

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Third Session — Fourteenth Legislature**  
**12th Day**

**Friday, March 9, 1962**

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

**ON ORDERS OF THE DAY**

**WELCOME TO STUDENTS**

**Mr. Arthur Thibault (Kinistino):** — Mr. Speaker, before the orders of the day I would like to introduce a fine group of students in the Speaker's gallery. They are from Weldon and Crystal Springs high school. They are led by their teachers, Miss Orton, Mr. Payne, and the bus driver Mr. Higgins. I hope their stay here will be a pleasant and an educational one.

**QUESTION: MEDICAL PLAN**

**Mr. W. Ross Thatcher (Leader of the Opposition):** — Mr. Speaker, before the orders of the day are called, I should like to direct a question to my friend the Minister of Health.

Is the minister yet able to report any progress in arranging a meeting between the government and the College of Physicians and Surgeons to discuss the medical plan?

**Hon. W.G. Davies (Minister of Public Health):** — This is getting almost monotonous because when I gave the answer to the hon. Leader of the Opposition yesterday, I told him that we were waiting an answer from the College of Physicians and Surgeons to our last letter. I am not able to report anything else since yesterday.

**BUDGET ADDRESS**

**Hon. A.E. Blakeney (Provincial Treasurer):** — Mr. Speaker, this is the first occasion upon which I have had the honour and the responsibility of presenting to the house the traditional Motion of Supply. In doing so

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I am conscious of those who have had this responsibility before me and of the enviable contribution they have made to the processes of government in this province. I walk in a proud tradition, Sir, built by men of great ability, men such as the Hon. C.M. Fines and the Hon. W.S. Lloyd. The people of Saskatchewan must be indebted to them not only for the competence with which they have managed the financial affairs of the province but for their profound understanding of, and their intelligent use of, the budget as one of the most important instruments of government in transforming the hopes and aspirations of people into acts of creative purpose. I can only hope that my contribution may add to their great achievements.

It was the custom of the Hon. Mr. Fines, Mr. Speaker, when he was delivering the budget speech, to wear a necktie depicting a cornucopia, symbolic of the great possibilities of abundance which this province enjoyed. When he first wore this tie in the mid-forties, it was an act of faith rather than the recognition of a realized fact.

**Mr. Thatcher:** — You are not kidding now.

**Hon. Mr. Blakeney:** — This is right, by the well placed faith. But through the bounty of providence and under dedicated and skilled direction, our province enjoyed a period of prosperity unparalleled in its history.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — The elements of this prosperity are symbolized in the Saskatchewan tartan, created on her drawing board by Mrs. Bastedo, the wife of His Honour, the Lieutenant Governor. Woven into its design are colours representing our rich farm lands and the fruits of these lands, our forest resources, our oil, our coal — the basis of the prosperity and security we now enjoy. I regard the Saskatchewan tartan as a symbol of the faith that has been realized and as an expression of belief in the possibility of an even richer life built upon the bounties of nature around us. I wear it proudly today, Mr. Speaker.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Before turning to the budget, Mr. Speaker, I should like to extend my congratulations to you, on your election to the position you now occupy. The office of Speaker is another of those instruments of parliamentary government which symbolize the attainment and practice of democratic control of the affairs of men and which command the highest respect of

free people everywhere. I feel sure that you will add lustre to this high office.

I should also like to extend my congratulations to the hon. member for Weyburn (Mr. Staveley) both upon his election to the legislature and upon his contribution to the debate on the Address in Reply to the Speech from the Throne.

It is customary Mr. Speaker, to devote the first part of the budget speech to a review of the economic conditions in the nation and in the province during the year just past, and then to make a forecast of conditions of the current year. I intend to follow this practice. The second part of my remarks will then review Saskatchewan's financial position — our provincial budgetary position in 1961-62, the year ended last March, and in 1961-62, that is, the year just ending. Finally Mr. Speaker, I shall outline the government's financial proposals for next year, for the year 1962-63.

Mr. Speaker, the custom of reviewing the national economic position is an acknowledgement of two clear facts of modern economic life: the first of those is that the state of the national economy has a very direct influence on the well-being of provincial economies; the second is that the condition of the economy, both nationally and provincially, intimately affects the budgetary position of governments. As the role of government in our society continues to expand, these two facts will become even more manifest than they are now. It is thus essential that governments understand the nature of the economic forces currently at work and attempt to foresee the economic circumstances they are likely to face in the future if they are to shape the instruments of public policy and give the kind of leadership that the occasion requires.

What then is the state of the national economy? Looking back over 1961 we can see some signs that are hopeful and some that are a bit disturbing. The year started poorly, but by mid-summer the economy was showing strong signs of recovery, signs which intensified toward the end of the year. Most of the major sectors showed important gains. Yet when the year as a whole is reviewed we find that we were plagued by continuing high levels of unemployment which again reached record post-war heights. About this time last year the number of persons unemployed exceeded 11 per cent of the labour force. By the end of the year, well into the period of recovery, the rate of unemployment even on a seasonally adjusted basis, was still close to 6 per cent of the labour force. Mr. Speaker, while cyclical and seasonal patterns might account for the fluctuations which we see in the rates of unemployment, they do not in themselves account for the extremely high

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levels of unemployment. Unfortunately we must conclude that longer term forces than those of seasons or cycles are preventing the economy from growing at a desirable rate: the rate necessary to absorb an expanding labour force.

When the final reckoning of the gross national product for 1961 is complete, it will in all probability record a rate of increase over 1960 of about 2.5 per cent. In per capita constant dollar terms, this represents no increase at all. In other words Mr. Speaker, if there had been no increase in population and no increase in prices, there wouldn't have been any increase in gross national product.

There have been two major reasons for this poor performance of our national economy. One was the decrease in the value of farm inventories. Canada began the last crop year with an inventory of about 523 million bushels of wheat, the most important element in the inventory change. It is estimated that the inventory will have dropped to about 264 million bushels by the end of the crop year: from 529 million bushels to 264 million bushels. Had this drop resulted from increased sales of wheat, we would have little cause for concern; there would be compensating increases in other components of the gross national product. Unfortunately, the drop was the result of the prairie drought last summer. The change in inventory therefore represents, in national income accounting terms, a serious drop in gross national product.

The other source of weakness in the economy was the decline in private business investment. The drop last year to a level estimated at just over \$6.5 billion was the fourth consecutive decrease since 1957: the fourth consecutive decrease in private business investment Mr. Speaker. This took place in spite of a substantial recovery in residential construction, but which could not compensate for the non-residential construction. The weakness in the private sector no doubt was an important element in the high levels of unemployment. This problem, in turn, might well be the price we are now paying for the unplanned and excessive expansion in physical plant and capacity during 1956 and 1957 which apparently did not correspond to real need at that time.

While cyclical swings will periodically ease our economic troubles, they cannot solve the basic problem that should be our greatest concern — the slow rate of growth in our economy. Weaknesses in the major demand sectors,

retarding our growth, are reflected in the long-term upward trend in unemployment.

