

(November 28th, 1938.)

## "National Problems from the Viewpoint of the Man in Saskatchewan"

By HON. T. R. DAVIS, K.C.

*Attorney-General, Province of Saskatchewan*

MR. PRESIDENT:—My very first word, this afternoon, must be one of thanks from the people of the province of Saskatchewan to the people of the province of Ontario and Eastern Canada generally, for their voluntary contributions to us in our days of need through which we have passed and are passing. We will always remember with gratitude their generosity to us.

I am speaking, today, to a Canadian Club. To my mind, the greatest function of a Canadian Club is the provision of a medium whereby Canadians from one part of Canada may express to Canadians in another part of Canada the viewpoint of that sector from which the speaker comes.

It provides, today, to me an opportunity of speaking not to the comparatively small group which surrounds the tables in front of me, but an opportunity to some extent of speaking to the people of the province of Ontario.

I think the Canadian Clubs of Canada would be well advised, in the next few years, to concentrate upon the provision of similar opportunities to Canadians from one end of Canada to the other.

I am sure that the Canadian Clubs of Saskatchewan would welcome the opportunity of hearing from the mouths of prominent Canadians in other parts of Canada a statement of their opinions upon national problems.

I am going to take for my subject, today, "National Problems from the Standpoint of the Man in Saskatchewan."

I propose to try, at the outset, to lay down certain fundamentals upon which, I think, we can all agree; and from that starting point, I propose to discuss the viewpoint of Western Canada as to the attainment of those fundamentals.

The first and primary fundamental I desire to lay down is that the supreme objective of every Canadian must be the maintenance of the democratic system of Government in this Dominion. We do not want to build up autocracy, here, supporting either the ideals of the Communist, or the ideals of the Fascist, State. Both operate under, and by virtue of, a dictatorship: one, a dictatorship of Socialism, and the other a dictatorship of Capitalism.

Assuming that we all agree upon the desirability of the maintenance of the democratic system of government in Canada, then we must change our attitude towards the State, and get away from the idea (which seems to be growing from one end of Canada to the other) that a democratic state is merely a device for the handing out of favors to the individual, without any consequent responsibility upon the individual to the State.

Believing that we are agreed upon the necessity for the maintenance of the democratic form of government in this nation, let me proceed to lay down one or two more fundamentals which must be pursued if we are to attain that objective.

The first essential towards the maintenance of the Democratic State in Canada must be national unity within Canada.

If we look at the world in its state of turmoil, today, we must admit that, regardless of the good intentions of leaders in many parts of the world, the world is gradually drifting into a state where two opposing ideas of government are becoming more and more pronounced. We have one group which seems to believe that the ends of the human race are best served by the imposition of dictatorial powers upon their people, and the other group which believes that

the ends of human happiness are best served by the furtherance of the principles of democracy in the world. Talk and wish as we like, it would appear to me that these viewpoints can never be reconciled, and that, in the ultimate, no amount of negotiation or of compromise can bring harmony between them. Ultimately, there is bound to be a clash between these two divergent viewpoints. The happenings of recent weeks have only focused public attention upon this clash. The results of one attempt at compromise have brought in their train a renewed armament race among the nations of the world.

Prizefighters do not go through a long course of intensive training without ultimately wanting to beat somebody up. . . . So with nations: continued building up of huge armaments can have no other result but the use of them in a clash.

If we can stem this tide, or make any effort towards the reconciling of national views to bring peace and harmony to the world, it should be done; but, meantime, we should solidify the forces of democracy.

The two great democracies of the world are Great Britain and the United States of America, both coming from a common source and speaking a common language. Acting in unison, they can control the destinies of the world.

One has but to go to Great Britain to appreciate the fact that public men there realize that Canada has a large place in binding these two great countries together. Canada is geographically situated upon the North American continent, immediately adjacent to the United States of America. We speak the same language. Politically, we are a unit of the British Commonwealth of Nations. Therefore, Canada occupies a position of importance, as between these two great nations, out of all proportion to her population or her material wealth. In the ultimate, we are going to play a tremendous part in world events.

It is, therefore, the prime duty of Canadians, believing in democracy, to play their part in coming world events; and we can only do so provided we remain a united Canadian nation.

