this passing observation. In the matter of assistance to municipalities for roads and bridges, last year alone we paid out more to the municipalities than the Liberal government did in the whole ten years it was in office from 1934 to 1944.

Let me now turn to another field of social ownership which is contributing greatly to the development of Saskatchewan. I refer to the co-operative enterprises which have played such an important part in our development. Co-operative ownership is simply another name by which people do things themselves. Instead of doing it through their government, whether it's federal, provincial or municipal, they do it by voluntary association coming together to work for their mutual interests.

Mr. Loptson: - I suppose you want to take credit for that too.

Premier Douglas: - There has been a tremendous growth in the co-operative movement in this province since the end of the war. Co-operative membership in 1944-45 was 299,000. Last year it was 704,000.

The assets in that period of time have gone up from \$71,000,000 to \$271,000,000, and the volume of business done by co-operatives in the province has gone up in that period from \$199,000,000 to last year's figure of \$560,000,000. This, Mr. Speaker, is a record of which the people of this province can be proud. I am exceptionally proud myself that this has become the banner co-operative province of Canada.

I am somewhat surprised at some of the reaction when the government, in keeping with its policy, entered into a partnership arrangement with the co-operatives to take certain Crown reserves in oil fields and operate them with the co-operatives so that the consumers in this province could get the benefits of the resources produced here. These after all belong to the people. There was a tremendous outcry from the Sifton press and from the Saskatchewan Chamber of Commerce and even from my friend, the Leader of the Opposition, who objected most strenuously to this partnership arrangement. I find this difficult to understand. If a company whose headquarters were in Montreal or in New Jersey or in London, England came in here, we would put on a banquet to welcome them for coming and developing our resources. But when the people of Saskatchewan themselves, out of their hard-earned dollars, are prepared to develop their own resources so as to get the benefit of them, it is called a very bad deal, and we are told that we are following a policy which is different from the policy being followed in other provinces. Mr. Speaker, we were not elected to follow the policies being pursued in other provinces. We were elected to serve the best interests of the people of Saskatchewan and to see that the resources owned by them were, as far as possible, developed in their interests.

I believe that the co-operatives can continue to play an important role in our development. It has been estimated that the co-operatives need to operate about 20% to 30% of our entire economy in order to be an effective check against gigantic monopolies and to be an effective balance wheel in a just and free country. We still have a long way to go.

Across Canada we probably present 1% to 3% of the total economy, and in Saskatchewan – probably 10% or 11%. This is a field, Mr. Speaker, to which we must give more and more support as a government and as a people.

Now let me mention the part which has been played by private enterprise in the economic development of our province. For years the Liberal Party and their press have tried to convince the public that there would be no investment in Saskatchewan if we had a C.C.F. government. That hasn't proved to be the case. Public and private investment in Saskatchewan in 1948 was \$241,000,000. In 1958 – ten years later – it had gone up to \$626,000,000. During the past ten years the oil companies alone have invested \$753,000,000 in exploration and development programs in this province. I have the statistics here. However, I don't think there is much sense in tossing around all kinds of statistics. People know what is going on. They know that there are urban communities in Saskatchewan whose populations have doubled in the last 14 years. They see signs of activity everywhere they go. As a matter of fact, I can't do better than call a witness. I call as a witness the Regina Leader-Post. Nobody except the member from Melville (Mr. Gardiner) will think that's a C.C.F. periodical.

This is what the Regina Leader-Post said in an editorial in its issue of January 3rd, 1959:

“... Generally speaking, 1958 was a good year. Economically, Saskatchewan appears to have held its own against two adverse factors, the short grain crop and the national recession. Statistics still are tentative. But present indications point to a gross commodity production for the year which will be approximately the same as the record high of \$1,521,000,000 in 1956.

This is an achievement to crow about in the face of the decline in the value of the gross agricultural production to about half a billion dollars compared with \$800,000,000 in 1952 when grain crops were bountiful and the prices were riding high. For two years – in 1957 and 1958 – when the value of agricultural production was down, the provincial economy remained on an even keel.

The explanation, of course, is that non-agricultural production has forged ahead to take up the slack. The province is not as dependent as it once was on the vagaries of the agricultural economy. No longer is it a case of “boom or bust” depending on the fluctuations of the fortunes of grain farming, and mainly wheat. As recently as 1952, agriculture accounted for just about 65 per cent of the province’s gross commodity production. The tables last year were completely reversed, with major non-agricultural industries accounting for around 65 per cent, and agriculture about 35 per cent . . .”