Mr. Speaker, I think it will be of interest to the house to recall one of the conclusions of the Senate Committee on Manpower and Employment that concluded its deliberations last summer. The committee reported, and I quote Mr. Speaker:

“The post-war era has been a period of accelerating technological progress, of rapid innovation, of revolutionary improvements in labour-saving devices, and of pronounced shifts in the growth of consumer demand. These far-reaching changes have necessitated a general up-grading in human skills, large scale movements between occupations, and a high degree of mobility of labour between industries and between geographical areas. The economy and its manpower have failed to adjust to these basic developments on a sufficient scale or with sufficient speed. These problems of adjustment have become more difficult in the circumstances of a slow rate of economic growth. In a measure, the lagging rate of adjustment and the lagging rate of growth aggravate each other and to this degree constitute a vicious circle.”

So we see that there has been rapid technological change, requiring mobility of labour and highly trained labour forces. Mobility did not come about because we didn't have the necessary growth in our economy and to some extent we didn't have the growth because we didn't have the necessary mobility of labour, hence the vicious circle.

Having identified the major problems of economic growth, the committee went on to say and here again I quote:

“The solution of these problems requires new thinking, experimentation, and the development of new machinery for financing, planning and inter-governmental co-operation.”

Unfortunately Mr. Speaker, last year produced little evidence that the necessary steps were being taken.

On the provincial scene, the dominating event of the past year was the severe drought which struck the prairie provinces. The summer rainfall was one of the lowest on record, lower even than that recorded in 1937. The result

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was a wheat crop which yielded 8.3 bushels to the acre; our poorest crop since 1937.

The drought cut deeply into the returns farmers received for their labour. Now, Mr. Speaker, there are two measures of farm income which are often reported. One is farm cash income and the other farm net income. Farm cash income reports the value of farm commodities sold during the year, together with other cash income such as PFAA payments, and crop insurance payments. In 1961, because Saskatchewan farmers had some carry-over supplies of wheat to supplement their short crop, and because of earlier than usual interim payments on wheat, and because of good returns from the sale of livestock, cash income stood up well. In fact it reached \$610 million, which was higher than the previous year. But precisely because farm cash income fails to reflect the liquidation of farm inventories and fails to take expenses into account, it is not a good indicator of how the industry fared. The second and better measure — farm net income — makes allowances for these items and shows what is in effect, the net result of farm operations for the year. It therefore more truly represents the position which our farmers find themselves in at the end of the year. Farm net income, which reached over \$350 million in 1960, fell to \$104 million in 1961: from \$350 million to \$104 million.

It is not surprising Mr. Speaker, that strong repercussions are felt throughout the whole economy when the industry which is normally our single most important one suffers a setback of the magnitude we experienced last year. Unfortunately the evidence of the repercussions is only too clear. Personal income fell, we estimate, by close to 15 per cent from \$1318 million to about \$1120 million. The drop in personal income was reflected in consumer expenditures, and we expect when the final figures are known, retail sales will have fallen by about 4 per cent — which is not too bad, from \$935 million to about \$900 million.

At times like these, one is inclined to speculate on how much worse the effects of the drought might have been, without the tremendous advance we have seen in agricultural practices in the past 25 years. More extensive use of, and improvements in, summerfallow practices, the wider use of fertilizers, improved insect control and weed control methods, the use of shelter belts and strip cropping, as well as the greater degree of mechanization which among other things permits farmers to put in their crop and take it off at the most strategic moment. All these have helped greatly in reducing the impact of the drought. In 1937, a year with comparable rainfall and comparable moisture

reserve, the wheat yield in Saskatchewan was 2 bushels to the acres; last year it was 8.3 bushels to the acre. I think a good deal of the difference between these yields can be attributed to the investment of the government and of the farmers of Saskatchewan in technological improvements of the kind I have mentioned. It is not an investment of money alone which has created these changes however. The skill and knowledge of our agricultural representatives and of the university's extension service are equally important resources, of which farmers have been making good use.

It is at times like these also that one has a heightened awareness of the importance for economic stability of diversification — both within agriculture, which has reduced its dependence on wheat, and in the economy as a whole, which has reduced its dependence upon agriculture. For a number of years now cash income from the sale of livestock in Saskatchewan has been well over the \$100 million mark. We estimate that in 1961 it reached \$130 million. When the value of the wheat crop dropped to the level of \$185 million, as it did in 1961, a livestock industry of these proportions assumes considerable significance as a stabilizing element in agriculture. The increased value of livestock sales was achieved primarily through larger volumes of cattle marketings although there was some general improvement in price. Fortunately Saskatchewan farmers were able to achieve this higher level of marketings without depleting their basic herds.

Look at the economy as a whole, one is further gratified to note the widening of the industrial base upon which it rests. Continued advances in the non-agricultural sectors did much to soften the impact of the drought and to sustain levels of production and income. While the net value of agricultural output fell by 62 per cent, the net value of total output fell by only 27 per cent. While net income fell by 70 per cent, total personal income fell by less than 15 per cent. Agricultural output dropped by 62 per cent — total output by only 27 per cent: farm income by 70 per cent, total personal income by 15 per cent. This is not to suggest that we are immune to the vagaries of the agricultural economy. Nevertheless, Mr. Speaker, the position in which we find ourselves in this regard today is vastly improved over our situation not many years ago.

I think it will be of interest to the house to note where the non-agricultural gains were made. During 1961, the value of our mineral output reached a new peak, rising to an estimated \$218 million. When I say \$218 million, I would ask you to recall the wheat crop valued at \$185 million in 1961, and the cattle marketings at

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\$130 million. You can see that a mining industry of \$218 million is no small item. While the value of uranium and zinc output declined, the sharp rise in petroleum production more than compensated for this decrease and largely accounted for the considerable strength shown by the industry last year. The value of manufacturing output also increased during 1961 to near record levels. Electric power output continued its increase as did the value of construction work performed. Taken together, the non-agricultural sectors of the economy in a normal crop year, now constitute about 60 per cent of the total net value of commodity output where a decade and a half ago they represented only about 25 per cent. This I emphasize Mr. Speaker, is in a normal crop year. The stability and strength they add to the economy are obvious.

The events which I have outlined describe what has already taken place. I turn now to a consideration of the economic prospects in 1962 for Canada as a whole and for Saskatchewan in particular.

In Canada, the year 1962 began much more auspiciously than did 1961. The expansion of economic activity in the second half of last year carried into the new year, and forms the basis of a good deal of the optimism which is now current. There is a general consensus of opinion that the recovery will continue throughout most of the year and that our gross national product will show greater gains in 1962 than in 1961. Estimates of the growth in agreement seems to favour an increase of between six and seven per cent. The expectation is that the higher personal incomes will result in increased consumer purchases, and government spending is expected to increase in this peak year of the political cycle; indeed, this expectation has already been partly realized. A substantial increase is also anticipated in Canadian exports due to the strong recovery of the American economy and the continuation of the European demand for Canadian products. So we are looking for higher consumer purchases, larger federal government spending and larger exports.