Then another fundamental is that we must remain, at all times, part and parcel of the British Commonwealth of Nations. This is essential if we are going to play the part we should play, in relation to the United States, in international affairs.

This is essential not only upon the basis of patriotic responsibility to the Mother Land, but likewise from purely a commercial standpoint. I think everyone recognizes that the commercial development of this nation depends, to some considerable extent, upon markets available in other units of the Commonwealth, and, in particular, upon markets which are available to us in the United Kingdom itself.

I think also that Canada as a separate and distinct entity without the political ties now prevailing with the other units of the Empire, would occupy a much less important place in the affairs of the world than it does, today, under its existing political tie-up.

Taking these fundamentals as truisms, then, let me for a moment canvass the question of national unity within Canada.

On every hand it is apparent that every day accentuates the divergencies of opinion, with respect to national policies, which prevail in the various sections of Canada.

It is said that the people of Canada were never more disunited than they are at the moment. Personally, I feel that, if there are factors prevailing which make for disunity, it is a good thing that they have flared into the open, because it will necessitate those who believe in the unity of Canada canvassing the problems making for disunity, and trying to bring about a reconciliation of views and policies which will make for a united nation.

The Government of Canada has recognized this by the appointment of a Commission to study national problems, such Commission having become known as the "Rowell Commission" by reason of the fact that its Chairman is a distinguished citizen of this province.

I feel very deeply that the appointment of this Commission was one of the wisest things which has been done in recent years in Canada. It provided a forum in which representatives of every Province in Canada could appear

to state the viewpoint of each province. Even in its most narrow and restricted lines, it gave the Press of Canada an opportunity of conveying to the people in other parts of Canada the problems of the various sections of the nation, and the opinions of public men in those sections as to what should be done towards a solution of these problems.

We might just as well recognize that there are tremendous clashes, economic and otherwise, amongst the various sections of Canada, and the faster we drag these out into the open for intelligent analysis and discussion, the better for all concerned.

We in Saskatchewan, therefore, welcomed the appointment of the Rowell Commission, and particularly welcomed the opportunity it gave us of expressing in black and white, by written submission to the Commission, the problems of the Province of Saskatchewan. It enabled us to make concrete recommendations as to what we thought should be done to promote national harmony in Canada.

I had the privilege and the opportunity of being in charge of the direction of the submission made by the Government of Saskatchewan to the Commission.

I do not think I could do better, today, than to read to you two extracts from the verbatim report of the sittings of the Commission in Regina, which indicate our approach to the national problems under consideration.

The first extract is to be found at page 1197 of the verbatim report of the Commission's hearing held on December 9th, 1937. Speaking at that time on behalf of the people of Saskatchewan, I stated as follows:

"We recognize that, politically, the Province of Ontario and the Province of Quebec, the two large provinces of this Dominion, can, if they want to, control the central Parliament of Canada; that is, if they act in unison, together they can control the Parliament of Canada. They will have a great deal to say in the ultimate with respect to whether or not the report of this Commission shall be implemented by legislation passed by the Parliament of Canada. We want, therefore, the people particularly of the Province of Ontario and the Province of Quebec to study the brief that is

submitted to this Commission by the Government of this province, and in particular to study the report that will be made by this Commission relative to the conditions that you find out here; and we ask the people of Ontario and Quebec to make a careful study of your report before definitely formulating their opinion as to what should be done as a result of the report you will make.

"We in this province of Saskatchewan do not suggest any 'Share-the-Wealth' policy. We are not asking for any charity from the rest of Canada; we are not asking for any handouts on the part of the rest of Canada. All we ask is that we have equitable treatment in the federation of the Canadian provinces in the Canadian Confederation.

"We want the people of Canada to approach this problem from two angles. We believe it is important that Canada remain united and a British country, and that we should be prepared to give and take so that all can live within the Canadian Confederation.

