

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
First Session - Eighteenth Legislature
15th Day

Wednesday, December 3, 1975.

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

On the Orders of the Day.

WELCOME TO STUDENTS

MR. W.C. THATCHER (Thunder Creek): — Mr. Speaker, I should like to present to this House a group of six students at the Grade Six level from the Pense elementary school. They are accompanied by their teacher Mrs. Paun and a parent, the village secretary of Pense, Mr. Lloyd Morrison. I sincerely hope that they will find their day in this Legislature to be an enlightening one. They certainly couldn't have chosen a nicer day for the trip. I hope that the happenings in this Legislature will add to the beautiful weather outside.

HON. MEMBERS: — Hear, hear!

QUESTION OF PRIVILEGE RE BILL

MR. E.F.A. MERCHANT (Regina Wascana): — Mr. Speaker, I rise on a Question of Personal Privilege. I gave yourself notice of intention to raise this matter but not two hours ago. I propose to put the matter to you and it may be that the Chair does not consider that the matter may proceed at this time, but it is a matter which is urgent and significant and it is also a matter about which I did not have notice within the two hour period of time.

On Tuesday I asked questions in this House about the amendments to The Residential Tenancies Act that would be forthcoming regarding tenants. On Monday I asked questions in this House along the same lines. On both occasions I was told and rightly so that until the Bill was introduced to this House it would not be appropriate to answer questions in detail. I discovered today that over an hour ago this Bill, the Bill itself was released to the Press at approximately 1:30. The Minister himself released the Bill and also a press release in that regard. I then went, Mr. Speaker, to the Clerk's office and quite rightly so they indicated that until the Bill was tabled in the House it was not appropriate that I or other Members of the Opposition receive a copy of the Bill. But the Press has that Bill and it had that Bill for one hour.

I suggest to you, Mr. Speaker, that it is part of the piece of an affront to this House, that business is done by the government without prior notification to the House that press releases are announced and passed out before Members of the House know of the business of the province and the business of the House and I suggest to you that this is a most inappropriate practice and that the Minister may well appropriately be censored in this regard.

SOME HON. MEMBERS: — Hear, hear!

HON. E.B. SHILLINGTON (Regina Centre): — Mr. Speaker, I wonder if might make a comment. I would suggest to the Hon. Members in this House that the Hon. Member for Regina Wascana can be excused because he is undoubtedly not familiar with the ordinary procedures that are used in tabling bills. There is a standard procedure that is used whereby press conferences may be held ahead of time. The Press is given information and give advance copies of the Bill. In fact, there is even a stamp which we use, “Advance copy, do not use before first readings”. It is a standard practice. I followed the standard practice, Mr. Speaker. The Press to my knowledge have not made public the contents of the Bill and I am sure they won’t until the first reading.

MR. SPEAKER: — Order! I have received some comments from both sides of the House on this matter. I can say at this time with assurance that no copies of the Bill were released from the Clerk’s office or through my office. I can also agree with the Member for Wascana that I was just recently advised of this matter of possible breach of privilege or the propriety of the House and therefore haven’t had time to make a decision on the matter. If there are any more points dealing specifically with the Point of Privilege I will hear them providing they are not repetitious of the points that have already been made. I will reserve my judgment at this time on the particular matter.

MR. J.G. LANE (Qu’Appelle): — Mr. Speaker, on the matter of Privilege, the very basic issue here is that the government opposite gave basically its word that it would be inappropriate to discuss the Bill until it had been presented to the Legislature. I think those were the exact words. That was the collective word of the government opposite. Supposedly Members of course are to be taken at their word and that was subsequently breached by the Minister of Consumer Affairs (Mr. Shillington) when the opposition and Members of this House were given a certain position by the government that there would be no releasing, it would be inappropriate to discuss the Bill until it was tabled in the Legislature. In fact what had happened, it had been released to the public contrary to the commitment having been given by the government, Mr. Speaker, and I think that is the true Question of Privilege here that the opposition was either intentionally or honestly misled by the actions of the government opposite and certainly a Question of Privilege does exist. Mr. Speaker, I think we should have a ruling on the Question of Privilege because the word was given and the word was broken.

HON. E.L. COWLEY (Provincial Secretary): — Mr. Speaker, may I speak briefly to the Question. I too think it is appropriate that the Speaker give us his considered opinion when he has had a chance to consider all the merits and otherwise of the particular case. I would just point out to you, Mr. Speaker, as I am sure you are aware, and the Members of this Assembly, with respect to the Budget, for example, which is a document that I at least on one occasion had something to do with. It has been practice in this Assembly and practice of the government of the day, be it this government or previous governments, to release to the Press the evening before the Budget is delivered copies of that document to the Press and to hold in the morning prior to the Budget being

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delivered, a press conference, all of which is done on the understanding that the Press will not report or disclose until the Budget is being delivered in the House, the contents of the Budget. It is also practice, I believe in the House of Commons in Ottawa, that a similar procedure takes place. I think providing there is an embargo, as the Minister indicated, on it, it is not inappropriate.

MR. SPEAKER: — I have already asked Members speaking to this not to be repetitious. I find some of the remarks are repetitious at this time.

MR. E.C. MALONE (Regina Lakeview): — Mr. Speaker, I am sure you will rule me out of order if I am repetitious, but just to add to the remarks to the Member in charge of the Potash Corporation of Saskatchewan. There is very good reason that the Budget and the Speech from the Throne are released to the Press earlier. Firstly, they are a very complicated and detailed document. It gives the Press an opportunity to consider those documents and be ready to file stories when the information is released. Furthermore, they are sworn in secrecy about the contents of those documents. I believe the procedure in Ottawa is that they are locked in a room and not allowed to leave until such time as the Budget is released in the House of Commons. I don't think the Minister involved here, the Minister of Consumer Affairs gave us any indication that the Press were under any obligation to keep secret the contents of the Bill, if that was the case I hope he will rise and indicate he did so. I suggest as well, Mr. Speaker, there is a difference between a Budget speech and a Throne Speech and an ordinary Bill tabled in this Legislature. When the Legislature is sitting I suggest, Mr. Speaker, the proper practice is when it is first brought public, it be brought public here where the duly elected representatives of the people are sitting.

MR. SHILLINGTON: — Mr. Speaker, I want to point out to all Members of the House that it was clearly indicated to the Press that there was 'confidential' stamped on the front of the Bill.

QUESTIONS

COST OF ADVERTISING RE SASKATCHEWAN RESOURCES

MR. R.L. COLLVER (Leader of the Progressive Conservatives): — Mr. Speaker, I should like to direct a question to the Minister of Mineral Resources (Mr. Whelan) in the absence of the Premier. Does the Minister have any idea of what the total planned expenditure for radio, television and newspaper advertising for the Government of Saskatchewan or any related agency or Crown corporation for the period October 1, 1975 until December 31, 1975, relating in any way to the resources of Saskatchewan?

HON. E.C. WHELAN (Minister of Mineral Resources): — Mr. Speaker, I think the question is the sort of question generally asked from that side of the House. I think it is one that we should answer and we will answer. But I believe that the proper procedure would be to put it in written

form because it is detailed. It covers a great area. It is not of an emergent nature and I think that if it is put in the form of a written question, it will be answered.

MR. COLLVER: — Mr. Speaker, a supplementary question.

MR. SPEAKER: — No supplementaries are permitted unless an answer is given. No answer has been given.

RESIGNATION OF AL DRUMMOND

MR. S.J. CAMERON (Regina South): — Mr. Speaker, I have a question but I am not certain to whom I should address it on the other side in view of the answers I received to the same question in the last two days. I will direct it to the government at large and leave it up to them to determine who ought to answer the question.

On Monday I asked the government if the Saskatchewan Potash Corporation and the Saskatchewan Power Corporation had received a resignation from Al Drummond. I was told that the government knew nothing of such a resignation. I repeated my question on Tuesday, 24 hour later, the government having had 24 hours notice, again if they had received a resignation either in the Potash Corporation or the Power Corporation from an Al Drummond, who is a leasing agent. An hour ago I noticed a report in the Leader-Post confirming that a resignation had been received on Monday when I first asked the question. I repeat my question again, have they received a resignation or have they not?

HON. J.R. MESSER (Minister of Industry & Commerce): — Mr. Speaker, I have before me a letter from Mr. Drummond, informing the Saskatchewan Power Corporation of his resignation. I have also been informed by my staff that it was delivered to my office December 1, last Monday, but it did not come into my possession until a half an hour or an hour after the Orders of the Day yesterday. I sent a message to my staff after the Member for Regina South asked again the question on Tuesday as to whether or not we had received a resignation. They sent down the letter that was delivered via Mr. Drummond or a courier on behalf of Mr. Drummond to my office, but it had not been conveyed to me until I asked whether I had received it shortly after the Orders of the Day yesterday. So the answer to the Member's question is, Yes, we have received a resignation from Mr. Drummond. I want to say to the House that Mr. Drummond was not a permanent employee of the corporation nor did he have a long term contact with the Saskatchewan Power Corporation. Mr. Drummond is the principal of Drummond Mineral Services, Limited, which maintains an office in Regina. The company's business is contract land work, that is acquiring surface and mineral rights on a contract basis. And until recently he has only done a nominal amount of work for the Saskatchewan Power Corporation. His latest assignment has been the acquisition of surface rights in the Many Islands Medicine Hat field. Ten wells were involved, Mr. Speaker.

MR. CAMERON: — Mr. Speaker, on a Point of Order. I have in mind, Mr. Speaker, your ruling of the other day. My simple question was, have you received a resignation? The answer is going far

beyond that question. I rise on that Point of Order to remain to the question and be brief.

MR. SPEAKER: — I am certainly glad that all Members are adhering to brevity of questions and answers and I would ask the Minister to comply as closely as he can.

MR. MESSER: — Speaking to the Point of Order, Mr. Speaker, the Member certainly left the insinuation in the asking of the questions that this was, not necessarily a permanent employee of the corporation but that there was some long term contract in existence n regard to this individual. Let me say that that is not the case. Mr. Drummond over the last year was only hired to do overflow and piece work for the Saskatchewan Power Corporation. He worked in the last two weeks in the month of November. I also want to say that Mr. Drummond was given a deadline of completing the work that I made mention of in the Many Island field, that deadline was December 1. He was unable to deliver the lease at that time. And I say that it would appear that his resignation coincided with the probability of his termination in not being able to live up to the obligations of the contract that he committed himself to.

MR. CAMERON: — A supplementary, Mr. Speaker. May I say in passing that I insinuated no such thing. My question was a very simple straightforward question, had you received a resignation? A supplementary of the Provincial Secretary (Mr. Cowley). Has the Saskatchewan Power Corporation received a similar resignation and if so, when?

HON. MR. COWLEY: — Mr. Speaker, the answer to that question is, Yes. I believe it was received either Monday or Tuesday in my office. As Members opposite have undoubtedly noticed I was not in the House on either of those days. I was attending a Crown Corporation conference. I have a copy of the letter and he has indicated that he does not wish to continue as a consultant for the Potash Corporation.

CABLE TELEVISION LICENCE

MR. THATCHER: — Mr. Speaker, I should like to direct a question to the Minister of Co-operatives and at the same time commend the government. This question pertains to Sask Tel and to a press release that was given some time this morning. I should like to commend the government for having some other Minister other than the Minister in charge make their press releases. It will be refreshing to talk to someone who may have some knowledge of Sask Tel.

I should like to ask the Minister this question, in view of his astonishing statements this morning that Sask Tel has applied for a cable TV licence to the CRTC. How is there any justification for this in view of the funding, the direction and all other efforts that the government has been putting forward to the co-ops throughout this province which they have been encouraging to apply for a licence? In essence, why this competition between the two?

MR. SHILLINGTON: — Mr. Speaker, I'll take that question.

ADVERTISING OF POTASH

MR. W.H. STODALKA (Maple Creek): — I'd like to direct a question to the Provincial Secretary. The provincial Secretary is no doubt aware of the extensive advertising campaign that is presently being carried on in the newspapers in Saskatchewan, "What Makes Potash Different", and the other one we have here, "Head Office - Saskatchewan". This campaign, of course, is being carried not only through the newspapers, but also on the radio network of Saskatchewan. While I think the answer might be obvious, I should like to ask the Minister in charge of Saskatchewan potash, who's paying for this advertising? What is your total budget and what advertising agency is handling the advertising?

HON. MR. COWLEY: — I think the question is an appropriate one and should be placed on the Order Paper. I do not have the detailed information before me. In response to part of the question it's being put out by the province of Saskatchewan and not the Potash Corporation. I think if the Member wants any more extensive information he should place a question on the Order Paper.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Romanow that Bill No. 1 — **An Act respecting the Development of Potash Resources in Saskatchewan** be now read a second time.