In the same week the Leader-Post had another editorial. It was dated December 31st, 1958. I will just quote a short part of it.

“... However, a glance back over 1958 reveals that new secondary industries and extensions to existing ones which were started or which went into production represent a capital outlay of approximately \$45,000,000. This does not include the potash mine near Saskatoon which started production in November, nor does it include any petroleum developments except the \$11,000,000 plant near Steelman, which commenced the processing of casinghead gas and the \$8,000,000 extensions to oil refineries in the province . . .

Enterprises which started production this year, or are scheduled to do so next year, will turn out such a wide variety of products as: flexible plastic pipe, trailers, building board from wheatstraw and wood, hardboard, plywood and veneers, corrugated paper containers, shotgun shells, refined ball clays and kaolins, insecticides, ceramics, cooking and salad oils and coke . . .

That, Mr. Speaker, is put together much more concisely than I could do and I think that every fair-minded person will agree that there has been a tremendous amount of industrial development and increased manufacturing in the province. One must also realize that since 1945 agriculture has not gone back. Agricultural production has gone up from \$336,000,000 to \$500,000,000 last year. But non-agricultural production has gone up from \$231,000,000 to the staggering figure of \$944,000,000.

A good part of this was increased mineral production which has shown amazing growth since 1945. In 1945, our total mineral production was in the neighbourhood of \$22,300,000. Preliminary figures from D.B.S. show that last year it was \$214,000,000 or almost ten times as much. In the past ten years we have climbed from the sixth largest mineral producers in Canada to the fourth largest. First we passed Manitoba. Last year we passed British Columbia. Today, only Ontario, Quebec and Alberta have a larger mineral production than Saskatchewan.

Our oil and gas production in 1958 was close to \$100,000,000. Our coal production has doubled since 1945 and we moved from the sixth largest coal producer to the fourth. We passed Nova Scotia a few years ago and last year we passed British Columbia. Our metal production, which includes copper, zinc and uranium, has gone from \$18,000,000 in 1945 to \$88,000,000 last year.

Mr. Loftson: - I don't believe you.

Premier Douglas: - No amount of quibbling about the difference in value and how many pounds and how many ounces were produced is going to explain the difference between the \$18,000,000 and \$88,000,000. That, Mr. Speaker, is increased wealth production.

The same thing is true with reference to manufacturing. The value of manufactured products in 1945 was \$167,000,000. By 1957 it had gone up to \$311,000,000. Here the Opposition said the other day that prices account for the difference and that if prices were taken into account, manufacturing is actually down. If you look at the records, you will find the price index for manufactured products in that period of time went up 67%. If you increase \$167,000,000 by 67% you are still a long way short of \$326,000,000. Construction is always a good barometer of economic activity. We find in regard to construction that in 1945 we had 4,078 employed; last year we had 27,285 employed. The value of construction has gone up from \$17,000,000 to \$372,000,000 in that same period of time.

Retail sales is also a good mark of people's wellbeing. In 1945 retail sales were \$279,000,000; last year they were \$885,000,000 or an increase of 217%. The price index in that period has gone up by one 68 per cent.

These developments, over the past ten years particularly, give to us great hope for even greater developments in the next ten years. I want to make mention of two or three of them. I would refer first of all to the South Saskatchewan Dam which is going to have great benefits for agriculture by making possible more diversified farming. It will provide an abundant supply of water which will make possible industrial development, recreation sites and, of course, the generation of power.

The new potash mine and plant which has just gone into production near Saskatoon will be followed shortly by the operation at Esterhazy. These two will produce from \$20,000,000 to \$25,000,000 worth of potash per year. With the activity which is going on in this field it is quite conceivable that Saskatchewan can become one of the important potash centres of the world.

The steel rolling mill, estimated to cost some \$15,000,000 and on which construction has already begun, will produce about \$14,000,000 of steel a year or about 100,000 tons annually. It is of tremendous importance because of the other secondary industries which will undoubtedly gravitate to it. I am sure everyone must have been interested, as I was, in the CBC newscast that came over TV from Toronto a couple of weeks ago showing pictures of the drilling of iron ore deposits in the Nipawin-Choiceland area. It is too soon yet to make any prognostication but certainly all the signs so far are encouraging. When you realize that there is no great iron ore body in either Western Canada or the western part of the United States, you see what this could mean in terms of an iron and steel industry for Saskatchewan. I think the future is bright indeed.