"We believe, too, that aside from all patriotic factors, the west is absolutely essential to the rest of Canada, and all that one needs to do in order to realize the truth of that statement is to size up the economy of the Dominion of Canada. The whole national life of Canada has been developed on an export basis. The national life of this country and the utilities of this country have been fashioned and built up on an export basis, and that export basis has largely come into being as a result of the production of wheat in these western provinces. If it were not for western Canada and the production of wheat in these western provinces, it would not have been necessary to have two great transcontinental railway lines spanning this land; it would not have been necessary to have the great canals of eastern Canada; it would not have been necessary to have the great harbours we have both on the Atlantic and the Pacific; it would not have been necessary to have the great grain storage facilities at the Head of the Lakes. All these things are here in

Canada as a result of the fact that the economic life of this country has been built on an export basis, and that has been largely as a result of the production of wheat in western Canada. If we withdrew the west from the Dominion of Canada, or if the west ceased to be and was not here, if it withdrew from the economic life of this country, then the whole national life of Canada would collapse. Therefore, the affairs of this nation must be so regulated, if Canada is to continue, that the people of the province of Saskatchewan may have an equal opportunity with their fellow-citizens elsewhere in Canada to exist and continue to live and enjoy a reasonable standard of life such as is enjoyed by our fellow-citizens elsewhere in this country.

"It is in this spirit that we approach this Commission, prepared to give and take with the rest of Canada where that is necessary, in order that out of the labours of this Commission may come these changes which are essential to make a united Canada."

Subsequently, when we approached the discussion of the disabilities in Confederation under which we believe that the province of Saskatchewan labours, I made a further statement of our approach to this Commission, which statement is to be found at page 1733, and which was made on December 14th, 1937:

"As I have said, the Government of Saskatchewan has consistently adhered to the opinion that the national viewpoint must not be lost sight of. Among other things, constitutional amendments will be recommended which will definitely ensure the Parliament and Government of Canada of a capacity to implement treaties entered into as a diplomatic unit, and, generally speaking, to deal effectively with matters touching the life of the nation. In this regard it is freely admitted that the transcontinental transportation system, monetary and customs policies, are and must remain matters of national concern.

"Now it requires only an elementary knowledge of mathematics for the purchaser of a motor car in Sas-

katchewan to realize that he would be money in pocket if permitted free access to the markets of the United States. It may also be predicted that the people of Western Canada will employ their best efforts in the direction of shaping national policies in the direction of lower tariffs. But I desire to point out that the material contained in Part VII is not being approached from this standpoint. May I state our position? It is this: let us concede national policies to be as they are. What is their effect? It is contended that if there are to be national policies and if there are to be separate provinces existing as cultural units, then the effect of these policies on these units must be considered. Put in another way, if the effect of these policies has been to give an accidental benefit, resulting in an accumulation of wealth, to any section, then the national financial policies must be moulded accordingly. In an earlier portion of this brief, for instance, we have given reasons based on economy and convenience, why succession duties should be considered as a national tax. The result would be to put at the disposal of the national government certain funds. We would ask that these funds be employed in a national manner.

"In other words, if customs taxation be according to a national ideal, so also must all the policies of the central government, looking to the peace, order and good government of Canada. If a national policy as for instance the protective tariff, operates to the accidental advantage of one section, so also must the fruits of such policy be employed nationally, and it would seem to follow as a corollary that the sections which bear the burden of the tariff should get the benefit of other national policies. We ask that the whole problem shall be considered from the national standpoint. If national policies give certain sections an advantage, so also must other national policies be directed to the relief of areas which have suffered."

These two statements propound the viewpoint of the Province of Saskatchewan.

You have heard, in recent weeks, a great deal of discussion emanating in Saskatchewan in favor of what is commonly termed, "Secession", by which, as I understand it, the proponents of this movement mean the setting up of a separate British state comprising the provinces of Manitoba, Saskatchewan, Alberta and British Columbia.

Personally, I am opposed to any such movement; but I do wish to stress upon my hearers, today, that this movement is not just the foolish vaporings of a few misguided individuals, but is expounded for the purpose of forcibly bringing to the attention of other parts of Canada the fact there must be a change in national policies, if there is to be unity in this Dominion. I do not suppose there is a nation in the world where there has been an attempt to tie together so many divergent elements into one State.

Geographically, Canada is divided into approximately four parts. There are the three Maritime Provinces in the east, far separated from the second part—the Provinces of Ontario and Quebec. This is a division of eastern Canada. Then we have western Canada in turn divided into two parts, namely, the prairie section of Manitoba, Saskatchewan, and Alberta, and the fourth section, the province of British Columbia.