MR. E.F.A. MERCHANT (Regina Wascana): — Mr. Speaker, thank you for an opportunity to address myself to the question of the passage of Bill 1. Before I go into my remarks which are lengthy because of the complexity of the Bill and lengthy as well because of the lengthy remarks delivered to us by the Hon. Attorney General, let me say in passing that it is not the position of the opposition to hold anything over the head of the government with regard to the passage of bill 1. Let there be no doubt in the minds of the Press or the House about our position on Bill 1. We believe that Bill is an Act which may be wrong in some ways, may be wrong in principle and I have some specifics and some suggestions for the government, but nonetheless the government has the power to pass that legislation and we will not use the rights and powers of the opposition to unduly delay passage of that Bill.

In short, Mr. Speaker, the passage of Bill 1 is in a different class from the passage of Bill 2, the financing legislation upon which our position is well placed before the House.

Mr. Speaker, I will be making a number of references to the speech of the Attorney General which opened this debate, some reference to the direction in which the court proceedings moved, some references to Section 45 of the Act, Section 45 of course, being what we describe as the colorable attempt of the government to do that which the courts have found to be unconstitutional.

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I said a few days ago that my first reaction on having this Bill presented first in the Speech from the Throne, and my first reaction to the suggestion of this legislation was abhorrence. Abhorrence of a government that will set out to strangle and destroy an industry. We as a province, I suggest, are stealing, grabbing, taking, doing what we would never individually consider doing. The government in the name of the people asks us to go back on our word as a province and as a people asks us essentially to steal the future of the potash industry from the very companies that made that future possible.

I won't press the comparison unduly but I can well imagine a Germany, for instance, deciding, properly so, as I understand their historical background, that if they did not destroy the international moneyed interests of the Jewish community that they would not be able to mold the potential nationalism of their country. For the good of the people they made a decision to attack their moneyed interests. Though I would be just as happy not to read in tomorrow's paper that I have likened the Saskatchewan takeover to Hitler's Germany because I don't press that comparison, I do suggest that when I listen to Members opposite talking about international corporations and hear even the calmest among them spitting out those words with hatred, I start to understand how the Blakeney government has justified in its own mind destroying the oil industry in the resource field and now stealing the potential of the potash industry as well.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — All of this we are told is justified because the Legislature is acting for the good of the people and who amongst us would not seek to act for the best interests of the people of this province? I suggest to you that more evil has been visited upon the world in the name of good than in the name of bad. The so-called good of the people is no justification for forgetting the basic precepts of honesty that we all feel as individuals and no justification for going back on the word given by our government from time to time.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Periodically it is suggested to me that running a country according to Christian principles is an inefficient and unsuccessful way to run a country. I have always responded that running a country according to Christian principles has never been tried. Certainly this Act is not in accordance with the Christian principles of making good on your word and dealing fairly with the people who have tried to deal fairly with you.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — I was quoted in the Leader-Post the other day as saying that I wouldn't trust the Potash Company of America any further than I could throw them, but that would not justify my dealing with them in a dishonest and deceitful way. Two wrongs don't make a right and as a Member of this Legislature in some ways I resent being called upon to do, as a part of this House, things which I would never consider doing and, I suggest, Members opposite would not consider doing as individuals.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — It's lying and it's the same problem that any liar faces, one mistake leads to the next until the final mistake. Bill 2 was tabled in this House and will be jammed down the throats of the people of Saskatchewan and Bill 1, I suggest is a Bill which does in a deceitful way, what this government should not be doing.

Mr. Speaker, let's go back to what the Hon. Attorney General described as the flexible approach of the government for the resource industries and the flexible approach for potash, flexibility like the steel of Madame la Guillotine, but flexibility out of his mouth.

He says it is beyond dispute, and I quote:

That this Government has been challenged at every course by the potash industry.

We on our side kept wondering why the potash industry continued to lick the boots of their executioner. "Just a little more extra taxes," by which the Attorney General meant a 400 per cent increase in one year.

"Not reasonable to our condition," he says and was upset because they had suspended their expansions, upset with an industry that was making two and three and four and five per cent on their money and weren't prepared to invest any more money in this NDP corporate haven.

The NDP and, I suggest, the Attorney General are spending too much time chatting with the school teachers on their side of the House and perhaps the Attorney General is spending that time with the school teachers has thought that his point by point dissertation on the legislation would go unchallenged. I suggest that the gaps in his point by point dissertation were almost more meaningful than the substance.

The picture is painted of a government in frustration and stuck with an industry that suddenly without notice refused to co-operate in its own slaughter. "Just a little more extra taxes" as the Attorney General said in his redundant way.

Allan Blakeney was shocked we were told. I can imagine the Premier sitting at his desk with a root beer in his hand one morning in October or November of 1974, the potash industry long since at the wall, blindfolded, listening to the rifles cracking and then the industry started to respond and he was shocked. The industry couldn't survive with the tax load, now they wouldn't approach, we are told. The Attorney General implies that the NDP were almost caught off their guard by the objections of an industry to the NDP conversion of controls legislation, prorating into the massive taxing bill that it became in 1974.

If we believe the Attorney General the industry gave no notice to this government of their objections and the objections after the election came as a bombshell. If we believe the Attorney General the litigation after the election was a great shock.

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I say this government knew and kept their intentions from the people of Saskatchewan for almost a year until the election was completed.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — I believe the Premier decided to cool it and then spring the legislation on the people just as he has.

If the Blakeney government didn't know in the fall of 1974 that the potash industry had been pushed to the wall and would go no further, then they were the only people in North American who didn't know.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — The Financial Post knew in June of 1974. They reported that the industry was shocked at the suggestion of a quadrupled tax rate at the April 29, 1974 meeting. That the industry had intended to double their production, says the Financial Post, but they were forced to suspend all plans for the proposals to double their production because they found that, first, the government intended to set up its own marketing agency to compete with the very industries that the government had encouraged to come in many years ago.

The imposed tax load would have meant that the strongest companies in the strongest position were paying 79 to 80 per cent of their return to the province of Saskatchewan and for the weakest 87.6 per cent of their return would have been going to provincial taxation.

Do Hon. Member recall in the dissertation of the Attorney General that complete picture he spun for us, mention of the marketing agency or the response of the industry during the summer of 1974, or mention that the Press was filled with the response of the industry, if the government didn't know on their own. The NDP Government of Saskatchewan was shocked we were told, when after the election it became apparent that the industry no longer proposed to assist in the imminent destruction of their operations in Saskatchewan. We had a picture painted to us which implied that only because the NDP was re-elected did the industry then react. I suggest that that is utter hogwash and the Attorney General knows it.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Through June, July and particularly October our newspapers in this province were filled with the story of the confrontation between the industry and the government. Confrontation which the Minister described as a new proposal for the potash industry presented to the industry at their April 29, 1974 meeting.

A new proposal for the potash industry. It has a curious lilt, a curious title, I suggest, when what the government really meant was that they would take all of the benefits from the potash industry, from the investors in those potash companies, from the people who had taken the risks and had come into

Saskatchewan when it didn't look that rosy, from the people who had come into the province at the pleadings of Tommy Douglas and Clarence Fines, from the people who had come into this province with the absolute guarantee of Tommy Douglas that they would be protected until 1981, a guarantee I hasten to mention, given when the current Premier of this province was a member of the Tommy Douglas Cabinet. The NDP proposed now, to take all of the benefits of the industry from those same people who had come to Saskatchewan and given jobs and employment and industry and an expended tax base, both to the municipalities and to the province. Those people were not told that all of the benefits of their investment and all of the potential for growth would be stolen by an NDP government.

Not stolen by an Allan Blakeney for himself, not stolen by a man, who I suggest, wouldn't walk out of the Premier's office with a \$10 pen set that belonged to the Government of Saskatchewan, not stolen by a man or a government, not stolen by people who are personally immoral, but stolen by people who are prepared to do immoral things and ask this House to do immoral things because somehow you believe that acting against the international companies is in some way justified.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — That action was opposed by the Liberal Party of Canada, said the Attorney General in referring to the non-deductibility provisions of the federal budget. He fails to mention that the budget precipitated an election, that that was the budget upon which an election was fought and that that was the budget upon which the Liberals were re-elected with a majority government.

He didn't mention that when the NDP government of this province brought in the potash reserves tax they didn't even bother to consult with Ottawa. Made that sound as though they were taken aback by the government action.

The Star-Phoenix in articles of October, 1974 has some enlightening commentary that wasn't included in the fourteen point package presented by the Attorney General. The Star-Phoenix reports Otto Lang saying that the federal Cabinet read about the province's potash policy and the tax measures just like everyone else in Ottawa, in the newspapers.

Dirty rotten Liberals, first they announce what their budget is going to contain, then they get defeated in the House over the budget, then they fight an election over it, then they bring their budget back six months later and then when the Government of Saskatchewan passes its proposals unannounced to Ottawa, the dirty rotten Liberals don't back off with their legislation. Five days before the Government of Saskatchewan brought in the potash reserve tax, and this is the nicest part of the omissions by the Attorney General, John Turner, the Minister of Finance came to Saskatchewan and spent three solid hours meeting with the Minister of Finance, then Wes Robbins, and the Minister of Natural Resources (Elwood Cowley), to talk about taxation of resources, and there wasn't a single word mentioned about the potash reserves tax, Mr. Cowley. John Turner read about it in the newspapers like everyone else later. MR. Turner in his quiet quest for the leadership of some political party anywhere said of this form of negotiations that he, and I quote:

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Quite rightly considered it a rather unhappy form of consultation.

The thoughts of the Minister of Regional Expansion, Don Jamieson, came a little closer to my view of the honesty of the Government of Saskatchewan in those negotiations. He said:

If the situation was reversed there would have been hell to pay on the part of the provincial people who would have said what a scandalous thing for the federal government to do. They had us down here in Ottawa and sent us home without telling us anything about what they had obviously decided upon.

That little bit of information didn't quite creep into the Attorney General's speech. Then the lines were set. Potash companies, they knew that the Government of Saskatchewan was intent on destroying them and the lines were set between the federal government and the province of Saskatchewan.

Then we have that tantalizing argument about confidential information. Would, for instance, a company faced with a corporate raid be expected by anyone to pass all of their confidential information and financial reports to their corporate enemies? I am sure, for instance, that the Premier would have no hesitation about giving me copies of the NDP membership list of detailed financial breakdowns of the operation of Service Printing. That's the kind of situation that the potash company faced with their executioner saying, oh, incidentally would you mind giving us detailed financial reports. We don't believe them when we finally get them but we would appreciate them

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Of course, we know now how the government responds when they do get the information. Central Canada gave detailed financial reports and the government indicates they don't believe them. The Attorney General went even one step further the other day. He said, even if we had gotten the financial reports they would have suspected them because they think somehow it is possible to manipulate those reports, that the multinational companies don't file true financial reports, presumably implying there is nobody in the employ or available to the Government of Saskatchewan that can read the financial report of a multinational company. No confidence in the public servants who are supposed to read the reports so why should those companies have parted with their confidential information, when they knew or were told that the government was going into the industry and if not going into the industry they might have suspected that the government was going to take the action that they have taken now. Of course, the government had no confidence in independent auditors either. They didn't need to see the books, Mr. Speaker, because they were looking for a way to attack this industry, regardless.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — If that is their story, they're wrong, but don't let them come before this House and misrepresent their motives or the attack. Don't let them misrepresent that they didn't clearly intend to take this step. Don't let them tell me or

other Members of this House that they weren't planning this move in October and November and April and May when they cooled the dialogue so that it wouldn't come up in that election. Don't try, Mr. Attorney General, to make us believe that you didn't cool the potash debate so that you wouldn't tip your hand to the people of Saskatchewan. Don't try and make us believe that you are not moving as quickly as you can now hoping that four years hence the people of Saskatchewan will forget this not malevolent act of the province of Saskatchewan, or hope that you can cover it with a few social welfare bandages or a hospital here or a labour giveaway there.

"Put is in the corner," said the Attorney General. We asked for the information and I quote: "With assurance of confidentiality." That would have been like Churchill phoning up Hitler and asking for his production figures on tanks and saying it will never leave my office. "With assurance of strict confidentiality." If it came down to a requirement of the Government of Saskatchewan to get those records from the potash companies, if we really were told the truth about the reason for his legislation, if that really was the reason that this government took this act, we have fools indeed running the Government of Saskatchewan and the people should impeach you. Because if the Attorney General is correct in suggesting that that is the reason for this legislation, then I suggest you are using no atomic bomb to swat a flea. The biggest risk in the history of Saskatchewan and in taking that risk you would have us believe to get some information from potash companies, taking that risk when you could quite easily have gone in under your taxing provisions to get that very information. And that is the reason that the government justifies or the reason presented to us to justify the government launching Saskatchewan into this fantastic gamble.