I would refer also to the opening up of the north. As the Speech from the Throne said, some 2,500 miles of road have been built in the mineral and forest areas of the north. Agreements have been entered into with the federal government to build a road from Prince Albert to Flin Flon, from Lac La Ronge to Uranium City, from Buffalo Narrows to La Loche and other roads in that area. This will help to open up a whole new treasure house for development in our province. A great deal, of course, remains to be done; we have only made a good running start. Mention was made yesterday of a pulp and paper industry. I want to say categorically that there has not been any reluctance on anyone's part to come into the province because investors will not put up the money. There are very real transportation and freight rates problems. We are confident that these can be overcome.

Another thing we are going to need is railways into that north country. We will continue to put all the pressure we can on the railway companies to go ahead with railways in the north country. We will even offer to assist if that becomes necessary.

The government has now undertaken a survey of our economic potential. We have been fortunate in securing the services of three groups. The Stanford Research Institute of Stanford University in the United States is working with the Economic Research Corporation, connected with McGill University. These two groups will make an appraisal of our economic development to date and they will give us some indication of what areas need to have

priority in order that our economic development may move forward on a balanced and even front and on a coordinated basis. We are also bringing into this survey Sandwell and Company, who are forestry consultants from Vancouver, to give particular attention to the whole matter of the utilization of forest products.

Mr. Speaker, I have spent a good bit of time on this matter of economic and industrial development. But I want to point out that in the opinion of this government and the party it represents, economic development is not merely for the purpose of producing wealth and giving employment to those who labour and return to those who invest. It is something much more important. This development must also make possible better educational opportunities, more amenities of life and a greater measure of security of the sick, the aged and the unfortunate. What has this economic and industrial development meant? What has it meant for the average citizen? This development has given revenue to the government which has enabled us to provide greater services. For instance, take resource development alone. Our resource development brought to the government in royalties and so on in 1945, less than \$1,500,000. Last year it brought in over \$23,000,000. This means extra money with which we can help to pay more school grants and to provide better hospital services and better social welfare services.

Consider for a moment the Hospital Plan. It is estimated that the Saskatchewan Hospital Services Plan next year will probably cost \$33,000,000. That is as much money as the entire provincial budget was less than 20 years ago. Throughout all the 12 years that this Plan has been in operation the people of this province have never, through their taxes, paid for the cost of their hospitalization. Part of every hospital bill has come out of the resource development. That is why it has been possible to finance it on a very low per capita tax and on a one cent sales tax on a limited number of commodities. I think, Mr. Speaker, that the people of this province have reason to be proud of their Hospital Plan. I remember when we started it on the 1st of January, 1947. I remember how it was maligned as being regimentation. But the fact remains that today almost every province in Canada is copying this same Plan. The difference is they are only coming in 11 or 12 years later. This Hospital Plan, Mr. Speaker, is still the best of its kind in Canada. We still have more hospital beds per thousand than any other province. We still have a higher utilization rate. As has been announced in the Speech from the Throne, we will now proceed to add out-patient care just as quickly as staff and facilities can be provided by the different hospitals. I trust that, as our resource development goes on and as we get more revenue, this principle of prepaid health services will be expanded, not only to cover hospital care but eventually to cover all the health services that people require.

This development has made possible increased assistance for education. My friends opposite may talk about us not giving enough assistance to local government. But the fact is that when we came into office the provincial government was paying less than \$3,000,000 a year in school grants. Last year we paid \$20,000,000 in school grants to primary and secondary schools. What is even more significant is that at that time the provincial government's contribution to primary and secondary education constituted

21 per cent of the bill. Last year our contribution represented 40 per cent of the bill.

I am sure that the University students who are here will be interested in the fact that the University, for which the provincial government must accept sole responsibility, in the year 1944-45, received a contribution of \$550,000 from the provincial government. Last year we contributed \$2,500,000. In all the years from the time the University was founded in 1909 up until 1944 previous governments invested \$4,167,000. More than five times as much capital investment has been made in the past 14 years than was made in the previous 36 years.

I would like to pay special tribute to the communities of Saskatchewan and to the Department of Social Welfare for the senior citizens housing units that have been established. I have visited most of them. There are 56 of them now in operation and 26 more either under construction or in various stages of planning. There are 3,000 elderly people who now can be provided for an eventually 4,000 people will have suitable housing accommodations. This is a record, Mr. Speaker, that cannot be matched by any other province in Canada in relation to their population.

