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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Saskatchewan | 14e | 5e | Discours sur le budget | 1 mars 1963 | John Hewgill Brockelbank  | Trésorier provincial | Co-operative Commonwealth Federation |

On the 14th of next month it will be 25 years since I was nominated as the CCF candidate in Tisdale constituency. The convention was at Crooked River. At that time there was not one mile of properly built up and gravelled highway in the whole constituency. Snow removal was barely a dream for the future. The roads, like the government of that day, were not up to much. They - the roads - were a mixture of mud, water, snow and ice.

Nevertheless, Mr. Speaker, the delegates attended that convention from all parts of the constituency. Some came in horse drawn vehicles, some in old jalopies, some on freight trains, and some walked, but they got there. I shall never forget the trip from Steen to Crooked River in a Model A Ford, driven by the present Minister of Social Welfare. We pushed it, we pulled it, and sometimes we rode in it, but we got there.

That constituency was a neglected area. Now those people are proud of their roads, their electric power, their schools and their hospitals. Those people have been faithful to me, I could not forget them, nor could I abandon them.

Now it is 24 years - almost to a day - since I first listened to a budget speech as a member of this house. I realized then the importance of that event and through the years I have increasingly recognized its importance. Today, as I deliver my first budget speech, I can assure you, Mr. Speaker, that I fully appreciate the honor of assuming this responsibility.

I would like also to pay my respects to my predecessors in this office. I am glad two of them are here occupying very important positions and I appreciate their counsel and advice. From 1905 to this time there have been a great number of provincial treasurers. Their problems varied from those of poverty and contraction of government services to those of boom and expansion. One problem was no doubt common to all - that of matching expenditures with revenues and maintaining a fiscal policy in the best interests of the people of this province. I think we can truthfully say that all provincial treasurers have met their problems with the desire to arrive at what they consider to be the best solutions.

It has been the tradition in presenting the budget to begin with a review of economic conditions both in Canada and in our own province. This is necessary because budgets and the programs they provide for are shaped by the state of the economy. The budget cannot be fully understood except against the background of current economic conditions. I want, therefore, to begin by turning to a review of the economic events of the past year and to outline what we might expect in the year to come.

Looking at the economic scene in Canada, there are at least two main areas of interest and relevance to this budget. One is the change that has taken place or is now underway in Canada's economy. These are the things that will immediately and directly affect our revenues and expenditures.

The other is the change that is taking place in our traditional ways of thinking about economic policy. I sense that more and more people are becoming aware of what we have long argued - that the automatic operations of the market will not achieve the economic goals we would like to reach, and that some positive direction and guidance of our economic activity is necessary. This thinking itself is now new; what strikes me as being new is the greater explicit acceptance of the need throughout the country. Present day orthodoxy will not yet permit us to call this direction and guidance "economic planning" which it strongly resembles, but that does not matter too much. The important thing is that the need is recognized and that our obsolete habits do not prevent us from taking necessary action. Before exploring this further, I would like to turn to a review of recent economic events.

The recovery that began early in 1961 continued throughout 1962 and economic activity was sustained at a relatively high level during this period. The Gross National Production for 1962 is estimated to show an increase of about eight percent over 1961. In per capita, constant dollar terms, the G.N.P. expanded about four percent last year. This has been the best performance of our economy since 1956.

The level of output, however, is only part of the story. We should look at the sources of these gains, to determine whether we can expect them to sustain economic growth in the years to come. Unfortunately this part of the picture is not so encouraging. Although all sectors of the economy showed gains, the major increases appear to have resulted from the improved crop output in the prairie region and certain increases in production of durable consumer goods. The former, we know, is not due to any inherent strength in the economy. The latter, federal government economists tell us, was largely a result of the recovery of some industries from the 1960-61 cycle. Neither can be looked to for continuing strength.

Other sectors of the economy that contributed to last year's gains behaved somewhat erratically. For example while exports will probably show a substantial increase for the year, by fall they were beginning to decline. It looks like the whole of the increase in exports was in our trade with the United States. We must remember that last year the United States economy experienced very substantial gains, but the expectation is for a decline in the rate of growth in that country in the year ahead.

Another and even darker aspect to the current economic situation is the steadily rising level of unemployment. This is all the more ominous for taking place during the peak of a recovery period and at a time when our Gross National Product rose by eight percent. Since last summer, unemployment has increased continuously and by December the national figure stood at six percent of the labor force, after adjusting the data to eliminate the seasonal variations. For the year as a whole - and I remind the house that this has been our best year since 1956 - unemployment has averaged close to six percent.

This is a continuing problem, not a temporary condition. Yet there is little evidence that much is being done to meet it. Last September a United States committee knows as President Kennedy's Committee to Appraise Employment and Unemployment Statistics reported that of the major industrial nations, excluding those in the sphere of influence of the U.S.S.R., Canada had the highest level of unemployment. The sobering results of the committee's study, with the data reduced to a common base for purposes of comparison, show the following percentages of the labor force unemployed: West Germany, 1.0 percent; France, 1.9 percent; Great Britain, 2.4 percent; Canada, 7.0 percent. Although the data shown are for the year 1960, the same results would certainly apply to the last two years.

The countries with the best record are those that have the most highly developed social security systems and economic planning procedures. The national productivity council's Mission to Europe reported this. It is not, as we are so often told, these foundations of the welfare state that threaten moral fibre of a nation. Rather it is the lagging growth in the economy and chronic unemployment which present the real danger.

The failure to provide full employment lies at the root of a growing anxiety about Canada's economic performance, and national preoccupation with how it can be improved. Everyone is talking about economic planning these days - businessmen bank presidents, even the national Liberal party and the Prime Minister. Pretty soon we might even see the anti-planning diehards here at home recognize that careful study and thoughtful action by government is essential to cope with the economic problems we face today.