It is planned and it is specific and it is part of the piece that is driving private enterprise out of lumber, timber, out of oil, that has the expanding tentacles of this government in every facet of our life, and to suggest that the whole purpose of this legislation was to get information from companies is either a ludicrous joke or an insult to the intelligence of the people of Saskatchewan. Pick up the phone and call John Richards, Mr. Attorney General, tell him you were wrong all along, that you really wanted him back but you couldn't let him in on the secret. That what this government really wants is the complete socialization of this province. He would make a great addition to your side of the House.

I began by hoping that somehow this was a stupid, giant power play by a government trying to bully an already very frightened industry. Now I am afraid to say it's not. The Attorney General to a lesser extent than the Premier has impliedly said that the resort to the courts was part of the reason that this Act was brought in. To a lesser extent, I suggest, because he is the Attorney General and I am surprised to hear a lawyer stand in this House and suggest that resort to the courts was an improper thing by any company or any citizen, be it corporate or not. Never let it be forgotten, Mr. Attorney General, that we all have the right to challenge legislation.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Of course, unique in Saskatchewan our laws say that

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if an unconstitutional dictate of a government is overturned the province has no duty to return the money taken unlawfully. Unique to Canada and this government is riding that unique provision right into the ground. Of course, the Minister of Mineral Resources didn't quite have the same position and we didn't hear this in the 14 points. He said on CBC radio that they would voluntarily return the money. He said that on CBC radio. He was quoted on CBC. A few days later he was corrected by the Premier. Clearly the challenge of the courts was of great significance to Allan Blakeney.

Now, Mr. Speaker, that concludes my thoughts about the remarks of the Attorney General in opening debate on this Bill.

MR. SNYDER: — Oh, we're just enjoying it.

MR. MERCHANT: — I am delighted that you are enjoying it because there is more.

There are two small matters and that I should like to discuss before moving away from the half truths of the Minister. If you leave too much out it becomes a half truth and these brief suggestions related to my second reaction to this expropriation. I had a third reaction but my second was sombre with reference to the future of Saskatchewan. It is ludicrous to suggest that, even if we had thought it were possible as the Attorney General has inferred in other debates that we would be selling back the potash industry. Nationalization and expropriation is irreversible. We know that and we, just as you, want the best for the future of Saskatchewan though we may have different aims and different vehicles to get there.

My second reaction is a concern that if you want to take this great risk then I hope that for the future of the province and I hope as a citizen of this province that you handle yourselves well. I hope you are successful in the venture. I encourage you not to proceed but if you feel you must, if you choose to go ahead, and I suspect that you are politically committed not even if you may not believe that you have made some error. If you choose to go ahead I hope you proceed with care and I hope that it meets with success.

At another time I will be suggesting to the House as will my colleagues that we deserve to see the bottom line. We deserve to know the cost, the people deserve to know the cost that will ultimately be involved in this project. But assuming that that information is forthcoming then you will be proceeding and I hope that if the government chooses to proceed in a foolhardy manner that at least they meet with good fortune. In that regard, Mr. Speaker, I most strenuously suggest that the government make the Saskatchewan potash bonds and use them for wall paper in Elwood Cowley's office or for decoration at the next NDP convention. I suggest for the good of the Premier don't float them on the market.

The legislation permits expropriation with the payment of a good portion in Saskatchewan potash bonds. I'm not suggesting that they may not be a good investment but I think it is important that the Ministers consider well the effect of putting bonds into the hands of entrepreneurs who don't want them. Let's suppose for instance, that you palm off \$150 million worth of bonds on IMC. They don't want them. They are going to convert

them to cash somehow and you well know that there is no way to control that conversion. What if Sask Power had \$120 million financing coming on stream two weeks ahead of that. IMC, and that is the international company, not IMCC of Canada, either though some notice or for whatever reason decided to float their bonds, then you couldn't float your financing and I hope that the government bears that in mind. There is a major difference between putting \$150 million worth of bonds into the hands of Morgan's Trust or the Teamster's Pension Fund, which is perhaps more likely for you people, or City Bank, it is more likely that those kinds of borrowers taking the money and wanting to invest the money would hold the bonds to term. If you take a large placement of those bonds and palm them off on companies in the industry, then you are taking away any ability of government in the future to plan the way this province can do its financing and I hope that you are very careful in that regard.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Now, Mr. Speaker, I don't want to sound like a dog with a bone, but particularly because of the comments of the Attorney General I have to come back to unsecured creditors. Unless the legal practice of the Hon. Attorney General has changed dramatically after the time that I left his office, he tended to act for small businessmen, if businessmen at all. And if the Member has forgotten everything that he taught me when I worked for him then I suggest he listen to some obvious facts about the problems unsecured creditors will face. It is so ludicrous to suggest that an unsecured creditor will be in no worse position after an expropriation than before that it is almost silly to take the time of this House to discuss it.

Take, for instance, the International Mineral Corporation of Canada in Esterhazy. If you expropriate them, fortunately they have another small holding in Ontario. The result would be that if someone at a service station had \$2,000 or \$1,900, \$3,000 coming to them, an Esterhazy service station, and the expropriation takes place in Saskatchewan, the secured creditors would be paid off but all of the money will go back out of this province and the service station operator will be faced with commencing litigation in Ontario, if the company doesn't voluntarily pay. You keep telling us what dishonest, rotten people these international companies are. I am surprised that you are prepared to put your faith in them to pay off the thousands of small unsecured creditors that you purport to represent. The example of IMCC is even worse when you look at the examples of some other companies. Most companies don't have other Canadian HOLDINGS; if Sylvite, for instance, is expropriated or some of the companies around Saskatoon, the unsecured creditor with a \$4,000 tire account might well find himself faced with suing the parent company in New York state or Pennsylvania, two of the states where many of the companies are registered, or suing perhaps in New Mexico. If what the Attorney General suggests is that the unsecured creditor will be no worse off then he was before the expropriation it means he can still sue and the Attorney General then fails to mention where he can sue, then I suggest that the government is misrepresenting the effect that expropriation will have on the small creditors of these potash industries.

As I understand it from the Parsons and Whittemore situation when you cancelled the pulp mill, those creditors were eventually paid off but they were paid off after a very, very lengthy delay

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and as you well know there were complaints to Members. I am sure that the existence of a second subsidiary company by Parsons and Whittemore in this province so that they wanted to maintain a good name had something to do with their choice to pay off those unsecured creditors. That will not be the case after you have expropriated a potash company in Saskatchewan. Now I can understand why the government does not want to become involved with unsecured creditors. They can't be bothered. There are so many of them but I say you are wrong not to be bothered, wrong not to help those small businessmen.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — I move now, Mr. Speaker, to Section 45, the nub and substance of Bill 1. I will come back to whether the arbitrator is going to accept the assumption of the government that an earnings basis is the basis upon which compensation should be awarded. But let us, for the purposes of my next remarks, assume that the government is right in suggesting that the earnings basis is the means by which compensation should be decided. Certainly Section 45 is premised on the assumption that the earnings basis will be accepted. Section 45 of The Potash Development Act is a proposed clever way to avoid the constitutional problems with which the government is faced, and that Section is crucial to making this expropriation work.

The same court that has just struck down the potash reserve tax will be asked to presume that that tax is valid. Oh, certainly, the men will be wearing different hats, once they were Queen's Bench judges sitting with their gowns on in the courtroom and the next and the next time the court is a Queen's Bench judge as an arbitrator, but the same court will be asked to presume that which they did last month is wrong and that the tax is valid. A colorable attempt I suggest to do by the side door what the court said was wrong through the front.

The province says that they will pay the going concern price provided that through this device, this colorable attempt the government can include in the calculations the very tax that's struck down by the court.

Let me begin by saying "good luck, Mr. Attorney General".

Section 45 sets up a mythical taxing system. That taxing system, as imposed by the Section, assumes that the potash reserves tax is a valid provincial tax, which of course it isn't, and the arbitration board will be asked to assume a tax payment to the provincial government on the basis of a taxing structure which is under attack for constitutional reasons.

Section 45(5)(b) in fairness, and I think the Attorney General used the word 'fairness' 78 times in a three hour address, but in fairness . . .

MR. ROMANOW: — In the spirit of non-partisan!

MR. MERCHANT: — Well I so much appreciated your giving me leave time that I didn't want to blow it.

Section 45(b)(b) in fairness, gives back a part of what 45(5)(a) takes away. (b) says that the Canadian Government should accept the royalty rate of the provincial government as a legitimate deduction from profits. That's fair. But it doesn't make Section 45 fair. All that (b) of 45 does is give back the small portion of the massive tax assumed to be properly enforceable because of 45(a), namely, the 80 to 87 per cent in taxes to which I referred earlier.

Section 45(5) says to an arbitration board, assume a mythical tax rate. The tax situation has never existed in that form in the history of the potash industry. Sometimes it has been worse, sometimes it has been better, but 45(5) has never existed. 45(5) asks the arbitration board to accept what the provincial government thinks the tax should have been, that is, a full tax load to the province and exemptions on those royalties from the federal government. 45(5) asks the arbitration board to assume that things would have operated in a manner which has never existed but would have existed if the federal budget hadn't changed the law in their budget. 45(5) creates an ideal tax model as perceived by Allan Blakeney. We take a massive swipe with (a) and we give back a little with (b).

This Bill is really little more than a continuation of the fight, the federal-provincial fight into which the provincial government entered a year or so ago. Allan Blakeney comes along and says — 'I'll have the last word. I'll pass my own Bill' and 'I'll declare that the taxes are the way they should have been if it weren't for the federal government'.

AN HON. MEMBER: — And the courts!

MR. MERCHANT: — . . . and the courts.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — I said that it's fair in parts, and I'm saying that it's a mythical tax base that has never existed in history. As I said before, good luck in getting the very courts that struck down 45(a) to now approve it in a different guise. High provincial royalties with full deductibility. 45(5) says assume the law is such and such, notwithstanding the fact that it isn't and it never has been.

Let me digress for a moment. Can the federal government allow full deductibility as the province of Saskatchewan has been proposing since 1974? We got a special tax deal on natural gas because it was a part of Sask Power and the tax return were not great so the Government of Canada batted its eyes to ignore that special tax deal. Now, it is attempted to extend that special tax deal into potash. If the provincial government through a reserves tax could cut out the federal government then obviously every provincial government would impose massive reserves tax and the existence of a national tax base would be destroyed. Carry that one step forward, and assume that the government, through expropriation, in avoiding federal tax, can bring all of the benefits of that particular industry to the province of Saskatchewan. That's what you want and that's something that I, as a person in Saskatchewan, want too, and approve of, but it can't work and I say that to you as a person of Canada.

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Clearly, I suggest, that if this were allowed to stand, every province could be compelled to act. The Provincial Government of British Columbia would have to expropriate the timber industry, the Government of Alberta would have to move against the oil industry; the Government of Quebec would have to expropriate the timber industry, the asbestos industry and perhaps manufacturing there; Ontario would move against tin and copper, as would Newfoundland. Every province would have to move if this legislation were allowed to stand and this set-up resource were then not taxable by the federal government. The whole country would break down into little islands of expropriated government-run industries, solely, if for no other reason, than to avoid federal tax, be those NDP Government of Saskatchewan or as in Ontario - Conservative, or Liberal in Quebec.

Can there be any doubt about the fact that the federal government, for the good of all of us, particularly Saskatchewan, which has benefited so much from a strong national government, would have to act. We are a province that depends upon a strong national government, and we always have, and we, as a province, have always encouraged and supported a centralist government particularly in the days of Tommy Douglas, with one exception, and those were the years of the late Premier W. Ross Thatcher. And yet the Blakeney government now tries to put a nail in the coffin of a strong national government knowing full well that Ottawa will have to act and that in acting Ottawa will be doing the best thing for the nation as a whole.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — The Attorney General mentioned that the provincial royalties payable to the Crown were singled out as it were, as were no others indeed, he said, as royalties which were not deductible before the payment of federal income tax by the federal fall budget. Besides the differences in levels of almost six to seven times the kind of royalty rate which you see in private enterprise, four, five, eight, 12 per cent. The key distinction, of course, was that the provincial royalties are imposed, while royalties between businessmen are legitimate arms-length royalties, upon which tax is paid by a receiving company. It's so simple. If I pass on an oil company to the Member for Regina South with a five per cent royalty, I will pay my fair tax load on the five per cent which I receive. Tax is paid, it's one of the principles of taxation that tax must be paid in somebody's hands. If the provincial government could impose royalties, unlike private enterprise, no tax would be paid. The provincial government would end up avoiding payment of that tax to the federal government completely.

An even more basic distinction and can there be any doubt about the obvious fact that the so-called royalties weren't royalties at all, but taxes. And again, an example of a government proceeding by a colorable attempt to do one thing using words that mean another. Attempting to . . .

MR. ROMANOW: — . . . The Liberal Government.

MR. MERCHANT: — My problem is when the Member speaks to me I get half, and not all. It's that I'm so far back.

MR. ROMANOW: — I will repeat it in my rebuttal.