Mr. Speaker, as our economic development goes on and as it increases in its tempo there are many other services which will and must be provided. As the Speech from the Throne has mentioned, we propose a water survey because eventually we must get sewer and water into every small community of this province. We are also interested in the question of farm homes. The end of the rural electrification program is coming in sight. We should be able to complete it in the next few years. We would now like to work on a program that would make it possible for people to have running water and flush toilets in farm homes on a basis similar to the rural electrification program.

We are also thinking in terms of recreation programs. That is why you are being asked to vote money for the purchase of land for parks, for picnic sites and for camping sites. We think, of course, that recreational facilities are essential to a modern community.

Mr. Speaker, let me now turn to what is to me the most important question of all and that is the plight of agriculture in our present unplanned economy. The farmer today is the plaything of blind, impersonal economic forces over which he has no control and against which he cannot compete single-handed. The farmers of this country and of this province particularly have three main problems. Those problems are (1) the cost-price squeeze, (2) vertical integration, and (3) surpluses. Let me spend just a few minutes on each of them.

First of all I would like to say a word about the cost-price squeeze. The cost-price squeeze, as everyone knows, arises out of the fact that the farmer has to produce in a protected market and he must sell in an open market. He must produce in a market where everything he needs is bought behind tariff walls at prices set by someone else. But when he goes to sell his commodities – particularly wheat – he must sell it on a world

market where again he has no control over the price which he will receive. The results, Mr. Speaker, have been disastrous. Take 1946 to 1956 as a base period and consider the average return for agriculture. I want to stress this for sometimes I hear people say that is just the Saskatchewan farmer who is having a bad time or it is just the wheat farmer who is having a bad time. Take agriculture for all of Canada and what do we find? We find in 1957 and again in 1958, compared to that ten year period from 1946 to 1956, that the farmer's cash income was up 10.26 per cent, but his net income – is the money he has left in his pocket after he has paid his expenses – was down 11.14 per cent. Take Saskatchewan, where it is worse. Our cash income was up 6.14 per cent but our net income was down 44.38 per cent. Consider this in terms of purchasing power. Again I take all of Canada. In terms of purchasing power in 1957 and 1958, the farmer's cash income was down 7.3 per cent and his net income was down 34 per cent. For Saskatchewan his cash income was down 11.45 per cent and his net income was down 53.34 per cent. This is an appalling situation! If you take the 1951 to 1958 years as a base period, we find that our farm costs in Canada are up 12.6 per cent and our farm prices down 18.5 per cent. Take eastern Canada. I use this because sometimes people say just the western farmer is doing all the complaining. They have never been to a meeting of the Canadian Federation of Agriculture or they wouldn't say that. The eastern farmer finds that in that same period from 1951 to 1958 his farm costs went up 11.3 per cent and his farm prices went down 15 per cent. Western Canada of course is worse. In the west in that eight year period our farm costs went up 13.8 per cent and our farm prices went down 23 per cent.

I noticed in the paper the day before yesterday that Mr. Irwin Studer, the former Liberal Member of Parliament, had quite a diatribe against the farmers who are asking for deficiency payments and who are proposing to send a delegation to Ottawa. I was surprised to read that he said that if the wheat farmers of Western Canada are in such dire straits why do they not diversify and produce commodities that are not in surplus. Where has Mr. Studer been? In the last five years the farmers of Saskatchewan have reduced their wheat acreage by 21 per cent. They have taken 3,700,000 acres out of wheat. Last year we had the highest livestock population in our history and the highest livestock marketing in our history. Nobody can blame the farmer. He has done everything he can to diversify his economy. Mr. Studer goes on to criticize the idea of the delegation. He wonders why the farmers of the west do not go down and persuade the farmers from the east to work out a national policy that they can take to Ottawa. I wonder if he has taken the trouble to check the proceedings of the Canadian Federation of Agriculture which met in the City of Saskatoon within the last few weeks. He would find that the Canadian Federation of Agriculture has gone on record as being solidly in favour of parity prices and endorsing the request of the grain producers of Western Canada for deficiency payments.

Let me turn to the other problem which faces the farmers. This is the problem of vertical integration and contract farming. I started these remarks by saying that we don't believe that people's destiny should be determined alone by economic law and economic forces. We believe that the family farm has social values. We don't believe it should be destroyed merely because some other system is said to be more efficient. Yet in spite of everything the fact remains that vertical integration and contract farming set the

whole structure of farming in this country. Already in the United States 90 per cent of all broilers are produced on a contract farm basis, as is a tremendous amount of poultry and eggs, a good bit of their hog production and now the fattening of cattle. I was surprised when I was in Ontario a few months ago to find that this is becoming quite prevalent. Some of it has even started this last year in the province of Saskatchewan.