This recognition is coming slowly but inevitably as the advantages we enjoyed in the first decade following the war disappear and the hard facts of economic life continue to unfold. We now realize that economic growth will not come automatically, or as easily as it did when Europe was dependent on our resources and output and when the huge backlog of consumer demand at home and abroad provided ready markets. Even in a year as good as 1962, the undercurrents of uncertainty and pessimism could be felt. The foreign exchange crisis resulted from a basic lack of confidence in the Canadian economy as well as from short-run factors. Some of the austerity measures that were taken to restore feelings of confidence also had the effect of creating some unemployment. Canada was not, and is not, properly prepared to meet economic crises or to guide long-run economic development. At best we are only beginning to acknowledge the need to prepare ourselves.

This government and our party have long advocated the establishment of effective planning machinery - including machinery which will integrate the actions of the federal and provincial governments in the interests of common economic objectives. We are convinced this is the only way we will ever come to grips with the fundamental economic issues of slow growth, unemployment and uncertainty. To do this Canadians must fully free themselves from old prejudices against the positive role government must play in guiding the economy of the nation.

Turning to the provincial scene, it is gratifying to note the new record levels of activity our economy achieved in 1962. The total net value of commodity output reached close to $1,200 million, about 65 percent higher than last year. This is the highest level ever reached in Saskatchewan. We estimate that personal income, the total of all income received by Saskatchewan residents, totalled over $1,500 million in 1962. This, too, is the highest level we have yet achieved. Last year wages and salaries alone reached an estimated $670 million, the highest on record and almost twice the total paid out only ten years ago.

The very marked improvement in our economic performance last year is mainly due to the near bumper crop harvested by our farmers last fall. We began the growing season with dangerously low moisture reserves which we feared might seriously affect the 1962 crop. Fortunately, good rains over most of the province resulted in wheat yields averaging 20 bushels to the acre. This, together with record high level of income from livestock brought the net value of agricultural production to $615 million, over three times that reached in the 1961 drought year.

Farm cash income, which measures the gross income received by farmers from the sale of farm commodities and from other sources such as PF AA payments and cash advances, reached $706 million as compared to $622 million in 1961. A significant part of this total, over $140 million, represented higher wheat board payments for wheat and barley and larger PF AA payments, most of which were received in the first six months of the year. Farm net income, which takes into account the actual results of production and expenses incurred, shows a much sharper increase. We estimate that farm net income reached $500 million, over four times the figure for 1961.

The substantial improvement in the farm income picture, together with record non-farm incomes, brought retail sales in 1962 up to an estimated $958 million. This is five and one half percent better than the previous year. Nor is this result confined only to Saskatchewan. The Montreal Financial Times, in writing about the rise in consumer spending on the prairies, says "this may develop into a key prop to the whole business recovery in Canada".

Looking over the history of the retail trade in Saskatchewan in recent years, it is interesting to note the high degree of stability in the value of sales. This is largely due to the high level of total wages and salaries paid in the province and their steady increase over the years. It can be attributed in part to government transfer payments of all kinds. These so-called "built in" economic stabilizers of purchasing power have also been increasing. Last year they reached over $200 million, most of which was spent on essential goods and services.

The continuing economic growth and development of the province was also reflected in the manufacturing industry. The value of factory shipments which had remained at just under $350 million during the preceding recession rose to close to $370 million in 1962.

New highs for the province were also established in capital investment which reached a level of $698 per capita. This is well above the Canadian average of $628 and the third highest among the provinces.

The mineral industries also achieved new records. Apart from the very substantial gains of over 20 percent in petroleum and natural gas production during the year, 1962 saw the first producer of potash come into full scale production at Esterhazy. This plant, which represents an investment of $40 million, will produce over $25 million worth of potash annually working at capacity. In addition to potash, helium gas has been developed into a major economic asset. It will shortly be produced in commercial quantities. Economically, helium is like potash, in that Saskatchewan at the present time has the only known deposits in Canada suitable for commercial production. However, it has an added significance in being the only natural source of supply, outside the United States, in the nations of the western alliance.

Both these minerals represent important new foundations for our economic growth and industrial expansion. Both the short-run and long-run market prospects for these commodities are excellent; sources of supply are adequate for the foreseeable future. We are fortunate to be able to look to these two resources to provide a more solid and certain base not only for Saskatchewan but for Canada as well.

The prospect for 1963 is for a significant slowing down of the national economy. The continuing uncertainty about where Canada is headed offers little hope for a new dynamic for economic growth.

In retrospect, the gains achieved in 1961-62 appear to have been mainly a recovery from the low levels of the preceding recession. The increase in output resulted in the building up of inventories, while the improved import-export balance was achieved only by drastic emergency measures. None of these represent any basic sources of continuing strength that can be expected to sustain expansion this year. For these reasons a majority of business economists are forecasting a light recession or, at best, a levelling off of activity in 1963. There is a widespread consensus that the economy will move ahead only slightly and the Gross National Product will not rise by more than three to four percent. In per capita constant dollar terms this means a rate of growth of only one percent. Across Canada generally, the expectation is that consumer demand will not show the strength it did last year.

Neither business nor government spending is expected to add any significant impetus to the economy. Forecasts of business spending and investment vary from a modest increase to no increase at all in real terms. With respect to government spending, the continuing efforts of the federal government to curtail its expenditures will tend to dampen economic activity in 1963; any increases in this sector will be due largely to expenditures by provincial and municipal government.

In foreign markets the demand for Canadian products is not expected to grow as strongly as it did last year. The pace of economic activity in the United States, which takes well over half of our total exports, is expected to decline. This will naturally affect the demand for Canadian goods. Similarly, Europe is experiencing some slackening in its rate of growth and will take less of our output. The actual decline in exports to European and Japanese markets was very marked last year. This year European crop production is expected to be high and this may result in lower Canadian wheat shipments abroad.