MR. MERCHANT: — The government was attempting to cut off the tax-base of the federal government. They could have called these royalties. They could have called these royalties. They could have called them fees, or licenses, or compensation for saying the rosary on Sunday. They could have called them anything they liked, but what they still amounted to was a tax by the provincial government designed to cut the federal government out of its fair tax share.

That was a colorable attempt and not a very good one to squeeze the federal government out of the taxing pie in the resource industries, and of course, the federal government had to act.

The May 6 budget of 1974 was in the best interests of the people of Canada. It may not have been in the best short-term interests of the people of Saskatchewan, but I suggest that in the long-term interests of the people of Saskatchewan I, with people like Tommy Douglas, say that a strong national government is important to this province.

I mentioned that was a digression from a discussion of 45(5), but it's not far from the mark, because my understanding of 45(5) has to look in passing of the constitutional effects of this legislation.

I mentioned that a crucial question for the courts will be to decide whether this provision has any greater constitutional validity than the laws which it tries to cover. How can the province by an trick or sham do something beyond its powers? That will really be the question. The words by which our laws describe what this legislation enacts, I suggest are beyond the constitutional powers of the province.

How will the arbitration board react? Of course, the basic principles of law apply to the arbitration board. They, of course, include the precept that the arbitration board must follow the law. It would clearly be wrong for an arbitration board, I suggest, to apply a law which at the time of their arbitration has been found to be ultra vires. Can a Legislature impose on an arbitration board the duty to ignore the law as it exists as the time of their hearing? Can a Legislature use their power through a sham to ignore a decision of the courts? That's the question.

They couldn't legislate an end to the decision of Mr. Justice Disberry to throw out that decision because the decision challenges their right to act in that area. For instance, by example of what the government could do, the government could pass a law to take back from Fred Mendel \$5 or \$6 million to even the score. Now that would be constitutional, and the courts wouldn't be able to set that aside. Or, we have before us now legislation which is proper legislation as it now stands in the right of trespass. But unlike American jurisdictions in passing laws we are not controlled in this Legislature or Parliament in Ottawa is not controlled in passing improper or immoral laws, but they may not pass laws which are ultra vires the province. And I don't believe that legislation can do, through a sham, something which is ultra vires.

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The argument in defence of 45(5) will be that this incorporates a value by reference. Write that down Roy - value by reference. If the government had chosen to say to the arbitrators, assume that 85 per cent of the return of the potash industry is to go in taxes to the provincial government then I am satisfied beyond any doubt that that would have been *intra vires* this province. That legislation would have stood up, and they could have directed the arbitrators to assume an 85 per cent tax rate. A nice even tax rate of what the tax rate really is on the industry. Why didn't they do that? Because they don't want to have to admit to the people of Saskatchewan that that's what they've been taking from the potash industry.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — They don't want to have to stand up as a government and say we've been stealing off of the fruits of that corporate labour; we've been taking all of the profits of that investment and that management and that know-how. The government wouldn't pass the legislation because they were reluctant for political reasons to expose themselves to the province in their plan to steal the industry for an inordinately low price. They say instead, the potash companies say it's 79 to 87.6 per cent, but that's not really true and we don't believe their financial returns. Now the people will never know, they'll never know how the arbitration board came to its conclusion so they can go on forever with their holier than thou approach saying we didn't steal the potash industry, and we weren't gouging by the reserves legislation. We weren't taking virtually the entire return from the industry.

Beyond any doubt the government must have believed that they were going to lose the court case over the potash reserves legislation and that is the reason for this colorable attempt in the expropriation legislation, the colorable attempt of 45(5). They are prepared for the political game of not having to expose themselves to the people as having taken 85 per cent. They're prepared for the political gain of avoiding that exposure to risk their whole bill going down in the courts.

45(1) and 45(2) talk about the fair market value of the assets expropriation. That sounds fair. But when you look at the definition of 'assets' one really starts to wonder about the massive fairness of the legislation that was described to us. Good will is missing in that definition of assets. I don't know how many Members from time to time have bought a business or seen an agreement. I am sure that none of the Members opposite have ever had anything to do with buying or selling a business but Members on this side of the House well know that 'good will' is a word that always appears in the definition of assets. It means a great number of things these words 'good will'. It is a very significant pair of words in the sale of a business. It is so common in lawyers' jargon and in lawyers' definitions of assets that I find it hard to believe that good will was forgotten. I am driven to inquire whether the words 'good will' were excluded from the definition of assets by intent. That is a matter that I look to the Attorney General to answer because I suggest that if those words are left out that it will be a manoeuvring tool in negotiating with potash companies to suggest that they will get less than the words 'fair market value' have implied to the people. That could be yet another tool for the government to negotiate to give them less than a fair market value for the business.

It is one thing in Section 45(1) and 45(2) to keep talking about fair market value. It is another to exclude those very crucial words which mean so much in the sale of a business. 'Good will' includes the amount of money in buying a business as a going concern for his reputation, for markets, for contracts, some of those things are covered in the Act. It is all of the things which convert that little share on the corner of 11th and Rose that sells salami, lettuce, and tomatoes into a submarine shop with a national tradition, with a national reputation where many people go to buy, what one of my friends describes as 'overpriced rabbit food'. Eminently fair says the Attorney General, eminently fair to whom?

Mr. Speaker, let me tell you of my third reaction to this Bill and my last. I started to wonder whether it is a bad deal because it lets the potash industry off the hook. I told you that I consider the actions of the government to date to be immoral in some ways, actions done by a government in the name of the people that they would not have done individually but having taken action, having hung the potash industry on a hook where they were earning two, three, four and five per cent on their money, why are you letting them off? Section 45(b) will mean for certain that for purposes of letting them off the hook, their earnings, not their real earnings because 45(b) doesn't exist, but their earnings for the purposes of valuation the negotiation will go up to eight, nine, ten or 11 per cent. I am told that running 45(a) and (b) down into knowing what it means to the particular company is a very complex matter. But we do know that it will markedly improve the financial appearance for the purposes of the takeover.

The government is now going to buy these operations and the government will pay for these operations with money upon which the interest rate will be ten or 11 per cent. In essence I believe we are letting the potash industry off the hook and putting the province of Saskatchewan on.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — The answer of this government to that argument - and they face that argument from the left within their own party - is that we will make up in this province for those losses through the massive expansion of the industry. Now if that is the case, and we have talked a lot about financing, if that is the reason that this isn't a bad deal because of the massive expansion, surely under Bill 2 we are entitled to know what you think the expansion is going to cost. Buying this industry for fair market value and that is what the Act says, at fair market value, (what it is really worth) two to three billion dollars. I would be very interested in knowing what doubling the production will cost, presumably it will cost half as much again.

Before the potash reserves tax came out, the industry had announced plans for an approximate doubling of Saskatchewan production. I say we are entitled to know where you are going to get the money for that expansion as well.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Mr. Speaker, it may be a bad deal to let the potash companies off the hook through the earnings approach alone, but

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it will certainly be a bad deal if the earnings approach valuation is not accepted by the arbitrators. I said an hour ago that I would come back to that question, that my discussion of Section 45 would assume the Attorney General was right in saying that the earnings approach would be accepted. The government in fairness has given to the arbitrators under Section 45 an absolutely free hand, the arbitrators are to look at a fair market value of the assets, excluding good will which will then be for a fair market value which would have been paid on the open market by a willing seller to a willing buyer.

If that is fair, it is also very open. It may well expose the government to a very different valuation and again I ask will the government be getting a good deal? The basic principles with which the arbitration board will be face include the rule that they must follow the law. It may not be the decision of the arbitration board that the earnings approach is the best way to value the mines. Members on this side who have business dealings know that sometimes the earnings approach is the right approach, and sometimes it is very much the wrong way to value an investment. The arbitration board have an unfettered discretion, it is fair, but it could be costly for this province.

The arbitrators may look at the cost basis. The arbitrators may look at the earnings basis, they may look at the replacement basis, minus depreciation. Of course the cost basis would be at great advantage to the government. But the third kind of way that the willing buyers buy from willing sellers, the third way of valuation is replacement minus depreciation.

As an example of the replacement minus depreciation rule, let us for instance consider a mine that cost \$100 million ten years ago and has been depreciated by 25 per cent, \$25 million but it is worth \$300 million now. The Attorney General in suggesting to us that no one would consider that kind of evaluation and then take the \$25 million off the \$300 million neglected to mention that accountants have kept up with the way inflation operates. No one would suggest that fair market value is \$300 million minus \$25 million. But accountants in keeping up with inflation in what they call inflation accounting would say, you take the \$100 million and it has been depreciated by 25 per cent. You now look at the new value, \$300 million and you take 25 per cent off the \$300 million and that might well give them a value of \$225 million. That replacement figure basis minus depreciation is a figure that is mooted in those arbitrations and if that figure is accepted as it may well be and could be accepted with equal justification with the earnings basis, then the province of Saskatchewan could have made very bad deals indeed.

That is a relevant figure and I suggest the arbitration board will well consider that kind of figure.

In any valuation system other than the earnings approach, this will be a very bad deal and in the earnings approach I am concerned that it is a bad deal. I fear that the government may be thinking that they can connect a bad deal into a good deal by sticking it to the federal government. The government seems to assume from what I have read in the Press that they can avoid paying the federal taxes. I am not sure whether you can avoid it or not. But it is a bad deal if we don't stick it to the federal government and that concerns me very greatly.

Mr. Romanow says that a federal tax on Crown corporations would not be constitutional. Interesting with all due respect for a man that I like and for whom I have respect but that is the same Attorney General who assured the Premier that the potash reserves tax was constitutional.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — He now says this legislation is constitutional. If the government is placing its judgment on the constitutional abilities of the Hon. Attorney General I hope they are not jumping from a frying pan into the fire. I hope that they don't believe it to be a good deal on the assumption that they can stick it to the federal government.

One federal Cabinet Minister of acquaintance says they will definitely tax the Saskatchewan Crown corporations if not do more. That more could be disallowance, could be disallowance because this legislation carries the potential for the destruction of Canada as a country by the destruction of the national tax basis. Will we, when you decide whether this is a good deal, be able to keep our markets?

MR. ROMANOW: — I'd like to see the federal government disallow this Bill.

MR. MERCHANT: — You would like to see that would you?

That is exactly what this legislation does. You know, you have to know, it invites disallowance and you well know it. You well know that it destroys the national tax base. You know that it invites other provinces to follow suit.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Mr. Speaker, I was discussing whether this is a good deal or a bad deal. All that I have presented to the government are a number of considerations that concern me and if they don't concern the government, I am concerned for them. Will we be able to keep our markets?

I listened the other day to the president of Sylvite and he said that as far as keeping the markets from his company he was sure that the government would be able to keep the markets. He said that they have about 2,000 customers and the smallest is a box car, and the largest is a massive and he said that if people need potash they'll buy even from Roy Romanow. He was sure that the Sylvite markets would be kept.

On the other hand, there are companies which have absolutely captive markets and they will take their markets with them. They will take the \$300 million or whatever they receive from the Government of Saskatchewan. They'll put it on a down payment I fear on a massive new industry elsewhere to compete with the potash industry here. Holding markets is going to be a mixed bag, but arming the potash companies with the money to invest elsewhere will not be a mixed bag; it will be all bad.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — One of the most important areas that I should like to deal with in the question of whether it is a good deal, is the assumption by the government that they think that the arbitration boards are going to ignore potential. You see when you discuss potential, the question of Section 45(5) becomes inconsequential because in the potential argument the law stands as of now that the potash reserves tax is unconstitutional. Regardless of whether the arbitration board accepts the earnings approach or whether they don't regardless of whether they accept the colorable attempt in Section 45(5) or whether they don't, surely they will then go on to look at the potential of the industry. In looking at the potential they have to look at the law as it now speaks.

The law as it now stands states that the potash reserves tax is unconstitutional. Look at IMC for instance. If they accept Section 45(5) as it now stands, they will assess the earnings of IMC on the basis of a valid potash reserves tax and perhaps those earnings would be \$40 million, I don't know. So they then say \$40 million in earnings is worth a payout of \$400 million, again I don't know. These are, for instance, specifics. But then just as George Taylor is trying to grab the court room door and hurry back for his report, the judge will say, now just a minute, what about potential and over potential and those questions the law as it now speaks says that the potash reserves tax is unconstitutional. The arbitrator will be faced with IMC for instance, suggesting and proving to them that they had an expansion ready to go in 1974. They had an expansion ready to go that wasn't going to cost them any \$400 million, \$40 or \$50 million but that was going to double their production. On that potential question surely the arbitrator will then say, isn't that interesting. For another \$40 or \$50 million the company, IMC would have doubled their production and on that extra production there is no potash reserves tax or on that extra production they might have made \$80, \$90 or \$100 million. Now surely that potential is worth some money. I can't believe that the arbitrators armed, encouraged and compelled to try to be fair, aren't going to look at potential.