Geographically, British Columbia and the prairie provinces are divided by the Rocky Mountains.

Geographically again, eastern Canada and western Canada are divided by the great stretch of virtually uninhabited area to be found around the north shore of Lake Superior.

Economically, the difference is even deeper than the geographical one, as we have the division in the national economy of the industrial sections as against the agricultural sections.

The greatest job of all towards the furtherance of Canadian unity is the reconciliation of this economic clash.

We in western Canada produce agricultural commodities in quantities which make it essential that we find markets for the bulk of these commodities beyond the boundaries of Canada. These commodities must be sold in the markets of the world in competition with innumerable other

nations producing like commodities under similar conditions. The prices for the things we sell are, therefore, fixed in the fiercest competition in all the world. We are, as a result, free traders by force of circumstances beyond our control.

You, in this province of Ontario, live in the highly industrialized section of the Dominion. It may be very much in your interest that the Canadian market be provided for you free of competition of other nations producing industrial products similar to those which you produce.

The result is that, inherently, many of your people appear to believe in the principle of tariff protection.

Unquestionably, absolute free trade would be the policy which would benefit to the greatest extent the producers of western Canada. Possibly a free trade policy might have serious repercussions in the industrial sections of the East.

Unquestionably, the pursuit of high tariff policies has serious repercussions in the agricultural sections of the west.

We simply cannot continue to exist selling in a free trade market and buying in a protected one.

If, therefore, we believe in a united Canada, then there must be reconciliation and compromise in these two opposing viewpoints.

What would secession do to Canada, and particularly to Eastern Canada?

What would it mean to western Canada?

In the first place, it would probably mean national bankruptcy for the nation and for many of the great enterprises within it.

At the outset, it would unquestionably mean the pursuit of a policy of absolute free trade in Western Canada. Ultimately, the tendency might be towards closing the avenues of trade to those nations which purchase little in the way of the products of Western Canada.

The natural tendency would be for trade to flow north and south into, and from, the United States, provided reasonable arrangements could be made for access to the United States' market of the products of the West.

Unquestionably, also goods would flow into the west from Great Britain particularly as Great Britain consumes so much of what we produce.

In any way you can picture the development of the West under these conditions, there is one outstanding factor, namely, that there would be a heavy loss of trade between the East and the West of Canada.

It would mean the growth of the port of Vancouver and Prince Rupert, and the port of Churchill. It would mean the complete insolvency of the two great national railway systems. It would be a blow to the great financial institutions of this nation.

Few people realize the importance of the West to the great transportation systems of Canada.

Dr. Innis, of the University of Toronto, in his history of the Canadian Pacific Railway, at page 269 states as follows:

"Freight earnings and freight traffic have depended directly and indirectly to a very large extent on the expansion of Western Canada, especially with the development of the west, and with the effect of higher rates resulting from a non-competitive situation in that area. The contributions in Western Canada were evident in the receipts from land. It follows, therefore, that to a large extent the net earnings and total receipts of the Canadian Pacific Railway have been directly obtained from Western Canada."

At page 293 he states:

"The existence of a large surplus on the balance sheet of the Canadian Pacific Railway and the consistent payment of large dividends, accomplished through a high dividend rate and relatively large issues of common stock have been shown to be largely the result of the freight situation in Western Canada."

And at page 286, he states:

"Total receipts which depended primarily on net earnings and to a large extent on freight traffic and the situation in Western Canada were disbursed from time to time in dividends on common stock, and in the accumulation of surplus. Dividends above a normal

return on common stock have therefore existed as the result of the expansion of the road in Western Canada, and have largely been paid from the economic development of that area."

It is interesting to get a definite confirmation of this point of view from the report of Sir Joseph Flavelle, who made an examination into the condition of the Canadian National Railways at the time of its consolidation. He pointed out that the Canadian Pacific obtained the greater part of its revenue from the higher freight rates and the long bulk haul in Western Canada. He also pointed out that the Grand Trunk Railway, on its eastern system, hauled more freight than the Canadian Pacific on its whole system, but that one produced profitable results and the other produced deficits. He indicated in the same report that traffic conditions in the West and freight rates paid by the West were responsible for this difference.