These are the major demand sectors we depend on for higher levels of production, fuller employment and expanding incomes both for individuals and for governments. This outlook for 1963 holds out little promise for significant improvements in the year ahead. It is a sad reflection that in none of these areas has the national government taken the planned purposeful action the situation requires.

In Saskatchewan, our resource based industries will again dominate the economic picture in 1963. In agriculture, moisture conditions are much better than they were at this time last year and we are hoping for at least an average crop. With an average crop, farm net income should be about $300 million. Lower off-farm movements of grain and reduced wheat board and supplementary payments are expected to reduce cash income by about $100 million. Livestock production is expected to maintain its record levels and give substantial support to the whole agricultural industry.

This year we anticipate a significant increase in mineral production. The value of output is expected to increase by about ten percent. Part of this will be due to greater oil production. Part will be due to a full year of production in the potash industry. This is one of the most auspicious and gratifying prospects we can look forward to.

In the other sectors of the economy, and in the overall view, we can look forward to good progress on all fronts. Industrial expansion and the diversification of the economy which we have witnessed over the years will continue and should raise the net value of output of all the non-agricultural commodity­producing industries to a new record high of close to $600 million. We also expect the level of private and public investment to be maintained at close to the record figures achieved in the year just past. Personal income from sources other than farm operations, such as wages and salaries, unincorporated business income and investment income, will also continue to increase and will again reach new peaks. If this year's crop is as good as last year's, total personal income will reach the highest levels in our history. It would, of course, be foolhardy to count upon good fortune to this degree. We have to base our calculations on a return to average levels of farm production and consequently we forecast some decline in personal income. Nevertheless, higher cash flows seem likely to be reflected in a higher value of retail sales. We estimated last year's retail trade at about $958 million. This year, with a good crop and higher labor income, retail trade might well reach, for the first time, the $1,000 million mark.

The economic conditions of the province are reflected in the government's financial accounts. During 1962-62, when the Canadian economy was less buoyant and Saskatchewan suffered a crop failure, the government sustained a small deficit of $3.3 million. The public accounts, which were tabled earlier in the session, reveal expenditures of $152.3 million, up $4.9 million from the previous year. This increase was largely due to the extra costs incurred as a result of the drought year. Revenues were $149 million, up $4 million from the year before. The net debt of the province rose that year by $3.1 million, to $22.6 million.

In contrast, the buoyant economy of 1962 has contributed to a substantial rise in revenues during the current year, and to a corresponding improvement in the province's financial position. I expect, indeed, that by the end of the fiscal year I will be reporting a budgetary surplus of more than $5 million.

Revenues have risen as my predecessor, the Hon. A.E. Blakeney, predicted they might if we were to have a "really good year" instead of the "moderate levels of economic activity" which were indicated by last spring's poor moisture conditions. Consumption taxes this year will exceed our estimates by over $5 million - the education and health tax by over $2 million, the gasoline tax by some $2 million, and liquor profits by $1 million. Mineral resources revenues also are expected to exceed the estimate by $5 million due to capacity oil production and increased bonus bids for crown lands.

The revenues which depend upon the rate of growth of the national economy will also exceed expectation. As I have said, the nation's production now is expected to have risen by some eight percent in 1962, instead of the six to seven percent which was generally predicted a year ago. The result is that revenues from the federal-provincial tax sharing arrangements will reach $49.3 million instead of the original estimate of $46.6 million.

In addition to these revenue increases, we have received a further $4 million from the federal treasury. This came about largely because the tax sharing payments in the period 1957-62 were based upon population estimates. The 1961 census figures revealed that the populations of British Columbia and Ontario had been overestimated while Saskatchewan's population had been underestimated. The result was that Saskatchewan was due for a substantially increased payment.

This is the picture as far as revenues are concerned. On the expenditure side, the province fortunately was not faced with the costly drought measures which we had to meet the year before. The result is that our ordinary expenditures have conformed pretty well to the budgetary plan. Capital expenditures, on the other hand, and grants to support municipal capital projects, are up by about $4 million. This is largely the result of one of the longest construction seasons in history. The government could have suspended construction activity when expenditure targets had been reached, but we chose instead to permit all projects to proceed.

There is a second reason that expenditures for the current year will exceed the estimates. We have embarked upon a new economic development programme and a new programme for improving the public services of Saskatchewan. Both of these will require initial injections of capital. I will speak of these in more detail later, Mr. Speaker.

As for the public business enterprises, their 1962 results generally reflect the favorable economic trends experienced in the province last year. Total business volume of the eleven operations rose by eight percent, passing the $100 million mark for the first time. At year-end there were over 6,000 workers employed, and the wage and salary bill for the year amounted to almost $29 million. Grants in lieu of taxes paid to the municipalities also increased to $1,415,000.

Net surpluses for all the corporations totalled $8,446,000, with both the power corporation and government telephones reporting significantly higher earnings. As for the government finance office group of enterprises, despite losses incurred by Estevan Clay Products and Saskair, the net position was better than in 1961. Net earnings for this group totalled $888,000. The finance office has drawn upon its reserve and continued to pay its regular dividend of $1 million to the Provincial Treasurer this year.

A summary of these financial results is shown in the printed copy of the budget speech.

Before presenting the budget for next year, Mr. Speaker, I would like to say a word about capital financing during 1962, and about the province's net debt.

In the calendar year 1962 we borrowed $72.5 million. These funds were obtained from the following markets: $45 million from the Canadian long-term bond market, $11.6 million from the Saskatchewan savings bonds market, $1 million from the sale of short-term bonds, $13 million from treasury bills in the money market, and $1.9 million from the sale of a treasury bill to the government of Canada - to finance one-eighth of this year's expenditure on the South Saskatchewan River Dam.

With your permission, Mr. Speaker, I should like to include a list of the 1962 debenture issues. Mr. Speaker, I hope we can take them as read.