The cost minus depreciation feeds into it some consideration of potential. But if the earnings approach is accepted, certainly that is a question that will come up. You know potential cuts both ways. The government in one breath keeps telling us that potential in the industry is massive, that production levels will last 1,079 years, we are on a sea of potash, surely that potential is worth some money and it will be considered by the arbitration board and a very high value indeed may be placed upon it.

Let's look at what the government could have done. We know what they are proposing to do. What if the government had backed off to the tax level that the industry proposed. I frankly believe that the 50 per cent tax level was an opening position by the potash industries and maybe you could have held them at 60 or 65, maybe they would have expanded at 55, but take the 50 per cent tax level. In approximate terms with the potash reserves tax and the income tax of about \$80 million per year would have been generated at a 50 per cent tax level. \$140 million a year is generated at the 80 per cent tax level. The expansion by the industry, the expansion that was cancelled after the April 29, 1974 bombshell, that expansion was an offer in one year, basically, to double their production, and that doubling of

production at a 50 per cent tax base would have resulted in greater profit to the province than the \$140 million that they now move to cut off. That doubling would have brought the profit into the \$160 million range.

I believe that the industry might well have been persuaded to look at something in the four times production level, in the near term. We then would have been looking in the province of Saskatchewan to the potash industry paying 30 or 35 per cent of our tax requirements but instead we have thrown that away and we are going to go it on our own to risk everything on our own as a government with the people's money.

Four times the production level would have cut back our supply of proven reserves to about 350 years.

The industry employs three thousand people. Those people by and large will continue to be employed in the industry. But the employment level would have risen in the past couple of years if the government had not taken its dog-in-the-manger attitude. And that expansion would have been with moneys not from the province, so that it would not be necessary in coming decades to restrict the borrowing potential of this province, and secondly, we would have done it without delivering to potential investors the biggest slap to the investing public in Canadian history.

I believe this affront to investment will dry up whatever potential for investment this province has under the NDP and until this government is defeated we will be limited in Saskatchewan only to government expansion.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — I have my own views on the appropriateness of the level of taxation, the \$140 million level, but the money was there and it was a major contributor to the improved financial situation of the province.

Now the Premier and others say this will be a self-liquidating debt. And it will, but they are misrepresenting the fact that part of the self-liquidating will come from the \$140 million, the \$140 million that we've grown used to using as part of general reserves. The government tells us that it will be a self-liquidating debt, and in a way that's right, provided they now divert major portions of the \$140 million into paying off that debt and the large interest rates that we're going to have to pay. We know what the potash companies were making on their money, two to eight per cent, the interest rate that the government will pay will be ten or 11 per cent. They'll have to divert some of the \$140 million just to meet the interest bill, never mind paying off the principal.

We may use, Mr. Speaker, the next 20 years spending to pay for a potash industry that we had here without government intervention and to pay for an expansion of that industry that would have expanded without the government's attitude for government intervention. A whole generation will go without part of the benefits of the potash reserve tax, a whole generation so that the resource will become a wholly owned government venture in keeping with the principles of the NDP.

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SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — Mr. Speaker, no matter how hard I try to understand the motivation of this government in taking this step I am left in perplexed frustration. I was perplexed before I heard the Attorney General and thoroughly confused when he finished. I don't think the takeover will work the way they think it will. I don't think they'll avoid the federal taxes that they think they'll avoid. I don't think they'll have the smooth sailing that they think they are going to have in making the conversion or maintaining the markets.

Even if all of the suppositions of the government are correct, I'm absolutely positive this immoral action by the Government of Saskatchewan is a bad deal for the people of this province and not as good a deal as we could have had if we'd gone on working with the companies who are here and understand what it means when they get a flood in their mineshaft, understand the markets, understand the business and have the money to invest.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: — It's a bad deal and I oppose the passage of this Act.

SOME HON. MEMBERS: — Hear, hear!

MR. D.H. LANGE (Bengough-Milestone): — You will have to give me a second to wake up, Mr. Speaker, after the last discourse.

Throughout the course of this debate, Mr. Speaker, we have heard from the Liberals and Conservatives. We have heard them talk about their opposition to Bill 1 and Bill 2, and they have talked about taxes and they've talked about royalties, about ethics and about morals. They've talked about return on investment, and about bad business practices. They've talked about the future of Saskatchewan's young people, about government control of people's lives, and up until this point I haven't been particularly moved by any of the speeches. But after hearing the Member for Wascana, Mr. Speaker, frankly, I'm depressed. I don't remember in caucus, discussing (you gentlemen may have to correct me), but I don't remember us discussing stealing the potash industry. I don't remember us discussing about the international corporations with hatred. I remember us discussing how we could best deal with those nice companies. I don't remember, as the Member for Wascana said, talking about stealing the potential of the potash industry from those nice companies who brought it to Saskatchewan. I don't remember discussing the precepts of honesty. I don't remember discussing going against Christian principles. I don't remember discussions in caucus dealing in dishonest and deceitful ways. Not in our caucus. I don't recall us discussing immoral things.

Mr. Speaker, either I've been duped by my caucus, which I doubt . . .

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — . . . or because I'm not a lawyer I don't understand the potential implications of the Bill.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — So first, the Member for Wascana impressed me, then he disillusioned me and then he confused me by talking about the legal implications of the Bill, because I don't understand the legal principle, I don't know what Section 45(a) or 45(b) or (z) or (d) or (q) means. And so in my confusion I went to the dean of the House, the Member for the Battlefords (Mr. Kramer) and asked him what I should do about it.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — And the dean of the House told me the manner in which we should deal with the Member for Wascana, and frankly, I think it was a marvellous suggestion. Unfortunately, I can't repeat it in the House.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — It seems, Mr. Speaker, that no matter how the Liberals and indeed the Conservatives try to attack Bills 1 or 2, they come up with the same story. Each time they attempt to make an argument against the potash takeover they are really saying the same thing. No matter how they try to phrase their arguments, no matter which example they use, they are really saying that they support the large, private multinational corporations and not the people of this province. The people who elected them in their own constituencies. The opposition is defending the rights of large corporations to control the future economic health of the people of Saskatchewan. They are telling this House and the people of this province that we do not have the right to determine how our own resources are to be managed, but that rather, large, foreign-controlled corporations can exploit Saskatchewan's resources as they please because somehow multinationals and the private sector are the only people who have the expertise to operate the potash industry.

The opposition's position is that there is nothing that we can do about industrial development, that it's impossible to challenge the powers of the large multinational corporations, that it's impossible to strike a better deal for Saskatchewan people in the resource sector. They are saying that the Saskatchewan people should simply be content with the fact that the industry is in Saskatchewan. They should be content that there are no great financial disasters or any other disasters in the mines, and they should be grateful to the companies for having brought the industry to Saskatchewan. But beyond that, there is nothing that the people of Saskatchewan can do about controlling the future of their own province. They can try to color it, adjust it, whatever they like, the basic argument of the opposition is still the same, government has no right to the resource sector, only private industry has the expertise to operate, the incentive to profit, the right to control industry.

It's an interesting time to be in politics, Mr. Speaker, because the opposition parties are reflecting a psychology that

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has been extant for a long time, a psychology which says that the people of a society are not collectively suited to develop their society; that private incentives can do a better job of shaping our social goals; a better job of improving the standard of living of the general population; that governments are incompetent, inefficient and have no right in the marketplace.

Although age old, this psychology is rapidly changing. The psychology of provincial, national and international politics is in a state of flux. This move by the provincial government to assume control of the potash industry reflects that state of flux and from the potash debate which is taking place in Saskatchewan with regard to the industry will come a new political direction for North America in the resource sector.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — The companies which have been involved in primary resource extraction, of which oil companies are the best example, and of which the potash companies are another excellent example, have been taking the people of this province, and indeed other political jurisdictions of Canada, to the cleaners for two generations.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — The move by the Saskatchewan Government to assume control of the potash industry will, over the next few years, not only proves that the primary extraction industries have been grossly exploiting our resources but this move will help to consolidate future control of the world's resources into the hands of those who own them, the people of the world.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — Mr. Speaker, potash should not be debated only in this House. The debate on potash should rage in this province for a long, long time. It is the obligation of every Saskatchewan citizen to make himself familiar with the issue of potash.

Let us identify the real issue in the potash debate. The real issue is not that companies fail to pay their taxes, or what is the corporate attitude towards the potash takeover, or what will the international financial community think; the issue, Mr. Speaker, is much, much deeper than that. The question every Saskatchewan citizen should be trying to answer for himself is: does my government, does any government, have the right to be involved in the resource sector of our economy?

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — That's the question to be debated, Mr. Speaker, should development of the depletable natural resources of this planet be tapped solely by private corporations, or by public involvement?

We hope that this debate will continue for some time, because the issue is an extremely important one. The issue of

potash takeover by the provincial government will mean that Saskatchewan will once again set a precedent for North America.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — It is important that we, we citizens, understand why this was done.

Now the Leader of the Opposition has sated that it is wrong. Wrong morally, wrong ethically, wrong from the standpoint of business.

I should like to answer some of those allegations.

Mr. Speaker, does the provincial government have the right to control the potash industry? Is it correct for the government to expropriate corporate citizens who have taken risks and made a contribution to our economy? Why wrest control of the industry from the corporations? Because, Mr. Speaker, of a basic principle of democratic socialism, the basic principle of the satisfaction of human need.

Now the Member for Wascana has asked what our motive is in taking over the potash industry? There are probably several - the motive can be a just and fair return to the people of the province in the resource sector. But another motive can certainly be the principle of government socialism. A democratic socialism can be effected in numerous ways. For instance, in the farming sector democratic socialism is effected through the government agencies, the Farm Credit Corporation, a federal agency, and the Land bank Commission, a provincial commission. Both lend money to help effect democratic socialism in the farming sector. It's the form of a grant to subsidize interest rates in both cases.

Another instance of democratic socialism is through regulations. In our forest industry we are regulated. We have said you can cut as much timber as you like, but certain sizes must go for specific purposes. And so we have regulated the timber industry for democratic socialism.

In the oil sector we have tax. We have used the principle of taxation to effect democratic socialism in the oil sector of our economy.

The one last tool that government has is a Crown corporation. We have tried grants, we have tried regulations, we have tried taxation in the potash sector. They didn't work. The last thing we have to effect democratic socialism is the tool of a Crown corporation and public ownership. Corporations work for profit. They attempt to maximize their return on money so that it can be reinvested in expansion. Governments on the other hand, although they have an eye on profit are more concerned with the greater public need. In Saskatchewan, particularly, we as a population are concerned about human need. We have many democratic socialist programs such as medicare, free education, prescription drugs. These programs responded to human needs and our social rights. We don't sell social services like medicare. We provide them as a basic right, fulfilling a human need. These programs, therefore, don't make money. They cost money, a logical consequence of a democratic socialist program within a capitalist framework. No one in our society

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would suggest that these programs be disbanded. At the same time, no one wants to be taxed heavily to provide these programs.

We are aware that New York is activity that has had democratic socialist programs for some years, nothing that anyone in this province would disagree with, programs like free education, health care for senior citizens, pension plans, crime fighting programs, none of the programs that would not be accepted in Saskatchewan. Because of the floating tax base that New York city has had; because it has had to depend on large corporations for the taxes to fulfil those democratic socialist programs; because those large corporations have seen fit for political or other reasons to leave New York and, indeed the United States and go to international jurisdictions, New York has been deprived of that tax base badly needed for its democratic socialist programs.

In Saskatchewan we are not faced with quite the same problem, but we do have ongoing democratic socialist programs, which no government would pull from the people of the province. It will be necessary to finance those programs over the future, since no taxpayer wants to be overly taxed or bear the burden of democratic socialist programs, logically then that money must come from some other sector of our economy, potash, Mr. Speaker. From potash can come the financial base which this province needs to pay for its democratic socialist programs. From potash we can obtain a financial base to fulfil the basic human needs of the people of this province.

You might ask what are the basic human needs beyond free education, health care and other social services? Well in Saskatchewan people should be able to lead a full rich life. They should not be forced to leave the rural areas, if they do not wish to leave. Saskatchewan people should have the freedom of choice of lifestyles, fulfilling these simple Saskatchewan human needs will require money, the kind of money that can come from the potash industry.

The Conservatives will be saying, Yes, I agree that we should control our resource base so that we can fulfil the basic human needs of the people of the province. But why do you have to expropriate those nice corporations? They came here, they invested money, they took risks, they developed the industry and now when the industry has become profitable, you are taking it away from them. Why couldn't you just leave the companies here to mine the potash and tax them to an appropriate level to obtain a fair share of the potash revenue for the people of Saskatchewan?

Once again, Mr. Speaker, the opposition is defending the private companies. They are saying, just treat them fairly, levy a reasonable tax and those nice companies will remember Saskatchewan, they'll remember the people of Saskatchewan, and out of the goodness of their corporate boardrooms will come untold benefits for Saskatchewan.

