

*Unemployment*

that plant. The owner warned the workers that if conditions did not improve within a reasonable time they would have to consider that their jobs at the plant might be eliminated.

Remedies cannot be just of a temporary nature. I would refer the house to a long-range as well as a short-range plan. First of all there must be immediate public works. I think of the opportunity the government lost when it refused to proceed with the South Saskatchewan river dam project. I am sure that would have helped to relieve the unemployment problem there. There is also the long-term project as outlined by the hon. member for Winnipeg North Centre, which I shall not repeat since it has been placed on *Hansard*.

When I mention the South Saskatchewan river dam, let me add that I heard something in the house tonight that I had not heard before, when reference was made to the leakage in connection with projects of this kind; and when I use that word I am not sure I am using the proper one. I do not refer to dams in particular, but to works in general. The point arises as to the actual benefit which accrues to Saskatchewan when either the provincial or the dominion government begins a project there. Some interesting figures on the subject indicate that only about 30 per cent of the total expenditure would accrue directly to such a province. So great have been our technological advances that the money goes to purchase machines. In our case, since we do not manufacture machines, where does the money go? It comes down here to the centralized and industrialized province of Ontario. The same thing is largely true for other manufactured articles. A project of that sort stimulates not so much the provincial economy but the economy of the whole country.

That points up the fact that a public investment scheme must be national and not provincial. One of the tricks of the government during this debate has been constantly to pass the responsibility to the provinces and the municipalities in order to get it off their own shoulders. It is only the national treasury that can embark upon schemes of sufficient magnitude.

This business of leakage is so interesting to me that I think I shall put on the record the figures I have obtained with regard to it. These figures have been worked out from the dominion bureau of statistics figures. Of

[Mr. Knight.]

every dollar invested in Saskatchewan, on the average 46 cents is spent on construction, of which 15 cents goes to on-site labour and perhaps another 7½ cents to materials and service in the province; but 54 cents is spent on machinery and equipment, virtually all of which leaves the province of Saskatchewan, and 15 cents of which even leaves Canada. In effect only 25 cents of each dollar is available to create income in Saskatchewan.

For this reason, in the short run provincial income would benefit much more from a dollar of direct assistance than from a dollar of investment, especially when it is remembered that many whose incomes are now depressed would not in any case be the recipients of investment expenditures. The province's manufacturing industry is very small. We have only 6 per cent of the manufacturing labour force of Canada resident in the province, compared with 26 per cent for the country as a whole, and that is largely oriented to agricultural products and consumer goods.

Even Canada, in its national production, has leakage. The leakage for Canada in 1950 was 32 per cent. The Department of Trade and Commerce estimated in 1950 that of total expenditures on the construction of pipe lines—and that is something that is much in our minds in these times—the domestic or Canadian content was 60 per cent. In the field of oil exploration it was sometimes as low as 40 per cent. The above-mentioned situation is due to the high ratio of specialized imported equipment to wages, the high proportion of non-Canadian employment, and the export of a substantial portion of wage and salary payments.

I think that is an interesting sidelight on the difference between a provincial project of this kind and a national project. There is always some transfer of wealth in this country, as there should be, from one province to another. After all, we are parts of one body and we are interdependent on each other in a united Canada.

The other day I noticed that Blair Fraser, in the last issue of *Maclean's* magazine, said that Canada's lack of prosperity was for the most part due to the fact that we had a short wheat crop last year in Saskatchewan, or I think he said in the west. It makes one wonder how contradictory we can get. I notice that the farmers in western Canada at the moment are thinking of organizing to reduce their wheat acreage. You must not