The process is simple. A feed company comes to a group of farmers – usually young farmers – and they say: “We’ll set you up. We’ll lend you the money to put up your buildings. We’ll supply you with feed.” A packing company comes and says: “We’ll supply you with young pigs or sows and we’ll supply you with chicks.” The farmer under this arrangement spends his time feeding somebody else’s feed to somebody else’s hogs. When he has them raised, the company comes and ships them off and processes them. He is paid for the job of carrying somebody else’s feed over to a trough so somebody else’s hogs can eat. It is an amazing thing to me, Mr. Speaker, that some of the people who talk most about the horror of collective farms stand idly by and watch the development of corporation farms which, in my opinion, aren’t very much better.

This is a trend which is extremely serious. It is not a new trend. I can remember when I was a boy listening to my grandfather tell of what happened when the industrial revolution came to the Highlands of Scotland. Away back in the middle of the 19th century the people of the Highlands made their living as small farmers or artisans. Most of them were weavers who wove cloth in their own little homes. The farmers brought their produce into town and sold it in the market place; the weavers brought their cloth in to the market place and sold it. Then came the industrial revolution with its steam power, machines and factories. You know the story, Mr. Speaker, as does every Canadian. The great landlords cancelled the leases of the crofters and thousands of these small farmers migrated to Canada. Lord Selkirk brought them over. They came over and settled in the counties of Bruce and Gray in Ontario and in parts of Nova Scotia. They were driven off the land. The weavers, now no longer able to compete with the machines, flocked to the cities. They filled the slums and tried to sell their labour. It was one of the most painful economic adjustments in history and it was rife with human suffering and human misery.

Mr. Speaker, let us make no mistake about it – the same industrial revolution is now going to hit agriculture. You cannot stop progress but you can direct it and you can minimize human suffering. You can direct progress so that it will have social objectives. This we must do. In my opinion, the only way to do it is for the farmers, through co-operatives, through co-operative marketing boards and through government marketing boards, to take over more and more of the control of the processing, packaging and marketing of their own products. At one time the farmer got practically all the money that came from the sale of his products. He took his products into the town and he sold them or he peddled them from door to door. What happens today? In the year 1956 the food consumers of Canada paid \$3,000,000,000 for their food. Of this amount \$1,400,000,000 went to the farmers and \$1,600,000,000 went to those who processed, shipped and sold that food. In other words, the farmer got 45 cents out of the consumer’s dollar. If this vertical integration and contract farming goes on, the

farmers will get even less than 45 cents out of the consumer's dollar. Unless the farmer is able to reach out and have some control of the processing, packaging and marketing of his own product this is going to be the result. This it seems to me, is the great challenge which now faces us here in Western Canada if we are to preserve the family farms and prevent them from becoming merely factories owned by packing companies and feed companies.

We will turn now to the last of the problems that I wanted to deal with and that is the matter of surpluses. Surpluses in an unplanned economy have become the bogey man. I was surprised at some of the developments at the recent Conference of Agricultural Ministers in Canada with the Federal Minister of Agriculture. The Federal Minister warned the Ministers – and through them the farmers of Canada – that if they didn't hold down production he would find it necessary to reduce support prices. Mr. Speaker, asking farmers and Ministers of Agriculture to hold down production in a world that is half hungry, surely, Mr. Speaker, is the very essence of social insanity.

Dr. Eugene Staley, who is a senior international research economist at Stanford University says this:

“Despite all the vaunted technological and economic progress of modern times, there are probably more poverty-stricken people in the world today than there were 50 years ago.”

The figures published by the United Nations show that our per capita production of food in 1958 was less than it was in 1939. We are producing more food. But population has grown faster than our food supply and we are actually producing less food per person in the world today than we were 20 years ago.

The Food and Agriculture Organization in their bulletin from Rome said this:

“Consumption of food in countries representing about one-half of the world's population fell below or barely reached, the minimum energy requirements of 2,200 calories per person per day.”

Mr. Speaker, surely only an unplanned economy which has lost sight of human values and human perspective could produce the situation that we have in this country today. Over half a million people are unemployed. Farmers are unable to get their cost of production and they are being told by the Federal Minister of Agriculture that they ought to curtail production. Surely there can be no justification in this day and generation for having 538,000 able bodied people walking the streets of Canada when there are scores of things that need to be done such as the building of hospitals, schools, recreation centres and more roads, and resources which need to be developed. Human labour is going to waste. Unemployment has already cost us in the past two years about \$2,000,000,000 worth of goods that could have been produced but were not.

