

The Assembly met at 2 p.m.

Prayers

INTRODUCTION OF GUESTS

Hon. Mr. Swan: — It's my privilege this afternoon to introduce to this Assembly a group of Girl Guides from the Dinsmore district. There are five guides accompanied by their instructors, Linda Lloyd and Cathy Newby. They're seated in the Speaker's gallery, and I'd like the members to join me in welcoming them to the Assembly this afternoon.

Hon. Members: Hear, hear!

Mr. Sveinsson: — Mr. Speaker, I'd like to introduce through you to the Assembly today a group of students from St. Mary's Elementary School in north-west Regina. They're accompanied by Leslie Grant and Lillian Schroeder. They'll be here for question period. Also I would like to welcome the parents that are with the group, and I'll meet with you after question period in the members' coffee room in the basement. We'll see you then.

Hon. Members: Hear, hear!

Mr. Gerich: — Mr. Speaker, through you and to you, and to the members of the Legislative Assembly, I'd like to introduce to you in the Speaker's gallery Mr. Fred Androsoff, the reeve of the R.M. of Blaine Lake; Mr. Mike Dutchak, the mayor of Blaine Lake; Mr. Donald Hubbard, a councillor in the town of Blaine Lake, and Mrs. Eleanora Boyko, the administrator.

These people are part of the pilot group for a senior citizens' level 3 and 4 nursing home, and they're here to meet with the Minister of Health this afternoon. I hope that their stay here this afternoon during question period is entertaining and educational, and I will be meeting with them at 2:30 with the Minister of Health. I ask the members to please make them welcome. Thank you.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Terms of Agreement for Sale of PAPCO

Hon. Mr. Blakeney: — Mr. Speaker, I direct my question to the minister responsible for the Devine government's negotiations with the Weyerhaeuser corporation. Mr. Minister, on March 25, three months ago, your government announced a deal with the U.S. company, Weyerhaeuser. Your pre-election announcement — for clearly an election was imminent — was interesting, but we know that the election didn't happen. Your March 25th statement said that the assets of PAPCO would be transferred to Weyerhaeuser who would pay over a 20-year period; now you say it's 30 years.

Mr. Minister, my question is this: on what basis did you make that announcement? Was it on the basis of a handshake with Weyerhaeuser, or was there a written

agreement or statement of principles; was there something committed to writing before you made that announcement?

Hon. Mr. McLeod: — Mr. Speaker, there was . . . some basic principles have been agreed to, and those basic principles . . . the government and the company, Weyerhaeuser Canada, are still in agreement on those principles. Mr. Speaker, what we have here in this debate as it relates to the Weyerhaeuser deal is a classic case of the New Democratic Party being against the selling of any assets which they gathered unto themselves in government, gathered unto themselves while in government. And it's a classic philosophical battle between them, who believe that everybody in the forest industry from the truck driver to the skidder operator to the trim-saw operator should be a government employee, and our position which says the government's role is to be involved in forest management, and we will not give up on the forest management side.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — New question, Mr. Speaker. Mr. Minister, you tell us there was a signed agreement. You have provided us with schedule B, which is initialled, I presume on behalf of the Government of Saskatchewan and Weyerhaeuser.

I ask you, Mr. Minister, will you make available to the House the rest of that agreement — schedule A, schedule C, and the rest of the agreement? Or will you persist in giving speeches and denying the people of Saskatchewan the facts upon which you are disposing of \$250 million worth of assets?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, I have said in the House on several occasions, and I as well have said here today, that there was an agreement of basic principles upon which an agreement for the disposal of the assets of PAPCO and the assets, some of the assets, of Sask Forest Products, and for the construction of a brand-new paper-mill in Prince Alberta.

There were some basic principles upon which an agreement would be structured. I have said that before; I say it once again here today. There was a memorandum of understanding between the Government of Saskatchewan and the company — a standard business practice, I might add, Mr. Speaker.

And I say once more, these people will not let this go. They do not want to let any aspect of their little empire go. But I will tell you, Mr. Speaker, that must happen. It must happen for the basis of that industry and for that industry in the part of Saskatchewan that I represent. But it must happen for all of Saskatchewan. And, Mr. Speaker, it will happen, as it must.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Mr. Minister, you have admitted that there is an understanding. You have admitted that it's in writing. You admitted that it was signed or initialled on behalf of the

parties. You've given us part of it — schedule B. Why can't you give us schedule A, schedule C, and the base agreement?

What is so special about schedule B that the public can know about it? And what is so special about schedule A and schedule C that the public can't know about it? Is it true, Mr. Minister, that the reason why you're not giving us that is that the deal is even worse — even worse — than the one revealed by schedule B?