However bright the short-run prospect might appear at this time, it ought not to blind us to some of the more serious problems facing the economy. One of the most serious of these is the continuing high level of unemployment. Since the war, each recession has meant unemployment for a larger proportion of the labour force, and moreover we have not been regaining the lost ground during the subsequent recovery. Each successive recovery, even at its peak, has left a greater proportion of the



labour force unemployed. It is true that in recent months unemployment began to fall below its level of the corresponding period a year ago. This augurs well, but there is no firm assurance yet that the dispiriting post-war trend will be broken. We have seen that each time we had a boom, it employed a smaller percentage of the labour force than the last boom, and each time we had a recession a greater number were unemployed. Lower peaks and deeper troughs — and at the end of 1961, in the midst of the recovery, we have rates of unemployment that are greater than those experienced in the depth of the 1953-54 recession.

Another serious weakness Mr. Speaker, may lie in the field of private investment. Although industrial production has been increasing, there is some fear that the increase may not be great enough to provide any substantial stimulus to new capital investment. We might see our present plant put into full use, but it might not be enough to induce anyone to build new facilities. If these fears are realized, the recovery we are now enjoying may indeed prove to be brief and quite ineffective in meeting our more basic problems.

There is cause for further concern in the failure of the federal government to find some position, consistent with either its short-term or long-term interests, in the rapidly developing system of international trading blocs and trading arrangements. Canada's attitude to these developments, since the shock of the British offer of free trade following the brief brave Diefenbaker promise of 1957, to divert 15 per cent of our trade from the United States to Britain. Since that time Canada's attitude has been almost wholly negative. We in Canada may not feel the adverse results of such attitudes immediately but in the long run we are unlikely to escape them.

Turning now to Saskatchewan, our prospects for 1962 will again be conditioned by the state of the national economy and by the vagaries of the weather. With continued improvements in the general pace of economic activity, the value of output in the non-agricultural sectors of our economy should reach new record levels this year. I think we will share the national prosperity. New peaks in manufacturing, mineral production and construction should be realized. The level of employment during the latter part of 1961 showed considerable improvement over the corresponding period a year earlier, and this improvement should continue into 1962. I mentioned that this was true for the Canadian economy. It was true for the Saskatchewan economy as well.

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In agriculture, however, the outlook is less favorable. The serious depletion of farm-held reserves of wheat and other grains places our farmers in an insecure position; a larger than normal crop would be required in 1963 to maintain farm cash income at the 1961 level. Because of the lack of moisture reserves, much depends on the amount and the timing of the precipitation we receive during the coming growing season. However, even a normal crop should improve farm net income very considerably in 1962.

To summarize then, unless we experience another drought, the outlook for 1962 is for a year of continued growth and greater stability in the provincial economy. Expansion in the non-agricultural sectors together with a normal crop should bring the net value of total commodity production close to \$940 million as compared with about \$720 million in 1961. Of this, as I have noted, about 60 per cent will be from industries other than agriculture. This high level of activity should be reflected in personal incomes, and I expect that personal income will rise from around \$1100 million in 1961 to about \$1300 million in 1962. Two hundred million dollars, almost 20 per cent.

I come now, Mr. Speaker, to the second portion of my remarks, to an outline of the province's finances in 1960-61 and in 1961-62, that is, the year just ending.

The Public Accounts for 1960-61 were distributed to the hon. members last December and were tabled at the beginning of the session. Hon. Members are now dealing with them in the Public Accounts Committee. They disclose revenues of \$145 million, ordinary expenditures of \$124.8 million, and capital expenditures of \$22.6 million. The excess of total expenditures over revenues, and from this deduct sinking fund earnings, and we have a result of a \$2.2 million increase in the net debt, bringing the net debt up to \$19.5 million.

Revenues last year, that is in 1960-61, rose from \$143 million to \$145 million, with the principal increases occurring in petroleum and natural gas revenues and in gasoline tax returns. Education and hospitalization tax collections and liquor profits rose modestly, while uranium royalties were down.

The principal expenditure increases from 1960-61 were for school grants, public health, highway construction and social welfare. Total expenditures rose from \$140 million in 1959-60 to \$147.5 million in 1960-61.

Turning now to the current year, the one we are in now and which will end at the end of this month, in this fiscal

year (1961-62) the province's revenues have been sustained in spite of the drought by the greater diversity of the Saskatchewan economy, of which I have just spoken. Returns from the education and hospitalization tax, which are a fair barometer of the retail sales and the construction activity in the province, will likely decline by about one per cent, which is a very modest decline. Collections are expected to approach \$22 million. Gasoline taxes will fall by, I would think something less than one half a million, this short of the estimated level of \$25.5 million. Gross liquor profits will experience a slightly greater decline.

On the other hand, petroleum and natural gas royalties will be \$700,000 more than the amount estimated for the year, which was a record of \$6,450,000. Uranium royalties will also exceed our estimates by \$700,000, due to certain technical adjustments in recording uranium sales. Finally, federal-provincial tax-sharing payments will exceed \$40 million, approximately the same as last year, and an increase of some \$2 million over our estimates. So, taken as a piece, the 1961-62 revenues will exceed our estimates by some \$3¼ million.

This increase will be more than required Mr. Speaker, to meet the unusual expenses of a drought year. Nearly \$2.5 million will be spent on drought assistance programs for farmers, before the year ends at the end of this month. The government provided financial assistance to aid farmers in securing hay, feed and seed. We provided grants for transporting livestock to pastures and for transporting haying equipment. A provincial-municipal program was introduced to retain elevator stocks of feed grain where this was needed, and grants of \$5 per ton were paid where grain was cut for fodder. We acknowledge with thanks, Mr. Speaker, the willingness of the federal government to assist us in some of these programs.

The drought affected our forests as well as our fields, and more than \$1½ million was spent in suppressing serious outbreaks of forest fires. These increased expenditures for drought and for fire protection and other smaller increases will bring provincial spending in 1961-62 to \$152 million — \$4.6 million greater than the amount estimated. As a result, the budgetary deficit — revenues less ordinary expenditures and capital expenditures will be about \$4 million.

Mr. Speaker, I do not apologize for this deficit. I believe that in times of recession governments should be prepared to incur deficits and indeed, if the situation demands, they are duty bound to take the action that only governments can take to assist the economy toward recovery.

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**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Neither budgetary deficits nor other actions within the range of possible provincial government activity can do all that must be done to alleviate economic difficulties rooted in basic national economic problems. The federal government alone has the power and the resources to cope effectively with these. But provincial governments do have a responsibility, a responsibility to act to the extent of their ability, in a plan closely co-ordinated with the federal government, to achieve high levels of employment, real income and stability.

Turning now, Mr. Speaker, to the crown corporations, I am pleased to report that their operations last year not only showed a favourable financial result but also demonstrated again the substantial contribution made by these enterprises to the strength and stability of our provincial economy.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — The total volume of business of all corporations during the year ending in 1961 reached almost \$93 million. This was about three per cent higher than the volume in the previous year. In addition to their indirect effects on the economy by doing business in the order of this magnitude, the crown corporations provided direct employment to 5600 workers and paid \$26½ million in salaries and wages.