How can we possibly justify saying to those who produce food which is essential to life that they ought to curtail their production. How can we look upon surpluses as being a tragedy in a world where, according to the Food and Agricultural Organization, half the people barely reach or fall below a minimum diet of 2,200 calories per day.

Mr. Speaker, this nation has a responsibility. Canada spent last year in assistance to underprivileged and undernourished nations \$3 for every \$100 we spent on armaments for defence. Surely the time has come for a great act of faith. Surely the time has come when we ought to put our faith in constructive things rather than destructive things. Surely the time has come when we ought to be using surpluses to help build good will and to help to establish friendship among the nations of the world. These things are the foundations of peace. I am prepared to concede that you probably cannot go unarmed as long as you have dictators and irresponsible megalomaniacs loose in the world. But the fact remains that all history has proven that armaments have simply led to more armaments. They have never solved the problem. They have either led inevitably to war or to the economic collapse of the nations who have had to spend 40, 50 and 60 per cent of their national income on armaments. Surely the time has come when instead of saying to the farmers: "You have done a great service to mankind; we welcome your production; we will pay you the cost of production plus at least a decent standard of living." Instead of buying up more armaments we could buy up food and help feed hungry people wherever they may be.

Mr. Speaker, if ever the world and if ever this nation needed the vision of a Co-operative Commonwealth it is now. I am suggesting that we will never be free from the problems of unemployment, of agricultural dislocation, of surpluses and of war until we have changed this competitive dog-eat-dog society into a co-operative society in which we plan all our human efforts in order to build an economy in which people can live together in peace and in prosperity.

This year 1959, Mr. Speaker, as you and I know, being fellow Scots, is the 200th anniversary of the birth of Robbie Burns, the national poet of Scotland. I can think of no finer way to conclude my remarks than to remind you of what he said:

"Then let us pray that come it may
(As come it will for a' that),

That Man to Man, the world o'er,
Shall brothers be for a' that."

Mr. A.P. Weber (Meadow Lake): - Mr. Speaker, I am sorry the Mover of Motion for the Speech from the Throne is not in his seat this afternoon. However, I would still like to congratulate him as Mover and the able way he presented his case to the members of this Legislature. I would also like to pass on my congratulations to the hon. member from Kindersley (Mr. Johnson), who so ably Seconded it.

Today, Mr. Speaker, I must say that I have had a new experience in this House. The Premier of this province addressed the gathering here for approximately 1½ hours and during that 1½ hours, there was very little interruption on the part of my friends, the Liberals. I don't know, Mr. Speaker, whether there was so little in his speech that they couldn't find anything to argue with, or whether it was just a repetition of things that have been said so often before, that they were resting. However, after listening to the Premier's few words in extolling the many benefits that the farmers of this country would derive by being united through the C.C.F. in a political party joined up with the Canadian Labour Congress in a new political party who so far, he has failed to identify.

I would like to say that in my opinion, the Premier is a very versatile man. Not only is he is Minister of this Government, he is also a Minister of the Gospel – but now, of all things, he is trying to become a 'match-maker'. He is trying to create a romance between our farmers and our labour organizations, and I certainly cannot feature this as being a 'love-match' by any stretch of imagination.

I do not believe that farmers and labour are too much concerned with tying themselves to any political party – because we have found through experience that C.C.F., due to infiltration into the farmers union, have almost caused that organization to fall apart. I can't imagine amore incompatible union than that of farmer and labour. These groups have neither common interests, nor common objectives to work for. Therefore, I think this is not a time to consider a union between those two groups into a political party. Furthermore, I don't see that farmers like to have any organization to which they belong as farmers, being told what way or how they should vote and I think that they will show their objections to this idea in an uncertain manner.

However, I am not going to say much this afternoon. I would like to say at this time, I was very pleased with some of the remarks the Premier made, in connection with farm problems. I know that we all realize that this problem is very, very important to us and that we should make every effort to do what we can to help solve it.

With these few words, Mr. Speaker, I would like to adjourn the debate.

(Debate adjourned)

Mr. Speaker: - Before putting the Motion, may I remind all members that we are jointly hosts of our guests from the University of

Saskatchewan and I understand the dinner hour is set for 5:30 p.m.

It is moved that the House do now adjourn. Is it the pleasure of the House to adopt the Motion.

The Assembly adjourned at 5:25 o'clock p.m.