I am happy to remind hon. members that the third issue of Saskatchewan savings bonds will go on sale Monday, March 4. These are ten year bonds carrying an interest rate of five percent from March 15, 1963 to March 15, 1969 and five and one-half percent from March 15, 1969 to March 15 1973. The bonds will remain on sale until approximately $10 million have been sold.

At the end of the current year I expect that our gross debt will equal some $560 million. Some hon. members have suggested that we should not borrow, but that the power and telephone corporations should grow on the basis of the profit on their operations. Let me quote to them the words of a Liberal Premier and Minister of Finance, the Hon. Jean Lesage of Quebec:

As a result of a primitive concept of public finance, the former administration ended up by believing, or by pretending to believe, that public loans were a method of financing to be avoided because it was evil in itself. One thus made of the public debt, or rather the payment of the public debt, and of the absence of borrowing, a myth that it would be regrettable to perpetuate.

I want to say, Mr. Speaker, that the justification for our debt lies not along in the services which our corporations provide, but also in the fact that our taxpayers own financial assets which now exceed the total debt of the province.

I might remind hon. members of the events which led to the elimination of Saskatchewan's net debt. First, the net debt of the province was reduced, by this government from $145 million in 1944 to $22 million in 1962. Then, when the government of Canada relinquished its control over the old school lands fund in 1962, the fund was converted into a special investment account - which holds Saskatchewan local government and provincial bonds - and it became an asset of the consolidated fund. Finally, the surplus which we expect at the end of the current fiscal year will further contribute to the accumulation of financial assets which exceed our direct liabilities.

So, on April 1st, for the first time in many decades, the government of Saskatchewan will begin the fiscal year with no net debt.

It is true, of course, that the province still has outstanding some debt which was incurred for constructing highways and public buildings. On this debt we are continuing to pay interest - some $1.9 million in 1963-64. However, our various financial assets earn interest which next year will amount to $2 million - $100,000 more than the interest we will be paying.

Hon. Members may confirm this picture by reference to the Dominion Bureau of Statistics publication, "Financial Statistics of Provincial Governments, Summary of Estimates 1962". Page 14 shows that even in 1961-62 our interest income exceeded our interest payments.

May I quote from one of my predecessors.

It is a common practice with many people when discussing the amount of interest paid by the province to refer only to the gross amount paid without taking into account the interest revenue. This is unfair and is not calculated to give the public a true picture of the actual situation.

This statement was made by the Hon. W.J. Patterson in his budget speech 24 years ago.

I suggest that the Hon. Leader of the Opposition is the only political leader in Canada who refuses to accept net debt as the proper measure of a government's financial position.

Mr. Speaker, I turn now to the budget for the next fiscal year. Revenues are estimated at $184.3 million, and expenditures at $187.8 million, leaving a small deficit of $3.5 million. Of the $187.8 million of expenditures, $164.4 million are classified as ordinary and $23.4 million as capital.

This budget has been developed to conform with the government's fiscal policy: "a balanced budget in the long-run, with moderate deficits when the economy is performing sluggishly and surpluses when it is restored to a desirable rate of growth". Thus in 1962 when the rate of economic growth was very satisfactory we enjoyed a handsome surplus, and in 1963, when we expect the Canadian economy to perform less satisfactorily, we are planning for a small deficit. If 1963 turns out to be better than we have predicted, I would expect our budget to be in balance.

On the revenue side, I anticipate that the consumption taxes will yield roughly the same in 1963-64 as in the current year; the education and health tax is estimated at $37.5 million, the gasoline tax at $27.5 million, and liquor profits at $14.25 million. The federal-provincial tax sharing arrangements are expected to yield approximately the same amount as we will receive this year - $49 1/2 million. Resource revenues, swollen as they were this year by large receipts from the sale of oil lands, are expected to fall from about $28 million in 1962-63 to $25.5 million next year.

On the expenditure side, the principal increases are to be found in education - up $4.3 million; social welfare - up $2.4 million; public health - up $1.9 million; public works - up $1.2 million, and highways - up nearly $1 million. Gross expenditure on agriculture will be up almost $4 million.

I want now to speak in more personal terms about the job this budget will do. I do this partly because I find myself thinking of the enormous changes that have been wrought in this province since I went into politics 25 years ago, and partly because I sometimes think we lose sight of the effect on the individual of the government measures which are contained in budgets.

There is a lot of talk these days about the welfare state, and about its effect on the individual. The charge is frequently made - hon. members opposite have learned the formula well - that those who advocate a positive role for governments are hostile to the notion of the free and independent individual in society. If you believe that certain services should be made universally available to all citizens - be it hospitalization or medical care, rural electrification or sewer and water services on the farm - you are told that you are interfering with the rights of the individual. It is never quite clear just how the rights of the citizen are being impaired. Perhaps it is because some citizens are required to contribute not only to their own welfare but to their neighbor's as well. The argument of the Liberal party is clear enough; more government means less freedom. The CCF, because it believes that basic human needs should be met by government action, is charged with being indifferent to the rights of the individual. It is precisely because we in the CCF government are concerned with the individual, his independence and his self-development, that we advocate a positive role for government. Indeed it is precisely because there have been people who are poor and insecure, and because freedom from fear and freedom from want have been denied to people, that the CCF was formed in the first place.

Let me quote to you some of the things we said years ago when CCF policies were first being formulated. One leader described the basic objective of the CCF this way: he said we must guarantee for everyone "a dignified, and a rich and varied life". That was David Lewis, deputy leader of the New Democratic Party in the last parliament of Canada. Another CCF leader said this:

The function of any well-organized society should not be primarily to provide employment' but should be to develop its resources and industries co-operatively in such a manner as will provide full personal development and expression for all.

The man who said this was C.M. Fines, our provincial treasurer for sixteen years. Another leader put it this way:

Freedom is more than the mere absence of restraint; it is the presence of opportunity ... It is not enough that Canadians shall be 'free' to do the things they want to do; there must also be the opportunity for them to develop a whole and abundant life.