Hon. members will recall that with the exception of the Saskatchewan Power Corporation and Saskatchewan Government Telephones, the crown corporations were financed through a holding company. The Government Finance Office (indeed I just tabled in the legislature the other day, the annual report for the Government Finance office). This government finance group of enterprises last year paid over \$135,000 in grants in lieu of municipal taxes and nearly \$600,000 in dues and royalties. A payment of \$1 million was made to the consolidated fund by The Government Finance Office from the accumulated surpluses of these corporations.

For a number of reasons, many relating to the weakness in the national economy to which I have already referred, some of the enterprises did not enjoy the financial success in 1961 that they did in the previous year. On the other hand other corporations in the government finance office group showed an improved position last year. The Sodium Sulphate Division of Saskatchewan Minerals had the best year in its history, and realizes net earnings of over

\$400,000. A summary of the financial results of the operations of Saskatchewan public enterprises is shown in the following table, and with your permission Mr. Speaker, I will not read it, I will just put it on record.

Taken together and on the basis of information available to date, the crown corporations (excluding power and Telephones) shoed total net earnings, before interest, of about \$850,000. Even though this is somewhat lower than the earnings during 1961, it still represents a very satisfactory return on investment: actually about 10 per cent of the capital employed.

**Mr. Thatcher:** — Careful Allan.

**Hon. Mr. Blakeney:** — In reviewing the province's finances, Mr. Speaker, it is customary — it has been the custom of previous Provincial Treasurers, to summarize the borrowing program for the current year. The 1961-62 budget required the treasury to borrow just over \$69.2 million, and we have augmented this during the year by a \$1.6 million increase in the Saskatchewan Power Corporation's program, and by the anticipated increase in the budgetary deficit of \$1.3 million. The increase in the borrowing of the power corporation was to assist in completing the looping of the Hatton-Success gas line. The total amount to be borrowed then, \$69 million plus \$1.6 million, plus \$1.3 million, just over \$72 million. These funds were obtained from five markets: Canadian long-term market \$39 million; \$14 million from the Saskatchewan Savings Bond market; \$5 million from the sale of debentures to government of Saskatchewan funds; \$9 million from the sale of short term bonds in the money market; and \$1.3 million from the sale of a treasury bill to the government of Canada, in accordance with our arrangements for the financing of the South Saskatchewan River project.

Speaking of Saskatchewan Savings bonds Mr. Speaker, perhaps I might interject that the sale of the savings bonds is going very well indeed, and that I can report that sales after the third day of the current issue stand at \$4,158,000 which corresponds with a figure for last year at the end of the third day of \$2,765,000.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — With your permission Mr. Speaker I should like to include a list of the 1961 debenture issues, and again I will not read it I will simply file it.

Now the rest of the capital which we will require is being obtained in an unusual way. The province has

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decided to issue regularly each week \$1 million of 91 day treasury bills, which are being sold by selected investment dealers to investors with a temporary cash surplus. This is the first time that a Canadian province has entered the money market through the regular issue of treasury bills. It is also the first time that two Canadian provinces have co-operated in the development of a new borrowing technique — this innovation having been developed jointly with the province of Manitoba.

I am happy to remind hon. members that we are repeating in 1962 the sale of Saskatchewan Savings bonds, I have just alluded to that, and as I have already said the bonds are going well. The bonds are ten year bonds carrying an interest rate of five per cent and they have a two per cent premium if held to maturity. We plan to cut off the issue at \$10 million or close as possible to this figure.

Now Mr. Speaker, this is the background against which the 1962-63 budget was formulated — I have attempted to outline the outlook for the national and the provincial economy — I have attempted to tell you what our current financial position is as a province, I will now turn to the budget which I want to present for the 1962-63 year.

Before doing so I think there is another aspect of the background against which budgets are prepared and that aspect is the objectives which a government sets for itself. Politicians must choose between at least two views of the proper role of government. The first view is to regard government largely as a device for keeping law and order and for protecting and preserving the private sector of the economy. The politician who adopts this view seeks to minimize the role of government. He does this because he believes that in almost all instances services provided by the government are inferior to those provided by private means. He rejects the notion that governments can be and should be a positive force for the betterment of human society and supports the view that such progress can normally be made only by means other than government.

A second view of the appropriate role of government in a modern state, Mr. Speaker, is very different. It holds that it is both possible and desirable for governments to be a positive force in the economic and social life of a community — that governments may properly be used as an instrument for providing services which cannot be provided individually, for facilitating stable and balanced economic growth, and for achieving that greater measure of social equity which is the cornerstone of our social values.

My colleagues and I are committed, as the people of this province know, to the second goal of government. It seems to me that only a person blinded to the past will argue that a wholly unregulated society makes better economic progress than one which is subject to at least some measure of government planning.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Only a quite insensitive person would argue against greater social equity — the real source of individual freedom. Only a person numbed by the competing claims of advertisers would argue that private goods are necessarily better than public services.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — So Mr. Speaker my colleagues and I have set ourselves a twofold task; to stimulate and develop the economy in order that the promise of more abundant living may continue to be fulfilled, and to provide through government, those services that are so important that they should not have to compete in the market place for the consumers' dollar. These services which we say should not have to compete in the market place for the consumers' dollar are well enough known — education, development of our culture, public health, public welfare. What is really at issue Mr. Speaker, is whether we citizens of Saskatchewan assign a priority to these public needs high enough so that we are prepared to choose them in preference to some of the material things available to us privately and to pay for these public needs through the public treasury. That is really what is at issue.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — It is easy enough to argue against taxation; hon. members opposite have learned that, but to argue against taxation is simply to argue that material goods which the tax money might have purchased in the hands of the taxpayer are more important than the health and welfare of our people, and the educational opportunities which are or should be available to them.

**Mr. Thatcher:** — No! No! No!

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — What is more Mr. Speaker, this view that taxes ought not to be levied is a view which could well lead to a slower rate of

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economic growth. In testimony before the Joint Economic Committee of the United States Congress, one of America's leading economists, Professor Walter Heller, has argued that the economic growth in the United States has been due less to changes in technology than to building up the stock of human capital. He argued:

“The gains to be realized, for example, from giving up tax revenues . . . may not only be in considerable part the wrong kind of gains, but (they) may be smaller than those we could achieve by investing an equivalent amount in the education, training, health and welfare of human beings . . . “

This, then Mr. Speaker, is the unspoken price that the advocates of lower taxation would have us pay. Now Mr. Speaker, for my part I am not prepared to barter education and hospital and medical care for the latest models of stoves and chesterfields available at the hardware store, and Mr. Speaker, I do not believe that the people of this province are prepared to make this bargain if the facts are honestly and fairly put to them.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Mr. Speaker, the 1962-63 budget is built upon this point of view.

**Mr. Thatcher:** — Do better than you did in Weyburn then!

**Hon. Mr. Blakeney:** — They weren't honestly and fairly put to them in Weyburn!

**Mr. Thatcher:** — You did your best.

**Hon. Mr. Blakeney:** — Budgetary revenues Mr. Speaker in 1962-63 are estimated at \$171.8 million, and this includes \$15.3 million for the medical care program, the program which was authorized at last autumn's meeting of the legislature. The government proposes to make ordinary expenditures of \$152.8 million and capital expenditures of \$21.4 million.