All one has to do to appreciate the repercussions of such a move as Secession is to look at the political set-up of Canada, and to realize that, by artificial means, we have forced trade east and west, and have built up a nation based upon export through channels east and west.

A little consideration will make everyone realize the very grave danger of any such move; but this urge will always be with us unless we sit down and take stock of our problems, and try to find a remedy for them.

We will never get anywhere by merely calling each other names. It is futile to announce in the East that you believe yourselves to be the milch cow of Western Canada; and it is futile for us in the West to announce to the universe that the robbers in Canada live in the eastern part thereof.

That will get us nowhere—and the faster we realize it, the better for all concerned.

For this reason, let me repeat again that I welcomed the appointment of the Rowell Commission, and, from my perusal of some of the studies already made and issued by the experts employed by the Commission, it is going to be the greatest contributing factor in our day and generation towards national unity.

Let me stress that the Commission is a fact-finding Commission. Whether its statement of the facts will bring to the realization of Canadians the things that are making for national disunity is for the people of Canada to decide. Do not let us forget that the Rowell Commission has no power to impose its opinions upon anybody in Canada. It only brings the problems into the open, and it then remains for those in Canada who desire Canadian unity to adopt suggestions which make for unity through the democratic instruments available to us.

From time to time, we hear it urged that we have too many provinces in Canada.

Under our constitutional set-up, we are supposed to have a strong central Government dealing with problems of common concern to all our people. Our provinces are supposed to deal with matters of purely local concern.

This set-up is entirely satisfactory so long as the national government deals in a national way with national problems.

If the national Government pursues policies which benefit one section to the disadvantage of others, then Canadians will not be long content.

One thing is certain: that is, if the nine Legislatures of Canada were abolished and three Legislatures were to take their places,—one in the Maritimes, one for Ontario and Quebec, and one for the western portion of Canada—these political entities would not long be content with the meagre powers available to them under the British North America Act, and the ultimate result would be the breaking up of Confederation.

Personally, I believe that the present set-up is all right provided national policies are directed by the national Parliament towards equality among the provinces.

You have had the example, in the Province of Alberta, of a provincial Legislature attempting to usurp the powers of the Federal Parliament. Had we better not search in our hearts for the reason for this thing? Is it not because the people of that province possibly feel that they are not receiving fair treatment at the hands of the control Government?

The action of that province is obviously one directed at the disruption of Canada, and I think that we should direct our attention towards the remedying of the things within Canada, which will make it impossible for that type of movement to grow in any province.

Now let me say a word or two about the disabilities under which we, in the West, labour.

There is a great deal of complaint in Eastern Canada about the Wheat Marketing policy being pursued in the West by the Government of Canada.

We must continue to grow wheat in the West, and we must find a market for it; and it must be sold at prices which will enable our people to maintain a decent standard of living and to continue to produce. If we went out of the production of wheat, and diversified our agriculture, we would wreck the agriculture of Eastern Canada.

One of two policies must be pursued in the marketing of wheat. Either the cost of production must be forced down by the removal of the tariff on the implements of production and the necessities of life, or we will be faced with a demand for the continuation of a bonus to the wheat producer of the West.

As between the two policies, I prefer the former. The system of bonuses only enables people to try and lift themselves up by their shoestraps.

We, in Western Canada, are prepared to take our chances for markets with other nations of the world, and we are prepared to accept the price we get in such competition, provided we can buy in exactly the same type of market.

It is futile for the people of the East to think that this problem must not be solved in the interests of a United Canada. Wheat is one of the most important products in the economy of Canada, and many times I think that the people of the East do not realize the importance to them of the West.

In 1900, on the eve of the opening up of the West; there were 161,757 persons employed in manufacturing in Ontario.

In 1930, this had grown to 307,477.

In 1900, the salaries and wages of manufacturies in Ontario amounted to \$56,000,000.

In 1930, this had grown to \$370,000,000.

In 1900, the capital invested in manufacturing in Ontario was \$215,000,000.

In 1930, this had grown to \$2,431,000,000.

If you will make an examination of the facts, you will find that this growth went hand in hand with the development of Western Canada. Talk as you may, the bloodstream of this province is tied unalterably to the bloodstream of Western Canada.