This was said in 1944 by our former premier, T.E. Douglas.

Our point is a simple one. Individualism, independence, self-expression, personal development - none of these is possible so long as a man is insecure in his job, unable to provide adequately for his family, threatened by poor health, or ill equipped to take his place in a technologically complex society. It is easy enough to preach about the free enterprise system and rugged individualism when you are prosperous and privileged; but it is pretty difficult to be an individual when you are beset with financial difficulties, with uncertain employment, or with health problems. If governments can help the individual to meet these problems - and they are still common problems - they make it possible for men to stand up as individuals, and to be free in the fullest sense of the word.

This, Mr. Speaker, is the real objective of this budget, and all budgets that have gone before it. Let us look at some of the differences which government measures have made over the past fifteen years to life for the individual in Saskatchewan.

First, the budgets for education have greatly increased the opportunity for a good education. Where in 1948 only 2,740 students graduated from high school, in 1962 there were 6,370. The proportion of grade eight students who completed their high school education was only 43.5 percent in 1948, while in 1962 it had risen to 60 percent. Today the educational opportunities available to the young people living on farms or in small communities are practically equivalent to those in urban areas. Most of this is due to the larger school units. Larger and better schools have been constructed and some 56,000 students annually are being conveyed to these schools. The quality of teaching has improved. In 1948 only 16 percent of our teachers had two years or more of teacher training, now nearly 60 percent have such training.

In addition to equal opportunity for public and high school education, our budgets have made available greatly improved facilities for vocational and university training. University enrolment has nearly doubled in 15 years - from just over 4,000 in 1948 to nearly 7,500 in 1962. Over 1,500 students have been trained under the apprenticeship program since it was started in 1947. In 1963 there will be room for 3,200 students in technical and vocational schools in the province. There were virtually no such facilities 15 years ago. To enable students to use these institutions of higher learning, the student loan fund has assisted over 7,500 students since it was started in 1949, and some 400 scholarships are awarded each year.

Next year will see still further improvements in our educational system. School grants are to be increased by $2.7 million, from $33.9 to $36.6 million. The extension to the Moose Jaw technical institute and the new Saskatoon and Prince Albert institutes will be completed. Construction will begin on the first two buildings of the new Regina campus of the university, a project estimated to cost over $7 million. The government's operating grant to the university will be increased by $1 million.

Would my hon. friends opposite say these expenditures destroy the rights of the individual?

What about health programs? In 194840 out of every 1,000 newborn babies dies; in 1962 this had been reduced to 25 per thousand. In 1948 one out of every thousand mothers died in childbirth; this number is now down to one out of every 5,000. In 1948 only some 15 percent of the patients in mental hospitals were being discharged each year; now the percentage has risen to nearly 48. In 1948 the number of hospital beds available was under 4,700; now there are over 7,000. In 1948 there was accommodation for 655 mentally retarded people; now we have room for over double that number. Today it now costs a family of four, with an income of $3,500 a year, about $48 for medical care, compared with the $84 it would have cost them under private schemes.

I could go on and talk about other measures which reveal how greatly improved is the health of our people in Saskatchewan, and how this is due in very substantial measure to the expenditures on health regions, mental health, cancer treatment, hospitalization and medical care. The plain fact is, Mr. Speaker, that when health care, like education, is made equally available to all, the health of the province improves.

Next year the government proposes to extend the availability of health care. The cities of Regina and Saskatoon, which have not been established as health regions, will receive a grant of 50¢ per capita to assist them in their public health programs. The Yorkton psychiatric centre, which will accommodate 148 patients, will be opened this year. To reduce the cost of medical education, three quarters of which is now borne by government grants, a medical scholarship and bursary program is being proposed. Forty scholarships, ranging from $250 to $750 will be awarded annually to University of Saskatchewan medical students, and 95 medical bursaries will also be given each year. In addition we propose to make available 35 dental bursaries to increase the number of dentists in the province.

Would my hon. friends opposite say these expenditures destroy the rights of the individual?

These provisions for equal access to education and to good health are fundamental to the development of the individual. I believe that the uncertainty of employment and the uncertainty of income, more than anything else, destroy that assurance and dignity which are the marks of free men. We who remember the 1930's can testify to this.

It was one of the prime objectives of this government when it was elected in 1944 to give the farmers and the workmen some voice in the conditions under which they worked. One of the first things we did was to provide at least some security for the farmer; to require that under crop failure conditions the payments on debt must be deferred. We recognized, of course, that the real problem was adequate farm income.

During the past 15 years the picture has been changed substantially. Farm management practices have improved to the point that in 1961, when moisture conditions were similar to those of 1937, the average wheat crop was eight bushels to the acre, instead of the two bushels of 1937. Moreover agricultural production has become more diversified. Income from livestock has increased from about $80 million in the mid 1940's to over $137 million in 1962.

There is no doubt that the extension program of the government, the research at the university, which is supported by the province, the 4H Clubs, the agricultural earned-assistance grants, all have contributed to this greater stability and diversification in agricultural production. In particular the 375,000 acres of community pastures which we have established, the drainage work which has benefited, directly or indirectly, some 3.5 million acres, and the clearing and breaking of some 570,000 acres, all have had a direct bearing upon the higher productivity of Saskatchewan agriculture.

For the individual farmer there have been other substantial changes. The agricultural machinery administration, through its machinery testing program, will save farmers many millions of dollars in repair costs. The crop insurance plan, which serves to complement the PF AA scheme, is being used by more and more farmers. The farmers' vulnerability to the vagaries of nature has been further reduced by the assistance under the insect control and emergency fodder programs.

I am not suggesting, Mr. Speaker, that all of agriculture's problems have been solved. We all know that we have a long way to go before the farmers of this province enjoy the income and the security of income that they should; but I want to ask my hon. friends, do these expenditures destroy the rights of the individual?