In arriving at our revenue estimates we have tried to take a realistic view of the Canadian economy, as I explained earlier. We have estimated revenues from federal-provincial tax agreements at \$2 million more than the \$40 million expected in the fiscal year which is just about to end.



As for the Saskatchewan economy, I have assumed that the effects of the 1961 crop failure will be felt until about mid-year, and that after this the crop prospects for 1962 will set the economic pace. An average crop would compensate for lower revenues in the first half of 1962, but perhaps not completely. Education and health tax revenues are therefore estimated at \$35.5 million the equivalent of \$21.3 million at the old 3 per cent rate. This compares with the revised estimate of \$22 million for 1961-62, so we are actually estimating that education and health tax will yield slightly less than one per cent. Gasoline tax revenues, less sensitive to economic fluctuations, are estimated at \$25.4 million compared with this year's expected \$25 million. Gross liquor profits are expected to remain at about current level, and the completion of the new warehouse this year will mean that we will have just over \$700,000 additional available to the treasury in 1962-63.

I hope Mr. Speaker, that these revenue estimates based as they are upon moderate levels of economic activity, will prove conservative. A really good year, and this is entirely possible, will convert into a surplus the small \$2.4 million deficit I am estimating. This, it seems to me, is an appropriate provincial budget policy; a balanced budget in the long run, with moderate deficits when the economy is performing sluggishly and surpluses when it is restored to the desirable rate of growth. I should like Mr. Speaker, to add a special comment upon the revenues we expect to receive under the new federal-provincial tax sharing arrangements. These will appear in the new form in the estimates this year.

Members will know that Saskatchewan was required by the federal government to impose its own individual income and corporation taxes, which we did at the last autumn session. As a result hon. members will find in the printed estimate a separate figure for the revenues expected from each of these sources, from the individual income tax, from the corporation tax.

Since the provinces have not been required to impose their own succession duties, the government of Canada will pay to Saskatchewan 50 per cent of the estates taxes which it collects in the province. This source of revenue also appears separately in the printed estimates.

Now the last component in the new tax sharing arrangements is an equalization payment from the government of Canada, designed to bring Saskatchewan's total revenues from these tax fields up to the total that would have been received under the old tax sharing arrangements. This means Mr. Speaker, that Saskatchewan will not gain from the

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increase in the provincial share of individual income tax yields from 13 to 16 per cent. We stay as we are, some other provinces, notably Ontario, benefit a great deal.

Saskatchewan's opposition to these new tax sharing arrangements was voiced at the session last summer. The arrangements demonstrate three major retreats from what had seemed accepted principle. Firstly, provincial revenues from income and estates taxes are no longer equalized to the level of the tax yields in the two richest provinces; instead they are brought up only to a national average, and what is more, Mr. Speaker, the government of Canada has arbitrarily selected the tax sources which will form the basis of this "averagization" — it has chosen the income and corporation taxes, the estates taxes, which is reasonable enough, and 50 per cent of the provincial natural resources revenue. There is Mr. Speaker, not a shred of logic to this latter selection; it gives the appearance of having been made as a means of penalizing those provinces with governments which are not of the appropriate political persuasion — from Mr. Diefenbaker's point of view.

Secondly, the second retreat from principle is the requirement that all provinces impose their own income tax, and this will almost inevitably erode the simple national tax structure that emerged during the war. Already I have encountered pressures from individual corporations for special tax concessions. If any province were to succumb to such pressures, special tax laws — different from the federal laws — would have to be enacted. This is the road back to tax confusion.

Thirdly, Mr. Speaker, the third retreat from principle, the new arrangements indicate the federal government's determination to strip itself of one of the important weapons for fighting economic recessions. None of us has any illusions about a nation's ability to counteract business cycles by altering income tax and corporation tax rates alone. Nonetheless it is an important device for economic planning, and one to which both the present federal government and the former one have appeared inexplicably indifferent. These backward steps taken by the present federal government are of no financial benefit to several provinces, and are of very little benefit to most of the rest. It is a matter of great regret that the Prime Minister and his Minister of Finance were unwilling to listen to the vigorous opposition of the majority of the provinces, but instead insisted upon these retrograde decisions.

There was only one happy result from 1961 fiscal conferences, as far as Saskatchewan was concerned. The government of Canada finally agreed to remove the

anachronistic controls which it was exercising over a part of Saskatchewan's natural resources. Under the 1930 Natural Resources Transfer Agreement the three prairie provinces were required to retain as school lands two sections of land in each township which had been designated many years ago. Further if these lands were sold, the proceeds had to be placed in a School Lands Fund, the earnings of which were to be used for educational purposes. These provisions were out of date in two major respects; firstly, the revenues from the fund met only a tiny part of the total cost of financing education, they were almost irrelevant and secondly, this vestige of federal control over our natural resources was a constitutional anomaly. The removal of the controls will result in the designation of all lands as provincial lands, with all revenues therefrom being deposited in the Consolidated Fund. The principal moneys of the School Lands Fund as it presently exists will be split in two ways; \$2 million will go to the Student Aid Fund, as was announced last year, and \$35 million will be set up in the Consolidated Fund as a special investment account. This account will continue to be used as the School Lands Fund is now used, for the purchase of local government and province of Saskatchewan securities. So much for the revenue estimates Mr. Speaker.

I would now like to comment on the principal spending proposals contained in the 1962-63 budget. My immediate predecessors have spoken of the importance of a developing economy, and this I want to underline in my first budget speech. No one who has observed Saskatchewan's development in the post war years can fail to be impressed with the economic growth and diversification that have occurred in the last ten to fifteen years. This government is determined that this trend shall continue, and it has shaped its policies accordingly. In 1962-63 for example, it is proposed that economic development expenditures be increased by more than \$5½ million — from over \$71 million to over \$77 million. The program of the Saskatchewan Power Corporation has been increased by \$3 million. The increase will permit heavier expenditures on the Squaw Rapids hydro-electric project and additional expenditure on transmission lines. The Saskatchewan Government Telephones program is also being stepped up, from \$8.4 million to \$11 million.

I should like to make a further observation Mr. Speaker, on these particular development expenditures, and in particularly on the Saskatchewan Power Corporation expenditures. The development of energy resources and public utilities is a prime means of strengthening and extending the base for economic growth and industrial expansion. At this particular time we are witnesses to a most exciting evolution in electric power generation and transmission in

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Canada. We can now begin working in Canada toward transmitting electric power over greater distances than we had ever thought possible, with the hope of using our energy resources in a more economic manner than was ever before feasible in Canada.

The immediate focus of attention as most hon. members will know, is the possibility of a national power grid, a grid capable of carrying electric power over vast distances from one end of Canada to the other. There is the possibility in the next decade or two of seeing power transmitted from the Peace River to Passamaquoddy Bay, from the Fundy shore to Mica Creek. A project of this kind has tremendous possibilities. It will permit the movement of power from areas of surplus supply to areas of deficient supply. It will permit the growth of generating capacity much in excess of what local demand can use, and consequently it will achieve significant economies of power production. It will permit the system as a whole to use the different time zones in Canada in order to reduce the need for reserve capacity. That's kind of a fascinating little idea.