Well, Mr. Speaker, let's see who all of those nice companies are. Let's talk about the risks they took, about the money they invested and about the industry they developed. Let's look at who developed the industry. Saskatchewan workers first who sunk the shafts, installed the machinery. Saskatchewan workers mined the potash. What have the large corporations and industries done? Certainly they have the marketing expertise, have they

really risked investment?

Let's look at their return investment since they first came to this province. Let's look at those industries that we bullied, as the Member for Wascana mentioned. Let's look at who they are. I have here Moody's Industrial Manual, every Member on the opposition, of course, will be familiar with the character of this particular manual. We'll just go through it in alphabetical order. First we have Amex Incorporated, a company that is involved in potash at Esterhazy. Now Amex is a multinational involved in base metals, fuels, chemicals, coal, copper, iron. It has over 150 international subsidiaries. It has total assets worth \$1,767,000,000 and its total sales for 1974 were \$1,663,380,000. They have obtained an economic interest in International Minerals. It says here in May, 1971, Amex purchased an economic interest in a portion of the potash reserves of International Minerals and Chemicals Corporation, Canada, located in Saskatchewan. Amex paid Canada \$3 million in cash with the balance due in payments of \$1 million annually over nine years plus interest.

In other words, Mr. Speaker, roughly \$12 to \$14 million Amex Company Incorporated has invested in Saskatchewan potash in Esterhazy. Now I would ask you, was it a great risk for Amex to come to Saskatchewan and risk \$12 million out of its \$1,767,000,000 worth of net assets? I don't think that that was a great risk for Amex Incorporated.

Next in the Moody's Industrial Manual we have Swift Industries, which have 20 per cent of the Allan Potash Mine. Now Swift is a subsidiary of Esmark IMC. And who is Esmark? Well, Esmark is an American Corporation involved in packing plants, poultry and processing, ice cream, tanneries, oil, insurance and has over 100 subsidiaries both in the United States and internationally. It has net assets valued at \$1,266,000,000, and it has gross sales last year of \$4,615,000,000. Did they take a great risk by backing Swift who have 20 per cent equity in the Allan Potash Mine? Was it a great risk for Esmark Incorporated to invest in Allan? Did they take a chance on investing dollars in Saskatchewan?

Let's look at another one, Mr. Speaker. Here we have a very small company, International Minerals. It is only involved in mining, refining, chemical companies, fertilizer, 60 different ores it says, but only 25 subsidiaries, with assets worth \$744,000,000. Its sales last year were only \$858,000,000. Well it is small, and I suppose its risks were somewhat grater than that of Amex or Esmark. But was it really a risk for IMC to invest in Saskatchewan?

We can go on to the second volume of Moody's Industrial Manual. We can go through another couple of companies, like Duval. Now who is Duval? Well, Duval has the Saskatoon Potash Mine, of course, as everyone knows. Duval is a subsidiary of Penzoil, head office Houston. Penzoil is involved in sulphur, gold, silver, oil, gas, agricultural land and pipe lines. Oh yes, it says here a minor interest in potash, 17 per cent. It has through subsidiaries, nationally and internationally assets of \$1,797,000,000; sales last year just under \$1 billion; head office Houston. Was it a great risk for Penzoil to invest in Saskatchewan? Did they invest hard earned dollars?

We could go on, Mr. Speaker, and talk about Texas Gulf,

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everyone knows who Texas Gulf is. They have 40 per cent equity in the Allan Potash Mine, Sylvite, of course of Rocanville, which is a subsidiary of Hudson's Bay Mining and Smelting. Hudson's Bay Mining is a subsidiary of Americana Investment Limited, owned by Anglo-American Corporation of Canada, and Anglo-American Corporation of Canada is a subsidiary of Anglo-American Corporation of South Africa. They are also involved with DeBeers Consolidated Mines Limited and Chartered Consolidated Limited. We are all familiar with those biggies in the industrial sector.

We could talk about Cominco at Vanscoy, everybody knows who Cominco is. Cominco is involved in energy and metallurgy. They own Pine Tree Mines. They are involved in gold, fertilizer and agricultural chemicals, iron, zinc, lead, cadmium, and they have smelters and refineries, of course. They are 54 per cent owned by Canadian Pacific Investments. Everyone knows who Canadian Pacific Investments are.

We could talk about Noranda of Colonsay, everybody knows who Noranda is. We can hear them talk about themselves on television. They have net assets in Canada worth \$1,707,000,000; sales last year of \$1,147,000,000.

These are the corporations that we bullied. These are the companies that invested, took risks, came to Saskatchewan to develop an industry for the people of Saskatchewan. These are the companies to whom we should be grateful, for the fact that they have come to our province. Did they take a risk, Mr. Speaker?

I think when we look at the assets and the financial picture of those multinational corporations that it is very analogous to a farmer with 40 sections of land saying that he is taking a risk by using his net equity, going to the Farm Credit Corporation and asking for a loan to buy another quarter section of land. That is an analogous situation between the multinational corporations investing in Saskatchewan and a farmer who owns 40 sections of land backing a note for one quarter section of land.

Let's look at the returns in profit to the province since these multinational corporations have come to Saskatchewan starting as early as some 15 years ago. To do that, we will look at the total revenue to the province to June 30, 1975. That revenue is a total of \$93,170,000. That includes the 1974 reserve tax of \$37 million, the producing tax of roughly \$5 million other fees, a million some, prorationing fees \$23 million, royalties \$19 million, lease rentals \$5 million. In total, Mr. Speaker, \$93,170,000 in total returns, gross returns to the province of Saskatchewan, including municipal taxes.

Let's look at the all time production to June 30, 1975 for all the mines in Saskatchewan with a total investment worth something in the order of magnitude of \$700 million to date. Initially invested \$700 million by the multinational corporations, 40 million tons of K₂O equivalent taken out of those mines during the past 15 to 18 years. If we only average these 40 million tons at a modest \$30 per ton, that gives us roughly \$1,200,000,000 in accounts receivable that those companies have gotten from the mines in Saskatchewan. As a rough estimate \$1,200,000,000, and the province out of that has gotten gross receivables \$93 million. Only, 93 million!

Let's look at the tax that has been paid by those corporations to the federal government. I have here a miscellaneous non-metal mines report from Statistics Canada, catalogue number 26220. On page 23, we have 1972 and 1973 figures listed for the value of shipments that the companies have sent out of the province in those two respective years. In 1972, \$134,883,000 worth of shipment that have gone out of the province. Federal income taxes in 1972, nothing. Those companies sold \$134,883,000 worth of potash out of the province of Saskatchewan and they paid to the people of Canada not one farthing in federal income tax. Provincial income taxes, they paid \$3,693,000 to the province of Saskatchewan in 1972, municipal taxes, \$1 million.

In effect, Mr. Speaker, in 1972 they grossed \$134,883,000 and they paid a little under \$6 million in total taxes, municipally, provincially and federally. In other words, Mr. Speaker, they paid in 1972 less than five per cent of the total gross income. Is that a unique year, Mr. Speaker?

In 1973 they sold \$165,843,000 worth of potash. In 1973 federal income taxes paid according to Statistics Canada, nothing. No income tax in 1973, provincial taxes \$6.9 million, municipal taxes, \$2.8 million. Mr. Speaker, in 1973 of a total of \$165 million worth of gross sales in the province of Saskatchewan they paid less than six per cent in tax and no tax to the people of Canada.

How can these great multinational corporations who have come to Saskatchewan to develop our industry get away without paying taxes? Certainly they took some risks, but did they get paid for those risks? How can a multinational corporation which makes \$100 million plus per year in gross revenue from the province of Saskatchewan in the resource sector get away with paying no federal income tax? Well, it is quite simple when you think that first of all, they had a two and a half per cent royalty rate guaranteed to them until 1981. As well as that they do not pay taxes during the start-up time of the operation of their mine and start-up time can take as much as three years. During that three year period they pay no taxes due to the fact that the mine is starting up; after that three years they qualify for a mine holiday. A mine holiday doesn't exist any more but it did exist until 1971; up to that point it meant that if you qualified for a mine holiday, after you were in full production you do not have to pay any more taxes for another three years. So by this time, you have six years at no tax payments, the first three years of a mine start-up and the following three years of a mine holiday., so you now have six years in which you haven't paid one farthing, not one sou in tax to the government of this country. During which time you have held back all of your depreciation on the machinery that is in the mine, so that once you do start depreciating in the seventh year, you have accelerated depreciation on your machinery and it varies, some 30 per cent, some 80 per cent, some 100 per cent in one year. So it means that you can take advantage of accelerated depreciation. Consequently over the next eight years you can depreciate the machinery that you have saved up during the first six years. As a result the industry can go for ten to 15 years in this country and pay no taxes whatsoever. That is how these multinational corporations can take risks to develop our industry. They borrow the money from someone else, use the equity that they have in other concerns in the world, invest it in Canada then they take advantage of tax holidays, concessions and grants to be able to profit from the taxpayer of Saskatchewan.

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So until 1973, this province was collecting roughly six per cent in total taxes. This country was collecting nothing from the potash industry. In 1973, as Member are all aware we introduced the reserve tax. And the reserve tax as the Member for Wascana pointed out did quadruple the former tax. It almost quadrupled nothing because in 1974 when we introduced the reserve tax it brought the province an additional \$37 million. Thirty-seven million dollars and how much did the companies sell to have to pay \$37 million reserve tax? The companies sold (and it is only to be estimated since we cannot get the exact figures) but the companies produced \$360 million worth of potash in 1974. For which this province received a reserve tax of \$37 million and with some extra taxes, a little which went to the municipalities with some prorationing fees, royalties, rentals producing taxes, it come to a total of over \$50 million.

In other words, Mr. Speaker, this province charged in 1974 roughly 16 per cent of the gross revenues of the corporations, the consolidated corporations statement of 1974. Sixteen per cent tax. Slightly different that the allegations made by the Member for Wascana, Mr. Speaker.

During the last two years the provincial government has attempted to levy an average tax on the potash industry of 16 per cent. My figures can be checked, any of the Members can go to the library and check them for himself. My figures are public, they have been released only a short while ago. You can draw your own conclusion if you have a sharp pencil and a sharp mind. In the last few years this government has attempted to levy an average tax of 16 per cent give or take a few percentage points on the potash industry.

Now, let's look at how that compares with the tax that the average citizen in Saskatchewan has to pay to the province and indeed to the country of Canada. Let's look at the average wage earner in Saskatchewan, and there are 202,000. In 1973 which is a good example because we can compare it with the Statistics Canada bulletin on the mines; in 1973 when the potash industries paid roughly five per cent or less to their province and nothing to the Dominion of Canada. Two hundred and two thousand workers in the province paid 24 per cent of their gross income to the province; 59,000 farmers in 1973 in this province paid 21 per cent of their gross income to the province and the country in tax. Let's look at the average lawyer or the average doctor, there are a few sitting over there. In 1973, the average lawyer, there are 250 of them in this province, paid roughly 30 per cent of his gross income to governments, municipal, provincial or federal. An average doctor (there are 700 in the province) in 1973 paid 36 per cent of his gross income to the various government agencies in the form of tax. The average citizen in this province, the average farmer for instance can be taxed 21 per cent by this country's governments to help provide services in his community, the average labourer pays 24 per cent to help provide services in his community, the average lawyer and doctor, respectively pay 30 and 36 per cent of their incomes to their communities. And we want to charge the foreign corporations 16 per cent of their income so that they can contribute to the better well being of this province.

Did the corporations think this was too much? I don't think the average farmer, labourer, doctor or lawyer will think that it is too much. But the corporations thought it was too much. They not only refused to pay the tax, they have taken the

people of this province to court over the tax. Imagine, Mr. Speaker, foreign corporation taking the people of the province of Saskatchewan to court because we have had the audacity to ask for half as much in taxes from them than we have to pay as individuals ourselves. While we are in court our industry idles. Our industry idles while Russia, Saskatchewan's largest competitor in the potash industry, Russia, is expanding her mine capacity and penetrating further into the potash markets.