Now what about the industrial worker: The provinces cannot ensure full employment any more than they can sell wheat or embark upon a parity-price plan; but they can do something to provide employment opportunities and to ensure adequate income for the worker. All of us are familiar with the expansion and the diversification of the Saskatchewan economy. We cite the fact that non-agricultural commodity production now equals about 60 percent of what we produce, compared with about 30 percent 15 years ago. What we are less aware of is what this has meant to the individual worker. Where in 1946 there were 146,000 non-agricultural jobs, now there are over 200,000. The income being earned by the individual worker has risen substantially; from $35 a week in 1947 to $77 in 1962. The minimum wage, which puts a floor on wage payments in urban areas, has been raised so that it now provides 40 percent more purchasing power than it did in 1948.

Conditions of work have been improved too. Employees are now assured of reasonable working hours, of vacations with pay, of equal pay for equal work and of overtime pay. Such assurances did not exist 20 years ago. Who will say that these measures have reduced freedom? Can anyone honestly argue that employees who now have the right to bargain collectively with their employer have lost their freedom?

No, Mr. Speaker, these government measures mean more individual freedom, not less. They mean more individual freedom for more people - even if they also mean that those of us who are more privileged must pay a little more to help to achieve it.

Consider, for example, the family that needed social aid 20 years ago. Under the system of that time, the family would have to come cap in hand and virtually beg for help. Their most intimate personal problems would be dragged into the open before friends and neighbors. As often as not there were long delays in dealing with applications - some intentional and some the inevitable result of the system - while families went hungry. If they were lucky they got some help that was a fraction of what they needed. This they had to promise to repay, and liens were taken against the little they owned. This kind of experience did little but degrade, humiliate and discourage these unfortunate enough to have to seek help.

Today we have radically changed the social aid program. We say anyone who needs help is entitled to it because he is a human being. So does not have to sign away his future earning power to get it. There are some who still argue that we should force these people to work by cutting them off social aid. Most can't work. Jobs aren't always available. You can't create a job for a breadwinner nor rehabilitate him, if that is necessary, by starving his family. Families are getting more help now but only the heartless would say that a family of four, getting a weekly income of less than $30 for food and clothing, is living too well.

Here are some of the things our welfare programs have done. During the three most recent years of our vocational rehabilitation program, people who have been receiving public assistance to the extent of nearly $200,000 are now earning over $500,000 a year. For the aged there is now modern accommodation for 5,000 people compared with less than 800 15 years ago. Children who come into government care now are rarely institutionalized; they are placed promptly into adoption or foster homes. Our correctional institutions are no longer simply punitive; instead we seek to rehabilitate prisoners through trade shops, work camps and other training programs.

The truth is, Mr. Speaker, that there now is far more likelihood of people who receive welfare services emerging as men and women with dignity and confidence than ever was the case 20 or 30 years ago. This continues to be our goal. We will extend the social aid program by making available special benefits, such as tuition fees for rehabilitation training. We will complete the Swift Current Geriatric Centre, making 120 more beds available for old people who need nursing care. Next year we will continue with the addition to the Regina Correctional Institution, so as to make possible improvements in its rehabilitation program.

The welfare state does not, of course, concern itself solely with the unfortunate; it has as its goal a better life for all people. As this is achieved, through more employment and higher incomes, the state must begin to make available some of the amenities of life which people are unable to provide for themselves. The unavoidable hard life of the pioneer was not in itself a virtue, even though some who live in luxury try to make a virtue of this necessity for the other fellow.

We have embarked upon programs which will relive the hardships of life in rural areas. The power corporation has brought power to 60,000 farms compared with 1,500 15 years ago.

It has brought low-cost electricity to 1,000 communities compared with 145 15 years ago. There are now 140 communities being served with natural gas, compared with two ten years ago.

About 6,000 farms have installed sewer and water systems assisted by the family farm improvement program. Fifty-six communities have been helped to install water and sewer systems under the municipal water assistance program. Very important to rural Saskatchewan is the construction, since 1956, of 8,300 miles of the proposed 12,000 mile grid road system. For both rural and urban citizens the whole highway system has been immensely improved; in 1962 there were over 3,000 miles of dust-free highways compared with 131 miles 15 years ago.

All of these conveniences cost money; all of them are being paid for through service charges or taxation. But who would say that they interfere with the rights of the individual?

Mr. Speaker, I don't think anyone wants to return to the hardships of life in the earlier days - except perhaps in his memories. Nor do I think that the people of Saskatchewan are any longer satisfied to do without the social and cultural opportunities which are possible in older societies. As our standard of living rises, as hours of work are reduced, we have time for a better and fuller life.

But we can't always buy these opportunities in the market place - even if each of us were equally able to afford them. Cultural and recreational services can best be provided - often can only be provided by the community. So it is that broader opportunities are being made available to the individual citizen by community action.

The Saskatchewan arts board, for example, has assisted communities, through grants, to bring music, painting and handicrafts to their citizens. The government's adult education program has made available instruction in a wide range of subjects to thousands of people in the province.

Libraries too are being assisted by government aid. The north central regional library, which serves some 68,000 people, receives substantial operating grants from the province. Hon. members will be asked to vote funds for a demonstration library which will be used to stimulate interest in the formation of more library regions.

This year the province will make a substantial grant toward the Saskatoon Art Centre, as it did toward the Norman MacKenzie Art Gallery in Regina. We will continue to support the Natural History Museum in Regina and the Western Development Museum in Saskatoon.

In addition to these cultural opportunities I have mentioned, we have embarked upon a program to greatly enlarge our recreation facilities. There are now 13 well-developed provincial parks, with more in the planning state, compared with eight 15 years ago. There are now 22 regional parks established by local communities with government aid, where three years ago there were none. They are now 230 camp and picnic sites on Saskatchewan's highways, where none existed a decade ago. Within a few years, no one in the province will be much more than an hour's drive from an adequate resort area.