The Saskatchewan Power Corporation has been one of the first and staunchest advocates of such a project. We were therefore pleased to learn of the Prime Minister's proposal to discuss these and other electric power possibilities at a conference, . . .

**Mr. Thatcher:** — Socialists getting together over there.

**Hon. Mr. Blakeney:** — . . . and happy to accept his invitation to it. Mr. Diefenbaker is a socialist — we know the hon. member for Morse believes this. There is room on the right of Mr. Diefenbaker, Mr. Speaker.

I am sure that everyone with the economic interests of the province and the nation at heart will be eager for the benefits of such a program. However, Mr. Speaker, I might point out that Saskatchewan, if it is to participate, will doubtless have to borrow money for its share of the program. Some hon. members have complained so often about the size of the province's capital borrowings, regardless of the use to which the funds are put . . .

**Mr. Thatcher:** — What is another billion now?

**Hon. Mr. Blakeney:** — . . . that one must assume that they are opposed to the kind of development these borrowed funds make possible.

One must also assume that they will continue to oppose this kind of development in the future. I regret the position they have taken very much because to deny ourselves access to borrowed money is to deny ourselves the means of participating in such promising projects as the one I have just outlined.

In the year immediately before us — the 1962-63 year — we propose to continue our expenditures on other resource and industrial development programs. The Department of Natural and Mineral Resources will spend almost \$7 million. Included in their budget is provision for further construction on the two northern development roads, the Otosquen Road and the Hanson Lake Road. We will be maintaining eight mineral survey parties in the field, and in addition, propose to spend \$100,000 for air borne geological surveys. An estimated \$2 million will be lent by our Industrial Development Fund to private businesses to assist them in starting plants in Saskatchewan. In the past five years some 48 industries have received assistance from the Fund.

Although its relative size in the overall provincial economy has decreased, agriculture industry remains our largest single industry and one with great potential for the future. The long run prospect for larger population and higher incomes in Canada and the rapidly increasing populations of the world foretell a strong demand for many of the agricultural commodities Saskatchewan farmers are now producing and are capable of producing. Our long run goals for agriculture are twofold: to develop our resources in order to produce the kind and quantity of agricultural products for which we can now anticipate a future demand; and to assist the industry in achieving greater diversity and stability than it now has. Our budget provides for the basic programs needed to achieve these ends, and also for extending the amenities of modern living to make the family farm a more productive and a more pleasant place to live. Expenditures of the Department of Agriculture and the Crop Insurance Board are estimated at just over \$7½ million, an increase of \$800,000 over 1961-62. Of particular interest is the progress on the South Saskatchewan River Dam. Total expenditures this year will probably reach just over \$10 million, and I estimate that the next year they will run to \$14 million. As for the provincial government we will spend about \$5.5 million this year, of which half will be borne by the Saskatchewan Power Corporation and half by the Department of Agriculture. A program of perhaps more personal interest to Saskatchewan farmers is that for providing sewer and water facilities on farms. I described this as a program to

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extend the amenities of modern life, making the family farm a pleasanter place to live, and the response to the program indicates how highly this type of program is valued. Accordingly, we intend to broaden it in 1962-63 by assisting more farmers, and more important, by enabling farmers anywhere in the province to apply for assistance.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Hon. members will be interested in the municipal sewer and water program as well. By the end of 1961-62, that is the end of this month, 36 towns and villages will have received assistance amounting to about \$950,000, for the installation of sewer or water facilities or both. The government proposes to provide an additional almost \$600,000 for this purpose next year.

Now the program of the Crop Insurance Board, the 1962 program, will be to insure some 2,000 to 2,500 farmers within a \$5 million overall liability. The province is negotiating with the federal government for a reinsurance agreement which we hope will be made effective for the 1962 crop year. Such an agreement would make the crop insurance plan much more viable, by limiting the province's liability in the case of a really serious drought. I should like, Mr. Speaker, to outline briefly the government's construction proposals for 1962-63. The total capital investment planned — including expenditures by departments and by crown corporations, and by local authorities, as a result of grants made, will require over \$85 million from the provincial treasury, (this does not include the local government component), from the provincial treasury — \$85 million as compared to \$78 million in the current year. This is a very substantial increase Mr. Speaker. The major component of the total is \$46 million which will be invested in power and telephone facilities. This sum includes not only the programs for the Saskatchewan Power Corporation and Saskatchewan Government Telephones, but also the capital grants proposed for rural telephone companies as well. A second important component is the nearly \$19 million planned for road construction — Department of Highways, grid road authority and for northern development roads.

The third important part of our construction program is an amount of almost \$16 million to be spent on public buildings. More than half of this amount will consist of grants to local bodies, some \$9 million, mostly for schools, while \$7 million will be spent by the province itself. The principal provincial projects are the proposed construction, with the federal assistance, of technical and vocational training facilities in Moose Jaw, Saskatoon and Prince Albert.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — I could mention, Mr. Speaker, that in outlining these figures I have not included the federal government component in these construction costs, this would be another \$4 million or so.

In 1962-63 we should see a full year's construction on the Swift Current Geriatric Centre, involving some \$900,000 and we intend to proceed with construction of the next phase of the Community Mental Hospital in Yorkton. We must also begin to plan for the projected Psychiatric Research Building in Saskatoon. The province has been asked to contribute \$200,000 to this building, which will house the psychiatric research unit — a team of dedicated researchers of whom Saskatchewan people are rightly proud.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — The balance of the proposed construction program, about \$4.5 million — is made up of diverse elements, the winter works program, agricultural contribution to the South Saskatchewan Dam and other smaller construction projects.

Now I suggest, Mr. Speaker, that this is a creditable program. Capital projects such as these serve the dual purpose of providing public services which Saskatchewan needs and which Saskatchewan wants, notwithstanding the comments of hon. members opposite, and providing employment in these years when the Canadian economy is performing indifferently.

Turning now to health and welfare services, hon. members will have anticipated a major increase in expenditures on health and welfare owing to the introduction of the Medical Care Plan this year.

**Mr. Thatcher:** — When?

**Hon. Mr. Blakeney:** — July 1st Mr. Speaker, as has already been announced . . .

**Mr. Thatcher:** — Still dreaming!

**Hon. Mr. Blakeney:** — Let me say a word, Mr. Speaker, about the taxes which are to be imposed for this purpose. We estimate that the 1 per cent corporation tax will yield \$1 million, that the 6 per cent income tax surcharge will yield \$3.6 million. In addition, the 1½ per cent Education and Health Tax which

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was imposed to meet the general health needs should yield \$10.7 million.

One million, \$3.6 million, \$10.7 million; these total \$15.3 million, and Mr. Speaker, hon. members will be asked to vote this full amount to the Medical Care Fund.

**Mr. Thatcher:** — For a plan you haven't got.

**Hon. Mr. Blakeney:** — The total amount to be voted for both the Medical and Hospital Care Plan in 1962-63, will be about \$25.5 million.

Mr. Speaker, I believe this province was built on faith. We have no time for men of little faith, and I am confident that by July 1st this plan will be in force . . .