Another complaint we have is the centralization of wealth in Eastern Canada.

We are not complaining because you have the money; but we do complain about the result, insofar as we are concerned, of this concentration.

Nearly all insurance companies have their head offices here; the mortgage companies, likewise; also the Banks, the railway companies, the farm implement companies, the textile companies—and every phase of this part of our national life is controlled in the East.

We must all admit that with the growth of these great concerns, they inevitably monopolize the market. We have no say in the conduct of these concerns. With some exceptions, the men who are picked to direct these concerns are men who have been personally successful in the accumulation of wealth. There are few such to be found in the province of Saskatchewan. If I remember correctly, we have only fifteen or twenty people living in the province of Saskatchewan, with a population of approximately one million, who have an income in excess of \$25,000 a year.

Personally, I feel that these great industries must broaden their viewpoint, and embrace directors from other parts of Canada. I doubt if you will find a director from the province of Saskatchewan on the board of the Imperial Oil or the British-American Oil, or any of the big oil companies, although these companies are a dominating factor in the cost of production in Saskatchewan.

I am sure that the C.P.R. has no man on its board from Saskatchewan.

I am positive that none of the great chartered banks has a director from the province of Saskatchewan.

I think that these huge concerns would be well advised to go to Saskatchewan and pick out outstanding men and add them to their boards. They won't be able to get them if the qualification is one of wealth. I would like to see them get men from the smaller communities, who are not rigid in their views, and in whom the people of Saskatchewan would have confidence, and who could come back to our people and tell them the objectives of these concerns. Is their objective solely to make money, or is it the national good?

They would have the benefit of a viewpoint which, I am positive, they cannot secure in Eastern Canada.

I would like to see our great farmer organizations, such as the Wheat Pool and the United Farmers of Canada, annually invite some of the leaders of these great concerns to their annual meetings, to exchange views with the farmers of Saskatchewan.

I believe that a move of this kind would go a long way towards the reconciliation of conflicting national policies.

We hear a great deal in Eastern Canada of the necessity for the amalgamation of the railways with the objective of saving money to the taxpayers of Canada.

You can find no support in Western Canada for this, and the reason for it is the fear of the elimination of competition and the greater concentration of financial power in Eastern Canada.

I could go on and stress the burden of railway rates, the burden of high interest rates, the unfairness of what we believe to be exorbitant prices which we pay for farm machinery. My time, today, will not permit.

I am using this opportunity to express a few of the fundamental disadvantages under which we suffer, and to stress the absolute necessity of a thorough canvass of our national problems and a reconciliation of our views.

We, in the West, thoroughly appreciate that there is a railway problem in Canada. We thoroughly appreciate that there is a huge problem of unemployment; but we

realize that there is a greater problem than these, namely, the problem of Canadian unity. Without unity, there can be no solution to any of these problems.

And in connection with these problems might I just say this:

An attempt is being made in Canada to convince the Canadian people that the solution for the problem of unemployment is the expenditure of vast sums of public money on public works. I think that the sooner we divorce that conception of spending public money in relation to the unemployment problem, the better for everyone.

I think we should get busy in Canada and ascertain where public money could be spent and the result of which would increase the national income. Then, I think we should be prepared to spend reasonable amounts of public money, even by inflationary moves, provided we are satisfied of this result. The increase in the national wealth will do more to solve unemployment than the expenditure of public funds on public works, the objective of which is merely to provide jobs. Such spending may provide slight temporary relief, but is not the ultimate solution. We have 130 million potential tourists sitting next door to us across an imaginary line, with nearly as much money as all the rest of the world put together. If we would pursue a national policy of highway construction, we could induce an ever-increasing flow of these people and their money into Canada. Within recent years, an annual item of expenditure has been provided for the development of roads into the mining areas of Canada. This item should be increased, and other expenditures of a like nature, tending towards the development of the northern sections of Canada, should be thoroughly canvassed and made. This is the kind of public spending which I would welcome in this nation.

My objective in speaking here, today, is to impress upon you the seriousness of the situation in Canada, and to make you think about it. I am expressing a viewpoint influenced by my environment, and I may be placed in the category of an alarmist in my views; but I do know here is a problem, and that we had better get busy and think about it.