Another achievement has been the establishment of Wascana Centre - a provincial centre for education, recreation, the arts, and government. This extends the original plan for the capital city developed by a far-sighted government over 50 years ago. Wascana Centre has received national, indeed international, acclaim.

Mr. Speaker, I have heard it said that the first function of society and of government should be to make man feel magnificent. We can only achieve this objective if we are prepared to broaden the opportunities available to our neighbors, and to guarantee to them the rights we want for ourselves. This is the reason the CCF party was formed in the first place and it is the reason for our existence today.

It is obvious to me and I think it is obvious to the people of this province, that positive government is achieving what the CCF said it would - a dignified, a better and more varied life for the individual. I know that every effort is being made to mislead people into believing that the opposite is the case; that we could eliminate many government programs without reducing the opportunities that are now available to the less privileged and the less prosperous. But the plain truth is that you can't go back without destroying the individual rights that have been achieved. I remind hon. members of what the great political philosopher, de Tocqueville, said:

Individualism is of democratic origin, and it threatens to spread in the same ratio as the equality of conditions.

What of the future? Mr. Speaker, we intend, as I think this budget testifies, to continue to do everything in our power to make available to the people of Saskatchewan greater opportunities - opportunities for employment and security of employment, opportunities for adequate and assured income, opportunities for access to the basic needs of life, opportunities to enjoy the amenities of life, and opportunities to use leisure time in a pleasant and useful way.

To do all of these things, Mr. Speaker, we need a continually expanding economy. I am sure that everyone in Saskatchewan feels a real sense of satisfaction at the economic progress we have made, but that doesn't mean we can now relax. We must always seek new ways of stimulating our growth. It is for this reason that we are proposing in this budget a new plan for economic development in Saskatchewan - a plan which embraces both agricultural and industrial development.

Despite the progress which has been made in the agricultural economy, the farmers of Saskatchewan are still facing serious problems. These include the high costs of technological change, the failure of farm prices to keep up to farm costs, and uncertain grain markets. In an effort to cope with these problems a great many farmers are working toward greater diversification. Budgets of past years have included many measures, such as those I have already described, to assist in achieving this objective.

To assist further in meeting these problems the government is proposing a gross expenditure on farm programs, ordinary and capital, of $11.2 million in 1963-64. This is an increase of$3.8 million over the current fiscal year. Federal sharing to the extent of$2.75 million is expected.

The principal emphasis of this program will be to expand our pasture and forage resources to meet the needs of a growing livestock industry. It will enable many smaller farms to become economic units. This budget includes $2,666,000 for the acquisition of lands to be developed as community pastures and forage-producing areas. A further $1,224,000 is included to make a substantial start on developing these areas.

In addition, $795,000 is being provided to increase the number of drainage, flood control and irrigation projects, thereby reducing the amount of land which is kept out of production by too much or too little water. The budget also provides $400,000 for a continuation of the clearing and breaking program. Funds will be made available again for shelter-belt planting and roadside grassing projects. We also plan to continue to encourage co-operative community pastures through earned assistance grants. Development projects like these will contribute greatly to diversifying and stabilizing production in the agriculture industry in Saskatchewan.

To serve the expanding livestock industry, a veterinary college is essential in western Canada. On account of central location and the veterinary research laboratory in Saskatoon, we believe that Saskatchewan is the appropriate place for such a college. However, this is not a decision which the government should make alone. It is a matter which must first be decided by the universities of western Canada and also by the governments concerned. We hope it will be built here.

Therefore, we in the government of Saskatchewan want to make clear our willingness to contribute toward the construction of a veterinary college as a part of our university. For that reason hon. members will be asked to vote a special grant of $1 million to the university to be used for this purpose if and when the following conditions are met.

First, the university senate and board of governors would have to decide that they want a veterinary college in the university. Second, the other western universities should agree that Saskatchewan is the appropriate place for the college, and the participating governments should agree to contribute their fair share towards its operations. Third, the government of Canada will be expected to confirm its offer to contribute towards the cost of constructing and operating the college.

We hope that this project does proceed. The growth of the livestock industry demands it, Mr. Speaker, and we believe that there exists among the western provinces the kind of goodwill which will lead to an early decision.

This program for agriculture is one part of the government's economic development plan. The other is a program of incentives for industrial and resource development.

We are proposing, Mr. Speaker, to establish a Saskatchewan Economic Development Corporation, which will make available three types of assistance to new industries in the province - grants, loans and the provision of sites and buildings.

The industrial assistance grants will fall into three categories. First, the corporation will make grants to assist manufacturing industry in establishing new plants, producing new products or expanding their productive capacity. The grants will equal ten percent of the cost of eligible machinery and equipment which is purchased for these purposes. The eligible items will have to be defined by regulations, but I can tell hon. members now that we propose to use the same list as the federal government uses in its exemptions under the Federal Excise

Tax Act. All manufacturing operations which undertake new capital investment between $10,000 and $1 million in eligible machinery and equipment will qualify for these new incentive grants.

The second category of incentive grants provides for the sharing of the costs of industrial research. The economic development corporation will pay one-third of the costs of approved market and economic feasibility studies for new and expanding industries. It will pay one-third of the costs of technical research leading to the development of new manufactured products. These grants will supplement the government assistance being made available to the Saskatchewan research council. Hon. members will note that the government proposes to increase its grant to the research council by $100,000.

Third, grants will be made to assist in the training of the labor force for new or expanded manufacturing operations. This is one of the "start-up" costs which new ventures encounter in new areas like Saskatchewan. We believe this is a cost which government should share.

The industrial assistance grants will be paid by the Saskatchewan Economic Development Corporation, with the approval of the Minister of Industry and Information. To finance this program in its initial stages hon. members will be asked to grant $2 million to the new corporation.