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Notwithstanding the opposition of members opposite however disguised.

Our proposals for the general health program over and above the care plan in the coming year will amount to something over \$21 million. One of the major items here is the provision for hospital grants, and I should like hon. members to note that this provision is increased by \$1.2 million, bringing the total to \$3.7 million.

With these more substantial sums there is a new appropriation — a small appropriation — which I should like especially to mention. It is a sum of \$50,000 for the initiation of a demonstration home-care program. The University Hospital in Saskatoon has been experimenting over the past two years with a program for the continued care in the home of disabled patients who have been discharged from hospital. The experiment has been so successful that the government proposes now to initiate additional projects on the more general use of home-care as an adjunct to hospital care.

As members will know treatment of a hospital patient normally begins with an acute illness, requiring intensive care, and ends with a period of convalescence. A home-care program which would provide less intensive care and provide housekeeping assistance for convalescing patients should go some distance towards providing more beds for acute patients, without building more hospitals. Now a new program such as this is built slowly and carefully, but with the co-operation of the communities involved, it should prove to be a most useful advance.



Finally Mr. Speaker, on the matter of public health, let me say a word about our psychiatric program. There are a few people in this province whose aim appears to be to discredit the great progress that has been made in this field. They say, in self-justification that their attacks will stimulate more progress. Now I doubt this Mr. Speaker. I think it is more likely to engage the resentment of the taxpayers of this province who have contributed so much for the care of the mentally ill. To set the record straight, I should like to set out a few facts about our psychiatric program. Total expenditures on it both operating and capital, have risen from just over \$5 million to almost \$11 million in a decade, and a further increase to over \$11.5 million is planned for 1962-63. Six full time and 17 part time mental health clinics have been established. This year construction of the next stage of the Yorkton hospital will be proceeded with as I have already mentioned. And Mr. Speaker, it is demonstrably true that Saskatchewan's expenditures on mental health are substantially higher on a per capita basis than in any other province in Canada . . .

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — . . . and very much higher I may say than any other province with a Liberal government.

For the Department of Social Welfare, hon. members will be asked to appropriate \$15.3 million, approximately \$1.2 million more than for the current year. Part of the addition is due to the \$10 increase in Old Age Assistance and Disabled Persons Allowances, which the Prime Minister announced recently. We regret the Prime Minister's failure to consult the provincial premiers before making his announcement concerning a federal-provincial shared program, and we regret also the lack of federal interest in working out an integrated program of social welfare. Nonetheless, Saskatchewan was one of the first provinces to declare its willingness to share 50 per cent of the cost of the increase. We feel, Mr. Speaker, that the increase was justified.

Finally, Mr. Speaker, I would like to review the budget for the Department of Education. Members on this side of the house have consistently emphasized this function of government. In the past 10 years expenditures out of the provincial treasury on education have nearly quadrupled, just over \$11 million to just over \$41 million and it is proposed to increase them by another \$4.1 million this year.

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**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — The principal change is in school grants. These have risen by almost \$25 million over the past decade, and just over \$7 million in 1952-53 to \$31.6 million this year, and hon. members will be asked to increase school grants by another \$2.8 million this year.

At the university level the province is proposing to increase its operating grant to universities from \$3.8 million to \$4.1 million. The increase is to finance the rapidly increasing enrolment at both the Saskatoon and Regina campuses. Capital grants will be increased half a million dollars, from \$1 million to \$1.5 million, to assist in constructing the new plant required to accommodate the larger number of students.

Now in this connection, Mr. Speaker, I should like to make special mention of the Wascana Centre Project. I believe this to be one of the most imaginative and exciting developments of its kind in North America. Two governments and a university are, for the first time in Canada, joining together for the purpose of establishing a unified centre for government, education, and the cultural arts and recreation.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — As a society matures Mr. Speaker, it pays greater heed to educational and cultural growth, and to the development of richer opportunities for the use of leisure time. To me, Wascana Centre is a symbol, one of the symbols, of the richer life that Saskatchewan has promised itself. It is a fitting contribution and one of the contributions which I hope we will be making to the celebration of Saskatchewan's Diamond Jubilee in 1962, and Canada's Centenary in 1967.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — This Mr. Speaker, is the budget for the year 1962-63. I can readily anticipate that some hon. members will oppose it, and if I am correct they will oppose it, Mr. Speaker, on three main grounds, namely, one that the taxes to be levied are too high, two that the borrowing program is too large, and three, that the level of services to be provided is too low.

**Government Members:** — Hear! Hear!

**Hon. Mr. Blakeney:** — Now that it is extremely difficult, logically, Mr. Speaker, to mount all of these criticisms simultaneously will not, I think, trouble them unduly. It is far easier to call for increased services and to oppose the raising of the funds to provide the services than it is to acknowledge that reduced taxes mean reduced services and that broader services mean increased taxes.

Now Mr. Speaker, their position is a curious one. As I understand it they would not cut the expenditures needed to stimulate our economy. No, we must carry on with this.

**Mr. Thatcher:** — Speak for yourself. We will speak for ourselves when the time comes.

**Hon. Mr. Blakeney:** — Well, I see I am hitting home. They would not reduce expenditures on roads, or would they? They would not eliminate any of our health or welfare programs.

**Mr. Thatcher:** — You are dreaming.

**Hon. Mr. Blakeney:** — . . . then perhaps the hon. member for Morse (Mr. Thatcher) will enlighten us. Yet they would reduce taxes.

**Mr. Thatcher:** — You bet we would!

**Hon. Mr. Blakeney:** — They do not even agree on whether they should oppose the comprehensive government-sponsored medical care program. They can agree only on their opposition to the taxes which will be necessary to finance it.

The plain truth, Mr. Speaker, is that those who oppose taxes do so for one of two reasons — either they oppose the public program which is being financed by such taxes, and do not have the courage to say so, or they seek to mislead the public into believing that the services can be provided without being paid for. We in Canada are seeing increased activities on the part of the opponents of the first stripe — those who oppose programs of public welfare and betterment but who disguise their opposition as opposition to the taxes to finance these programs. Now as to the opponents of the second stripe — those who would assert that services can be provided without taxation — I can only say that this policy has been tried . . .

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**Mr. Thatcher:** — Tried without socialism . . .

**Hon. Mr. Blakeney:** — . . . tried before in Saskatchewan by previous Liberal administrations. When the C.C.F. came to power in 1944 they found a net debt of \$145 million.

**Mr. Thatcher:** — Now you have \$520 million.

**Hon. Mr. Blakeney:** — Today we have a much . . .

**Mr. Thatcher:** — You have it over five hundred . . .

**Mr. Speaker:** — Order!

**Hon. Mr. Blakeney:** — . . . a much stronger and more diversified economy, and our net debt is reduced to well under \$25 million.

**Mr. Thatcher:** — Your interest alone is worth that.

**Hon. Mr. Blakeney:** — Bankruptcy is the price that is paid by people who believe that you can have and continue to have something for nothing. This government, Mr. Speaker, has never maintained that services provided by the government could be financed without taxation. It has maintained, that the citizens of this province receive good value for their dollar spent on public programs, and Mr. Speaker, that they wish to see these programs expanded and improved, so that all of the people of this province may enjoy a richer and a fuller life.