Mr. Speaker, we haven't time to sit in court discussing taxes while Russia gains the Saskatchewan potash market. The only way to quickly resolve that problem was not to grant, not to tax, not to regulate, but to own through a Crown corporation enough of the industry to enable us to direct the expansion ourselves.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — We have tried the conservative approach, Mr. Speaker. Let me remind the opposition again that governments have only four tools with which to work. Government's have the tools of grants, or regulation, of taxation, and of Crown corporations. Those are the only ways that governments can effect social change. Five previous governments and this one have tried the first three approaches with the potash industry. They were granted concessions when they came in the form of low royalty rates. The prorating agreement was a form of regulation. For the last two years this government has tried taxation. Where has the conservative approach taken the people of Saskatchewan? To courts, Mr. Speaker. We have tried the conservative approach and we are in court. We have used three of our four government tools. We tried grants. We've tried regulation. We've tried taxation and we are in court. The last tool is our only option, Crown corporation.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — If you are a Liberal, you will be saying how can the government operate a potash industry? When on earth in this House have we heard that argument before? Maybe in the late 1940s when the CCF introduced the Saskatchewan Government Insurance Office. The Liberals said, the Government can't operate a business, it will discourage private investment, it will discourage incentive for people to come to Saskatchewan. People will leave the province. Then in the 1950s we heard it when we introduced a Crown corporation, a public utility, the Saskatchewan Power Corporation. What did the Liberals say in the '50s They said you can't run an industry, it won't make a profit. You said that the government should not be involved in public utilities, that it will destroy free enterprise. After that what happened? The Liberals said, of course the Saskatchewan Power Corporation is a profitable Crown corporation because it is a monopoly. Of course, government can operate a Crown corporation, when in the '50s they had said, governments can't operate Crown corporations, governments can't make profit.

What about sodium sulphate. There is an example of where government competes with private industry in the province. We made a healthy profit last year. What about the 1960s when medicare came in? The Liberals said the government can't administer the doctors and the health bills of this province.

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The whole program will go broke. The government has no right to be involved in the medical issue. In the 1970s when we brought in Saskoil did we hear an argument similar to that? They said the government can't operate Saskoil. They said it will discourage investment, that the government can't operate a business, that free enterprise will leave. The '40s, '50s, '60s and the '70s, three decades of opposition, Mr. Speaker, and we have heard the same dogmatic, time worn, haggard arguments. The same arguments for three decades.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — Mind you for three decades they have been in the opposition. I think that it is an insult to the Saskatchewan people to think that we cannot control either a Crown corporation in the form of Sask Power or an agency in the form of SGIO or that we cannot administer something like medicare. I think it has been insulting for the Liberal Party to say to the people of Saskatchewan that we cannot, that we do not have the ability to direct our own company.

Why do we hear the same argument all the time? After all, Mr. Speaker, we've gotten new programs over the last three to four decades, but they haven't gotten any new lines. When will they come up with new lines? We are hearing exactly the same arguments now in the potash takeover as we have heard for the last three decades. That it will destroy private incentives. That free enterprise can operate it better. That governments can't operate an industry. That it will decrease the investment incentive in the province of Saskatchewan. Not new arguments, Mr. Speaker, just well rehearsed arguments.

I am looking forward to the next few years of industry in the province of Saskatchewan. Because there is a very good chance that the argument may be settled once and for all. There is a good chance that the Government of Saskatchewan will not buy all the potash mines and that the government will be in direct competition with private industry, much as we are in sodium sulphate.

We will see, Mr. Speaker, if the government can do an efficient job of mining and marketing potash when we are in direct competition with private industry. It strikes me as an excellent opportunity to ascertain whether or not a government can do well in a free market place in competition with private industry.

In my mind, Mr. Speaker, government should do very well indeed. The government will have decided advantages of having its head offices located in Saskatchewan; it will be able to transfer machinery from mine to mine to create better production efficiency. The provincial government may even be exempt from paying some of the federal taxes. And that is a trick that private industry in Canada have been enjoying for a hundred years. Surely anybody with a free enterprise spirit won't mind the provincial government entering the competition. Moreover, I as a Saskatchewan taxpayer and voter will feel much more involved in the potash industry when it is owned by the people of Saskatchewan, my friends, my neighbours, my community, than I would if it were owned by a foreign corporation or a corporation with its head office in Toronto.

Mr. Speaker, why is there a debate about potash at all? We

must remember that it was only a few years ago that it was accepted as a matter of fact that only private companies could be engaged in industrial development. Why is it that now there is a continuous debate raging about various degrees of government involvement in the resource sector? Perhaps part of the answer is evident when we recognize that since this time yesterday, 200,000 people were added to the population of earth, 200,000. That is one and a half times the population of Regina added to earth in 24 hours. By the end of the year, 71 million extra people will have been born into the world, three times the population of Canada added in one year. And like you and me, Mr. Speaker, each of those people feels as though he has a right to live, a right to food, a right to clothes and a right to shelter.

On the one had a growing population with infinite potential for expansion, on the other hand a planet of finite size with only limited resources to feed, clothe and house the people of the world. Until this point in history there has always been enough resource to distribute among the people of the world. And now and in the future because of unprecedented growth in population there will not be enough to supply all of the population. Presently over 500 million people on earth are consistently hungry. That number given the expanding population and limited resource space can only increase. Knowing this, Mr. Speaker, we can perhaps make the most powerful argument for government intervention in the potash industry.

With the millions of people hungry or starving to death, with developing countries in desperate need for fertilizer to produce food, with those same countries unable to afford to pay high prices for world commodities, particularly fertilizer and with Saskatchewan lucky enough to be geographically situated over top of 50 per cent of the free world's potash, can we trust the distribution of that valuable resource to multinational corporations whose sole motive is profit? Do we allow control of a resource necessary for the sustenance of human life to be in the hands of a very few corporations who will manipulate the world markets to obtain maximum profits without regard to human life?

The people of this province have a moral obligation to assume control of the potash industry. We have a moral obligation to ensure that the corporations involved in the potash industry are working for us and for starving people. We have a moral obligation to see that our rich potash reserves are properly distributed to starving people of the world. That is why government and people of this province should be involved in the potash industry. That is why the debate on potash should continue for some time to come. So that every person in this province understand that the profit motive of large corporations denies that human need, so that every person in this province accepts responsibility for distribution of potash through his provincial government to starving people. When every person in this province understands the potash industry in terms of human need then there will be no argument about why the provincial government is expropriating the potash industry. One would also hope that as the potash industry expands and becomes more profitable from those who can afford to pay, Saskatchewan will use a major portion of those profits to distribute our resources to areas of the world which have the greatest need and cannot afford to pay.

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Hopefully the potash industry will be profitable and hopefully that profit will help starving people.

Both opposition parties have made allusions to the large bureaucracy which will be built up as a result of a potash Crown corporation. They seem to think that if we have a foreign owned potash industry in Saskatchewan with thousands of workers here, head office in other places, that is not a bureaucracy. But the moment that these same Saskatchewan workers become employees of a Crown corporation and head office management are consolidated from across the world into Saskatchewan, then all of a sudden it is a bureaucracy.

One should not jump to the defence of bureaucracies. But nor should one suggest as Liberals and Conservatives do that bureaucracies exist only in government. There are bureaucracies in private industry too. And because private industrial bureaucracies are composed strangely enough of people, private bureaucracies can make mistakes too. They can be just as inefficient or just as efficient as public bureaucracies. The big difference between the two is that the mistakes made by a public bureaucracy are subject to the scrutiny of the public. The costs of mistakes made by a private bureaucracy are simply passed on to the consumer.

Do you think that the large multinational corporations cannot have bureaucracies? That somehow they are devoid of having a bureaucracy, that somehow they get work done without having people around them? Let's look for example at the Esmark Corporation, the one that has \$1.2 billion worth of net assets and grossed sales last year of \$4.6 billion. Do they have a bureaucracy, Mr. Speaker, with their hundred subsidiaries scattered across the United States and the world? Well, it says here that the number of employees of Esmark Incorporated is 35,000. Is that a bureaucracy, Mr. Speaker? The total Saskatchewan bureaucracy, Potash Corporation exempt, is only 10,000 and Esmark Corporation has 33,500. Amex, 12,550. Is that a bureaucracy, Mr. Speaker? IMC 9,000. Is that a bureaucracy, Mr. Speaker? IMC has about the same size of bureaucracy as the provincial government. We could go up to and including Noranda with 33,000 and some odd bureaucrats, in its organization. The Conservatives and Liberals will say that somehow bureaucracy is relegated only to government.

Also the opposition will say, people working for private bureaucracies have more incentive and more initiative than those working for a public bureaucracy. I would suggest that Members in the opposition make that argument to some of their constituents who work for Sask Power, Sask Tel or some other Crown corporation. I would suggest that they tell that employee that he lacks incentive and that he lacks initiative and that because of that the corporation is inefficient. Those people vote too you know.

The Tory Leader has even suggested that it is inflationary for the government to pay the salaries of potash workers. He reasons that if a private company places money in our economy by paying its workers, there is no contribution to inflation. If, however, all of a sudden, the government places the same amount of money into the economy by paying those same workers, that's inflation. Government money is inflationary, the Tory Leader says. The same amount of private money is not.

Well conversely then, Mr. Speaker, the Conservative Leader would reason that it would be an anti-inflationary move to pay government employees with private money. That follows logically.

Now let us suppose for instance that the government or one of its agencies owns, say a hotel, then all of a sudden it was sold to a private corporation. One day the hotel employees are government, the next day they are private. Government money is inflationary, private money is not. The Tory Leader would then conclude that that corporation which bought the hotel was fighting inflation. It's a loose point perhaps, Mr. Speaker, I guess some of us can fight inflation by example.

The opposition also talks about government control of people's lives. They suggest that a foreign corporation which owns a Saskatchewan industry with 4,000 workers does not control their lives, but the moment the government takes the same industry over, their lives are controlled as though there were something about government which is far removed from its people. As though a government and its people were two distinct separate entities. A democratically elected government is by definition, Mr. Speaker, a representation of the people who elected it. No government is a cut above or a cut below the people who elected them. Any government, even a Liberal government, is close to the people who elected it.

People will have far more to say in the development of potash if they control it themselves, through a government agency, than if a foreign corporation with its head office in Houston, controls the industry. But Liberals and Conservatives fail to see the logic of that argument and support the private industries instead of the people who elected them.

They attempt to instil fear in the minds of the people by saying that the government will control their lives. I suppose there was no control over people's lives when the former Liberal government introduced the infamous Bill 2 for compulsory arbitration. I suppose there was no control over people's lives when they imposed deterrent and utilization fees. There has always been government control of people's lives. Would Members suggest that it is impossible to have a society without government laws and without government regulations?

Now some anthropologists hypothesize that there was a time in primitive history when governments did not exist. That was when mankind lived in primitive hunting bands of ten or so in number. The leader of the group was logically the most powerful and mentally alert. Government was not necessary. The group functioned simply through its leadership.

Governments did not develop until the hunting party became larger than say, 20. Dissension began to occur within the hunting party because the group was too large for one man to handle and the leader began to delegate power through regulation. And so the anthropologists say government developed.

Now as the population of the world grew, so government grew with more regulations and more controls. As the population continues to grow we are going to continue to have more intervention by the government in our society, logically.

But the Tories think that we can have a society without government control. The present Conservative caucus is small.

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There is no dissension, no question about who the leader is, in fact, its much like a primitive hunting party.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — But let us suppose that after the next election the Conservatives pick up a few more seats from the Liberals. Dissension will arise in the Tories, then the leadership will have to be delegated and the rudiments of a social organization will begin to evolve. Mr. Speaker, what is presently much like a primitive hunting party could conceivably within a few years grow into a bureaucratic nightmare.

The Member for Estevan (Mr. Larter) has made some reference to the fact that he is wondering what will be next in the government takeover. The Member for Estevan wonders what's next for takeover, uranium, coal, farm land, John Deere agents? The government he says will soon be expropriating farm land. A fear tactic, Mr. Speaker, another fear tactic.

The government is expropriating, as has been pointed out, the potash industries, because there is good reason to expropriate the potash industry. Because the potash companies, those large multinational corporations are not operating efficiently from the standpoint of world development. They are inefficient so the government assumes control to improve the efficiency. Farm land is different. Farmers unlike potash companies are extremely efficient. Nobody could operate the farm industry more efficiently than the farmers themselves.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — It's very similar with potash. No one can operate the potash industry more efficiently than those who own it, the people of Saskatchewan. Farmers own or rent their land, therefore, they can operate it most efficiently. Saskatchewan people own their potash therefore, they can operate the potash industry most efficiently.

SOME HON. MEMBERS: Hear, hear!

MR. LANGE: — Now, it's ironic, Mr. Speaker, it is ironic that Liberals should suggest that this government might meddle with the agricultural industry, much less Conservatives. The only time that the farm industry has been inefficient, has been when farmers were subjected to this insidious Liberal LIFT program of Otto Lang.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — Now we must remember that farming is one of the only free enterprise, truly free enterprise industries that is left in our society. As long as there are many people involved in agriculture, as long as it does not become a monopoly, it should remain as a free enterprise industry.

It is ironic, however, that it has been the NDP which has helped the farmer most, through programs like Land Bank, Farmstart and the Hog Marketing Commission.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — And it has been the federal government, the federal Liberal government that has damaged agriculture most through programs like LIFT, Federal Feed Grains Policy, the Task Force Report and rail line abandonment.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — Mr. Speaker, the Leaders of both Opposition parties have charged that government takeover of the potash industry is a bad deal for the people of this province.