The second main function of SEDCO, the new corporation, will be to make loans to industry - a function which is presently being performed by the industrial development fund. The establishment of an economic development corporation, which will have power to issue its own securities and which will be directed by both business and government representatives, will make it possible for us to extend the work of the industrial development fund which has operated successfully for the past 15 years.

The third function of SEDCO will be to assist in the provision of industrial sites and industrial buildings. We propose to authorize the corporation to acquire and to construct buildings which will be available to industries on a lease-purchase basis. It will also undertake land assembly and development programs which will assist industry in locating on favorable sites. It is expected that the corporation will work closely with municipalities in the development of this program.

To finance the loans and the industrial facilities which SEDCO will provide, the government proposes to make available the capital required, through the purchase of the corporation's securities.

In addition to these programs which will be administered by the new economic development corporation, we are also proposing certain incentives to encourage further growth of oil and mineral production. These will be administered by the Department of Mineral Resources. The incentives will take two main forms.

First, the government is proposing to provide additional incentives to the oil industry by amending the regulations governing the disposition of crown oil lands. These amendments have been discussed with the oil industry. The details will be announced by my colleague, the Minister of Mineral Resources. In broad outline they will provide for an extension of the term of exploratory permits, the introduction of more flexibility in the conditions of exploration, the granting of lease rights to deeper horizons on drilling reservations, and more generous drilling credits on leases.

Second, to further encourage prospecting and mineral exploration in the north, we propose to pay a part of the costs of approved air travel for this purpose. This assistance will be accompanied by grants equal to 25 percent of approved airborne geophysical surveys, and by the payment of 25 percent of the costs of approved access roads to exploration sites.

Finally, Mr. Speaker, to complement the SEDCO and mineral resources incentives, the government has an additional proposal. We intend to establish upon a rather more formal basis the advice and assistance which the Minister of Industry and Information has been receiving from businessmen within the province. To do this the government plans to establish an industrial advisory council which will advise both the minister and the corporation on the industrial development program.

My colleagues and I are enthusiastic about these measures. Over time we have, I think, built up a good program for economic development in Saskatchewan. The consolidation and extension of what we have done, in a new Economic Development Act, should provide a strong stimulus to the further development of the economy.

Having talked about the government's expenditure programs for next year, I want to turn to the question of the revenue sources which are being used to finance them.

We have heard a great deal about the tax levels in Saskatchewan. I am not going to repeat arguments we have heard many times in this house. We all know that tax levels in Saskatchewan are not the highest in Canada.

As long as government programs serve the needs of the people - and clearly they have been fashioned for this purpose - the really important thing is to levy the right taxes to finance them and to administer the programs effectively.

As to Saskatchewan's tax measures, our studies indicate that during the past 15 years there has been a moderate but a desirable shift in the overall impact of taxation in the province. Consumption taxes - the education and health tax, the gasoline tax and liquor profits - now are bearing a slightly larger proportion of total government expenses than they were 15 years ago. Since last year the same has become true of income taxes. It is, of course, truer still of resources revenues. Property taxes, on the other hand, are bearing a somewhat smaller percentage of provincial and municipal expenditures than they were.

Although the government maintains a constant review of its taxes, there is merit in the periodic examination of our whole tax structure - federal, provincial and municipal - to determine whether we have got the right kind of balance. For that reason we welcomed the appointment of the federal royal commission on taxation and we intend to co-operate with them fully. However, it is obvious that we cannot expect a federal royal commission to study provincial and municipal taxes without provincial participation; yet we can scarcely expect the commissioners to include provincial governments in their deliberations. To overcome this difficulty, the government has decided to appoint a Saskatchewan royal commission on taxation. Its purpose will be to co-operate with the Carter commission in making a comprehensive study of taxation by all levels of government in Saskatchewan. This can best be done by a commission which is created for the sole purpose of participating in and supplementing the work of the federal commission. We have been assured by the chairman of the Canadian commission that he would be prepared to work freely and openly with such a provincial commission. We plan, therefore, to appoint such a royal commission in the near future.

The second question with which governments must be concerned is whether their programs are being administered efficiently. We recognized this when we were elected, Mr. Speaker, and in 1946 we established a special agency to study the organization and management in the civil service. This agency, the budget bureau, has since that time been conducting regular studies to improve the efficiency of the public service. It has reviewed the organization of virtually every department at least once, and is currently re-examining the organization of some of them. It has also worked with departments in the establishment of more efficient operating procedures. These studies have led to the saving of many hundreds of thousands of dollars.

Hon. members will note my emphasis on continuing efficiency studies. Royal commissions may make a splash in this area, but they are no substitute for continuing surveys.

There are, however, some projects which can be conducted more effectively outside of government and these we would like to encourage. Studies in the field of public finance, of particular public policies, or of trends in government administration are greatly needed, and would likely be undertaken by specialists in public administration if monies were available to assist them.

To meet this need hon. members will be asked to vote $1 million to establish a Saskatchewan public administration foundation. This foundation will be administered by a board of five to seven, including one representative nominated by the University of Saskatchewan and one by The Institute of Public Administration of Canada. The earnings of the foundation will be used by the board to give grants to people who submit worthy research projects. They will also be used to support special educational programs at the university. The projects must, of course, be relevant to the Saskatchewan scene.

One of the important results of this venture will be the development of greater interest in public administration on the part of Saskatchewan students. The really important prerequisite to efficiency in administration is good people in the public service. We expect this foundation will encourage more of our best students to enter the public service. This and the research sponsored by the foundation will help to insure efficiency and effectiveness in government administration.

This then, Mr. Speaker, is the budget for the next fiscal year. It is a budget that expresses the pioneer spirit of Saskatchewan. It is a budget that provides for new horizons in the economic development of our province. It provides new opportunities for our young people, help for the unfortunate, care for the sick, comfort for the aged and increased opportunity for good living for all. It is a budget, not of cold dollars only, but also of friendship, warmth and life.

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