To this end, Mr. Speaker, I introduce this budget. Mr. Speaker, I move, seconded by the Hon. Mr. Lloyd, that you do now leave the chair.

### **BUDGET DEBATE**

**Mr. A.H. McDonald (Moosomin):** — Mr. Speaker, it is the normal procedure in this house, and I think in most legislatures, that after the Provincial Treasurer presents his budget to the house, that the one charged with replying for the opposition, normally adjourns the debate and during the course of the afternoon he is presented with a copy of the budget, and he prepares himself to reply at the next sitting of the house.

But on this occasion I do not feel that I can follow that path. After the diatribe and the nonsense that this house has been treated to this afternoon, I think it

is a responsibility of mine to point out immediately some of the great weaknesses that the Provincial Treasurer has failed to recognize in the province of Saskatchewan, and any program to deal with the problems that confront us. But before I do this, I want to refer to the first paragraph of the budget speech, when the Provincial Treasurer stated that the people of Saskatchewan had a great indebtedness to C.M. Fines and W.S. Lloyd. With that statement I agree, Mr. Speaker, we have an indebtedness the highest we have ever had in the history of the province of Saskatchewan . . .

**Mr. Thatcher:** — Five hundred million.

**Mr. McDonald:** — . . . over \$500 million.

**Opposition Members:** — Hear! Hear!

**Mr. McDonald:** — Then the Provincial Treasurer, before he concluded his remarks, said the net deficit of this province is \$25 million, but in the documents that he tabled in this house this afternoon, on page 52, I find this year we will pay \$22,673,710 interest on \$25 million debt.

**Mr. Thatcher:** — Socialistic arithmetic.

**Opposition Members:** — Hear! Hear!

**Mr. McDonald:** — In the second paragraph of the budget speech, the Provincial Treasurer referred to the tie he was wearing. Well I understand the tartan that was designed by the First Lady in this province, is now locked in the museum, and I would suggest that would be a good place for the Provincial Treasurer as well.

**Opposition Members:** — Hear! Hear!

**Mr. McDonald:** — The Provincial Treasurer finally has admitted that the largest industry in the province of Saskatchewan is the agricultural industry, and he has admitted this afternoon that agriculture makes a greater contribution to the revenues and the welfare of the province of Saskatchewan than any other single industry. Mr. Speaker, it makes a greater contribution to the revenue and the welfare of the people of Saskatchewan than all other industries combined, and in the budget he presented here this afternoon he is prepared to take some \$7.5 million or 4½ per cent of the total budget and to spend it on agriculture.

**Opposition Members:** — Shame!

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**Mr. McDonald:** — Mr. Speaker, this has been the pattern . . .

**Mr. Thatcher:** — Friend of the farmer.

**Mr. McDonald:** — . . . of this administration since they came into office. They are not prepared to spend the necessary money to put agriculture back on its feet. The only contribution they are prepared to make with regard to agriculture is to sit on their haunches, do nothing provincially and holler to Ottawa.

We had an example, Mr. Speaker, of economic planning in Saskatchewan, and if this is the end result of economic planning, then I am certain that the people of Canada will be pleased that economic planning of this type has so far been confined to the province of Saskatchewan. Here we have in the budgetary revenues this year, after the worst crop failures Saskatchewan has ever seen, at least since 1937 . . .

**Government Members:** — . . . come, come. That is better.

**Mr. McDonald:** — . . . and we have the Provincial Treasurer and his colleagues who have said Saskatchewan people can pay more in taxation than they paid last year. If this is the result of economic planning, where last year they did budget for \$147 million after the farmers have lost 50 per cent of their gross income, they are going to be asked this year not to pay \$147 million but Mr. Speaker they are going to be asked to provide \$174 million.

**Opposition Members:** — Hear! Hear!

**Mr. McDonald:** — The Provincial Treasurer has the audacity to stand in this house and to endeavour to explain to this house and to the people of Saskatchewan, the theories and the programs they have adopted to provide for a rainy day. This government has made no provision for crop failures, or for any other disaster that might hit the province of Saskatchewan. Here we have the first partial crop failure since this government came into power, and yet they are going to ask the people of this province to pay \$29 million more in taxation than they paid last year. What kind of economic planning is this?

There is one other point, that my friend the Provincial Treasurer and his colleagues have failed to

recognize, and that is, that farm income in the province of Saskatchewan contributes far more to our economy than the 40 or 50 per cent that the Provincial Treasurer referred to. The income that is received by farmers in our province normally turns over several times before it leaves the province of Saskatchewan, but a good deal of the money originating in the province of Saskatchewan from manufacture and from the development of our natural resources, never turns over once before it leaves the province of Saskatchewan and the farm income is of far more importance to the province of Saskatchewan than my fuzzy headed friend who sits across the way thinks it to be.

Now I was pleased to learn that the sewer and water program is going to be extended so that people throughout the whole of the province can take benefit.

Well, again, I wonder if my friends, and I wish the Minister of Agriculture were here, I wonder if he and his colleagues realize at this very moment there are hundreds of farmers in the province of Saskatchewan that are melting snow to water their livestock and melting snow for human consumption. This water and sewer program Mr. Speaker is a good program, but in addition to it we need an emergency program that ought to have been brought into effect last summer.

No farmer in this day and age ought to be asked to melt snow to feed his livestock through the winter or even to keep his family supplied with drinking water through the winter.

I think this budget will be probably best recognized and best remembered for five different reasons. The budget provides for:

1. The highest taxes in our history;
2. The highest debt in our history;
3. Calls for the greatest spending in our history;
4. Calls for the largest deficit in our history;
5. Calls for the highest interest payment in the history of Saskatchewan.

These are the five major points that the budget has portrayed to this house, and to the people of Saskatchewan. This is the penalty of socialism. Yet the Provincial Treasurer seems to take great credit out of the fact that this government and the departments of this government has spent more money on many services than any preceding government, but he seems to fail to recognize that spending money by itself does not necessarily mean that the people are being provided with better services.

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Tomorrow after I have had an opportunity of perusing the speech of the hon. gentleman this afternoon, I hope I will be able to prove even to the Provincial Treasurer that spending money by itself doesn't provide for better and fuller service. A lot of the money that has been spent by my hon. friends opposite has gone down a rat hole. It has been pointed out time and time again in crown corporations committee, public accounts committee, while the estimates are before this house, the waste and extravagance and the disregard that the people opposite have for the general public and their money.

**Opposition Members:** — Hear! Hear!

**Mr. McDonald:** — I want to conclude by saying this Mr. Speaker, that the Liberal party has never said that you can decrease taxes and increase services. Mr. Speaker, what we have said is this, that if you discontinue the waste and extravagance and the useless expenditure of money and the reallocation of expenditures to those needs that are greater, than some of the ones the government are concerned with today, then I am convinced and I am sure my colleagues are convinced that more and better services can be provided for our people, and a reduction in taxation at the same time.

I move the adjournment of the debate.

DEBATE ADJOURNED.

The Assembly adjourned at 4:25 o'clock p.m.