The government involvement in potash industry is driving investors away from the province, D.G. Steuart says. It could cost as high as, “\$3 billion”. Three billion already, Mr. Speaker, it’s only been two weeks since we introduced the Bill.

Then we heard from the voice of tomorrow from Kindersley and he lamented that we were denying the poor and the young the opportunity for a future, because we aren’t creating an attractive investment climate. Vicious, said the Tory Leader. Unreasonably risky, said the Liberal Leader. Mind you I haven’t heard either of those learned gentlemen talk about the \$1 billion which was invested in the Montreal games as a bad business deal. We are going to invest, probably something less than a billion dollars in the potash industry and that industry returned at least, at least \$360 million in gross revenue in one year alone. And they consider that a bad investment. They are saying that government involvement will destroy investment opportunities for Saskatchewan. Well, we’ve heard that argument before, we’ve heard it in the ’40s and the ’50s and the ’60s and the ’70s. Well I haven’t heard that any of the multinational oil companies which have their operations presently in Saskatchewan are threatening to leave. Why? Because under the present tax structure they are making too much money to leave.

I haven’t heard that any of the uranium companies are threatening to leave. Why? Because under the present tax structure they can’t afford to leave. They know that there are only limited resources on earth and that they will have to contribute to the societies from which they extract those resources if they want to profit.

Even the large private companies are ahead of the Liberals and the Tories in their thinking.

Unfortunately there is another company which has not left. That company is Cargill grain. In spite of the announcement about expropriation of the potash industry, Cargill hasn’t left. They are continuing to build an inland terminal at Rosetown. They are continuing to infiltrate rural Saskatchewan with their free market philosophy and their centralized grain handling system. Unfortunately, Mr. Speaker, the expropriation of potash has not discouraged scavengers like the Cargill Corporation of America. Why? Because they know that there is an unprecedented, a simply unprecedented future in the synthesis of food from land, water, energy and fertilizer and that Saskatchewan has that and that they want a slice of the action. If they want to be involved they have to come to Saskatchewan, they have no choice.

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I'm not worried about the future investment in this province. We the people of this province have the resources, we have the control. Anyone wanting to be involved for profit in the resource sector has to come to Saskatchewan. Anyone who wants to be involved for profit in the food industry has to come to Saskatchewan. If they don't like our tax structure, if they don't wish to come because they can't make enough profit, then we will do it ourselves. We have the resources. We have the experience. We have the ability to develop our own resources, for our own profit.

It doesn't upset me to hear that the corporations and money which we never wanted nor needed in the first place are now not coming to Saskatchewan.

AN HON. MEMBER: — Filibuster!

MR. LANGE: — Me filibuster? Another classic statement was made in this House last week by the Member for Regina Lakeview (Mr. Malone). I' glad you stayed. The only people who are not opposed to this Bill, he said, are socialists. The understatement of the year, Mr. Speaker. Of course, socialists support the Bill and everybody else does not. Control of an economy resting with the people of the economy is a democratic socialist notion. That's what this Bill is all about. People's control of their own resource. It's a democratic socialist notion, it's a democratic socialist bill, this is a democratic socialist government and, of course, democratic socialists are the only people who would support the Bill.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — But, democratic socialist thinkers may not be as rare as the Member for Lakeview and his party would have us believe.

All over the world there is a move by societies to obtain greater control of their resources from private corporations. The Arab takeover of oil is an example depicting what benefits can accrue to a society because the people control their own resources.

Do you think that Gulf, Exxon or Standard Oil would have built low rental housing units, transportation systems, universities, cities, irrigation systems, that the Arabs have built because of their windfall profits in oil? Do you think Gulf, Exxon or Standard Oil would have helped developing countries with massive infusions of capital, the way the Arabs have helped Bangladesh and Pakistan? This is happening because the politics of democratic socialism is sweeping the world.

The politics now is of scarce resources. No longer is there enough resource to be squandered for the profit of multinational corporations. There is barely enough resource to be distributed to the people of the world if it is co-operatively managed and shared by everyone. That is why we are seeing a world moving towards the politics of scarce resources, and towards democratic socialism.

If we look closer to home we see some federal precedents for socialism. How about the Polymer Corporation? How about

Canadian National Railways? How about Air Canada? How about the Canadian Broadcasting Corporation? How about Eldorado Nuclear, a little closer to home? How about the millions of dollars that were sunk into the Syncrude operation in Alberta? Only last week the Canadian Development Corporation bought out the assets of Tennaco Company. Are these not precedents for democratic socialism?

I would ask the Member for Lakeview, is that a socialist move?

In Newfoundland, we see a Conservative government expropriating the major assets of Brinco. Is that a socialist move? We see a Conservative government in Alberta taking over Pacific Western Airlines, to be operated by the people of the province of Alberta. Is that a socialist move?

Mr. Speaker, this government may be out of tune with north American capitalism, but we're not out of tune with the world. Notions of democratic socialism are sweeping the international political scene. Democratic socialist moves are being made in Canada by political parties of every stripe and the Member for Lakeview is suggesting that the only people who would not oppose this Bill are socialists. I would suggest to the Member for Lakeview that socialism is a fast growing world political movement and that if his party does not recognize this, his party may cease to exist.

Socialism is a game in politics and if you want to play then you'd better recognize the rules and step in line and if you don't want to talk about socialism, then you as a political party had better develop a very good euphemism for socialism. You're going to have to stop supporting large private multinational businesses, because of one these days they won't be around to help you with your campaign funds, in fact, you should talk about that at your convention this weekend.

Now, Mr. Speaker, I am concerned as you can see about the attitude of the Liberal opposition towards socialism. The reason I am concerned, Mr. Speaker, is that if they continue to talk about socialism in those negative terms, come next election there may be no opposition in this House and that would be a sad state of affairs for Saskatchewan politics. Now it is rumoured that within the next few years there will be a leadership convention in the Liberal Party. I don't know whether that rumour has been confirmed or not, but it is rumoured. Now, I'm wondering which of those gentlemen sitting opposite will carry the banner for his party.

Now, over the past four years, I have come to know the front benches quite well and I like Cy and Ted and you too Jack and Gary. Anyone of you could very well be the next leader of the Liberal Party, and if ever anyone of you were elected as Leader it would be good for your party, it would probably be good for our party too.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — Now, of course, the Member for Wascana (Mr. Merchant) has absolutely no aspirations whatsoever to run for the leadership of his party, but he is concerned. He is concerned about the direction his party is going. The Member for Wascana

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understands that not only does the party have to stop supporting big business, not only do you need a euphemism for socialism, but you also need to look closely at the style of your leadership. Throughout the curse of this debate on potash, one thing has become clear with regard to the respective leadership of the two opposition parties. What has become clear is that the Liberal party cannot choose a leader like their present leader.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — That's right. No longer can the Liberal Party, no longer can they afford to have a leader who represents the general cross section of our society with a light, amiable air about him, who can greet others without condescending, who can make people laugh and who has much concern for his party and his province and who observe the decorum of the House within the context of his 14 years experience here, always adding an element of levity and cheer. No, Mr. Speaker, that kind of leadership simply will not do. This is a new age of politics. There is another variable in Saskatchewan politics. No longer is there only black and white in this House, the Liberals and the NDP. We now have shades of blue. The only blue machine led by the Member for Nipawin. Now, Mr. Speaker, the Member for Nipawin has added a new dimension to the potash debate and to the Liberal leadership contest. It is evident that the Tory Leader has more self control in his little finger, than the entire Liberal caucus. Cool, reserved, he never makes any sudden natural movement for fear of sending the Press scurrying. And don't let that air of omniscience fool you, it's not affected. Unlike the Leader of the Liberals, the Tory Leader has developed an uncanny liaison with his caucus. If the Progressive Conservative Leader moves his head to the left his caucus responds that way. If he moves it to the right, his caucus responds right. If he frowns, his caucus frowns.

Mr. Speaker, the most impressive contrast between the baby blue machine and the Liberal caucus from my vantage point is their physical appearance. First the Tories, all of them in the House, neat, well groomed, sitting straight in their chairs and facing yourself, Mr. Speaker; organized, alert, always functioning. Contrast this with the motley appearance of the Liberals during the potash debate. Some not present, others reading newspapers, many sprawled all over the House, slouched in their chairs, ties not straight. In fact they behave just like ordinary human beings.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — And their leader, Mr. Speaker, is smiling as though he were actually enjoying himself, and what about the conduct of the Tory Leader before yourself, Mr. Speaker. Does he filibuster the way some Members do? No, Mr. Speaker, even when he could have used a fully one and one-quarter hours of radio time to give the Conservative message to the people of this province, to read from his prepared text for only 24 minutes, then graciously relinquished the rest of his time to some other Members of the House. Compare this refined conduct with that of the Liberals, Mr. Speaker. Filibustering for hours, keeping all those people in the public galleries.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — The Liberal caucus can't hold a candle to the Tory Leader when it comes to House rules. Did you notice how quickly the Member for Nipawin tripped the Attorney General up the other day on the Point of Order about the courts and public opinion? It is evident by now that the Liberals will have to beware of sophisticated, calculating, computer-like baby-blue machine.

I am concerned about the future of the Liberal Party and it is that style of leadership, that style of the baby blue machine which the new Leader of the Liberals will have to emulate if he is going to maintain supremacy on that side of the House.

Well, Mr. Speaker, we have discussed potash from an ethical standpoint. And we owe the large corporations noting except fair market value for their mines. They have been well paid by the people of this province. We have discussed potash from a moral point of view. There is no question about our moral responsibility as an affluent society to use our resources for the benefit of starving people. We've discussed the potash from the standpoint of good business, if it is good business for private industry, it is better business for the people of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. LANGE: — And we have discussed the potash from the standpoint of government control. Control our resources through public ownership is fundamental and essential to the development of future societies here and indeed of the world. We've discussed potash from the standpoint of socialism. Notions of socialism are sweeping the world and Canada has every political party involved in a socialist program of one sort or another. We have discussed it morally, from a business standpoint and we conclude that multinational corporations are not the only people who have the expertise to operate, the incentive to profit or the right to control but that, indeed, the people of any community, of any province, of any political jurisdiction have first right over their own resources. Now whether, politically, it was a good move for this government or not will be seen in four years. If opposition parties can reverse the present national psychology towards public ownership or not will be a very interesting thing to see.

SOME HON. MEMBERS: — Hear, hear!

MR. R.E. NELSON (Assiniboia-Gravelbourg): — Mr. Speaker, I should like to join the debate on Bill 1. I am a little surprised that the Attorney General opposite hadn't brought this Bill up in caucus with the early remarks of the Member for Bengough-Milestone, he understood nothing about it. It couldn't have been discussed in there or certainly he must have been asleep while he was in there.

SOME HON. MEMBERS: — Hear, hear!

MR. NELSON: — The Member talks of potash discussion with all of the people of Saskatchewan and he suggests that this is very important and I agree on that point. Then why does this government push through and why is this government afraid to give the people of our province time to hear of it and to study it?

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The Member for Bengough-Milestone also read figures from some books that I'm sure all he has ever read in them are those few figures, and then he tells us in another breath of free education in this province. Where has he been has he not paid his taxes? Who pays for the education in this province? I happen to have been on a particular school unit board of which we paid 60 per cent of our budget from local taxation.

SOME HON. MEMBERS: Hear, hear!

MR. NELSON: — I suggest that the Member ask his chairman of his unit board if they do not raise plenty of money from their taxes as well locally. I would also suggest to him the other 40 per cent of that budget is paid by the department which we also pay, we the people of this province pay. There is no magic money tree, Mr. Member.

I suggest when the Member for Bengough-Milestone is referring to New York he may well be talking of our province's financial status in a very few years.

SOME HON. MEMBERS: — Hear, hear!

MR. NELSON: — We too, may be like New York with a bankrupt economy.

The Member for Bengough-Milestone also talks of the companies and the farmers who have assets and who would not miss just a little of their property and it comes so true in this typical NDP philosophy, what's yours is mine and what's mine is my own.

SOME HON. MEMBERS: — Hear, hear!

MR. NELSON: — When I listen to the Member I am a little sorry that the Hon. Member did not run in the constituency where he lives because I can assure him I would have removed him from his present income.

SOME HON. MEMBERS: — Hear, hear!

MR. NELSON: — I would remind the Hon. Member also that any time he is welcome to come and run there. He will long be gone from this House.

The Hon. Member also forgets what government started Saskatchewan Power. It was a Liberal government, young fellow, it was a Liberal government.

SOME HON. MEMBERS: — Hear, hear!

MR. NELSON: — Then he suggests that the 500 million starving people in this world should be fed by Saskatchewan. He expects 900,000 people of whom there will probably be only 500,000 or less when this government gets through with this province, what does he suggest we do? Give our potash away. Mr. Speaker, I suggest that this young fellow has a lot to learn.

Mr. Speaker interrupted proceedings and the Assembly adjourned at 5:30 o'clock p.m.