

*Government Monetary Policy*

debate on socialism in the province of Saskatchewan. That is the point I was trying to make.

**Mr. Horner (Acadia):** I will do my best, Mr. Speaker, to stay in generalities. I have always felt, like many other members of this house, that to solve anything you must get to the—

**Mr. Pearson:** "Root".

**Mr. Horner (Acadia):**—root of the problem. Thank you. You must do this to see what you are doing, where you are going. You need to see what somebody else is doing, if you are to study the problem.

There has been a great deal of talk about finance and how we should allow depreciation for capital investment in certain depressed areas; how manufacturing needs finances to get started. Let us look at manufacturing in the province of Saskatchewan; let us compare it with the province of Alberta. I will be brief. In 1943 there were 1,100 established manufacturing firms in Alberta. They employed 18,000 workers. In 1957 there were something like 1,900 established manufacturing firms in the province of Alberta and they employed 39,000 people. They doubled the employment figure.

In Saskatchewan in 1943 there were 960 established manufacturing firms. In 1957 that number had decreased to 844 and employment in those industries only went up by 1,000. You might say, "What has this to do with finance?" I will tell you. In the province of Saskatchewan there is no manufacturing firm that employs over 500 persons. This is the only province in Canada that has no large manufacturing industries.

This points out that large firms are reluctant to invest in socialist surroundings. Of course, the government of Saskatchewan recently realized this. They started a steel plant in Regina. They had to do it with private capital; they invited Texas buccaneers up to start that plant. The government invited them up; the minister of finance of that time went down to invite them up. And in that corner they talk about Texas buccaneers bringing money into this country. They say we have to stop it.

We must consider that in the manufacturing industry in Canada we have a large number of products being produced from a large number of different basic materials. Saskatchewan and Alberta have an equal number of materials available for the development of manufacturing. We have manufacturing companies using those products in Alberta. Saskatchewan no longer has any manufacturer of leather products. Of course, everybody in Saskatchewan knows the socialist government bought out the tanneries and

went broke. They went out of business and nobody had courage enough to reinvest in that industry.

The same thing applies to knitting mills in the province of Saskatchewan. They closed down, and nobody has had enough courage to reinvest in them. Until recently the province of Alberta had never taken any steps to clamp down on industry. They recently brought in an industrial tax, which I do not like, but they may get away with it. But last fall—and this is a very good example—we had some large financial concerns interested in investing money in western Canada. Where did it go? Well, it went to a little city by the name of Medicine Hat, Alberta. I was born just north of Saskatoon, I used to turn on the radio and hear them advertise Saskatoon as the hub city of the west. If you look at the map you will realize that Saskatoon is a short distance from Winnipeg, with direct rail connection to Regina, direct rail connection with Prince Albert, direct rail connection with North Battleford, Calgary and Edmonton. It is an ideal location for financial interests to invest in, and far better than Medicine Hat, because transportation costs are one of the most important things to which industry pays attention. Why did they choose Medicine Hat? They chose it because they were afraid to invest money in Saskatchewan under its socialist type of government. An ideal position was available to them, but they passed it over and went to Alberta to turn out their rubber tires and so on. I am referring to the Goodyear Rubber concern which employed 300 men in Medicine Hat last fall. Another important firm, Firestone, went to Calgary and started up there, by-passing Saskatchewan because of fear of socialism.

This shows that although socialism might cure unemployment for a short time, because of the necessary increase in civil servants, it will eventually produce a climate in which business cannot possibly develop.

Much has been said about industry, and how financial capital is lacking for its encouragement—how there is no money left for the development of industry, and so on. But suppose we look at the mining industry. It surprised me to read that the province of Saskatchewan, apart from the production of fuels, has the third largest mineral wealth of all the provinces of Canada. Alberta leads Saskatchewan if you add petroleum, but Saskatchewan ranks second to Quebec in mineral wealth if fuels are excluded. So many times when somebody mentions Saskatchewan, we think: that is the wheat province of Canada. But even the Saskatchewan government has recently agreed that Saskatchewan is no longer the wheat province, but a wealthy province with great industrial resources. They