Hon. Mr. McLeod: — Mr. Speaker, as I reiterated in the House in committee, schedule B was given to you in a forthright way, and it's exactly . . . and it's the right. And schedule B is that portion of that basic agreement of principles which deals with an area which has been largely agreed to. There are many aspects of the negotiations which have not been agreed to in total, and in fact which have not come to a final agreement. The final agreement, as I have said, will be very large in nature, and there will be many, many, many pages — thousands of pages of that, and you know that — for a deal of half a billion dollars.

I have given to the members what can be given, as I said I would. Mr. Speaker, I have given to the members more, far more, in a far more forthright way than . . .

Mr. Speaker: — Order, order, please. Order, please. The members are continually hollering and yelling the last few days in this legislature until it's impossible for the legislation to carry on its work.

I might also advise the Assembly that today and yesterday my phone was ringing, from people who watch on television what's happening here, and they are very disappointed with the operation of this Assembly. And I'm going to ask you to come to order so that this Assembly can do its work.

Hon. Mr. McLeod: — Mr. Speaker, the member says, why will you not release documents? I say, and I stand here and in front of the people of Saskatchewan and say we have provided more than they would ever have provided.

Mr. Speaker, I want to quote, and I will quote from page 454 of *Hansard* on March 2, 1981:

Mr. Speaker: — Order. Order.

Hon. Mr. McLeod: — Mr. Speaker, this, what I'm about to quote from, a former minister in the former NDP government, one Mr. Cowley, and it's very relevant to this question as it relates to the negotiations. A question came on March 2, 1981, Mr. Speaker, from my colleague at that time, Mr. Rousseau . . .

Mr. Speaker: — Order, please. I have cautioned the members several times now, and this is the last time.

Order, the minister has not completed his answer.

Hon. Mr. McLeod: — Thank you, Mr. Speaker. The members ask questions, and I'm just trying to provide them an answer, and I will continue to do that.

My colleague at that time, Mr. Rousseau, asked the following question on March 2, 1981:

Would you mind advising the Assembly, Mr. Minister, what you paid for the Prince Albert pulp mill? Secondly, I understand the pulp mill is for sale. How much are you trying to sell it for? Two . . .

Mr. Speaker: — Order, please. Order, please. I'm going to caution the member for Regina North West and the member for Shaunavon that we just cannot allow this to continue.

Hon. Mr. McLeod: — Two questions. Here is the answer, Mr. Speaker, from the Hon. Mr. Cowley at that time:

Well, Mr. Speaker, the member obviously doesn't really want us to do very well because he wants us to negotiate in public. I'm not going to comment on the price that we're asking for it . . . With respect to what we paid for it, we exercised our right of refusal. We paid, in effect, the price that the people who were going to acquire the P.A. pulp mill had offered . . .

Mr. Speaker: — Order, please. Order, please . . . (inaudible interjection) . . . Order, please. The member is too lengthy in his answer.

Mr. Lingenfelter: — Mr. Speaker, I have a new question to the minister after that lengthy, irrelevant answer. I have a question that deals with a sweetheart deal, and the Speaker has referred to phone calls, and I want to say that we have been getting literally hundreds of phone calls from angry constituents who are upset with this sweetheart deal. And they tell us to keep going at the government because they say that the information that you have given us, and by way of back . . .

Mr. Speaker: — Order, please.

Mr. Lingenfelter: — Mr. Speaker, I'll say that the government members can yell all they want. I'm going to ask my question, and by way of background I want to say that the only facts the public have had released to them include that Weyerhaeuser will get the assets of PAPCO, including 7 million acres of prime commercial land, forest land — one-fifth of all the forest in Saskatchewan. Weyerhaeuser will pay nothing down, no cash up front for the assets. Weyerhaeuser can deduct from the principal it owes to the people of Saskatchewan any losses it incurs in the first three years. That's an incredible provision by anyone's estimation, and even after the end of the 30-year period Weyerhaeuser will not have to pay back the outstanding principal and interest in cash, but issue worthless paper.

Now my question to the minister is: why, after you released this information, won't you release the documents and signed agreements on which you based this sweetheart deal that you have outlined in schedule B?

Hon. Mr. McLeod: — Mr. Speaker, the member from Shaunavon and the rest of his colleagues would ask us to release information. What I have said, and what I will

stand by now and tomorrow and the next day and whenever they want to talk about it, is that we have introduced more information than they ever did.

That group bought this mill, Mr. Speaker. That group bought this mill and brought it into the public domain — they brought it into the public domain. Did they tell the public anything about the price they paid? Did they tell the public? did they table in this House the price? Even after the deal was closed, Mr. Speaker, even after the deal was closed, no, they did not. They did not. And their minister at the time, Mr. Cowley, said they would not negotiate in public, this is not a negotiating forum, and he also said this:

What I want to say is that when the negotiations are complete, then we take a look, along with our partners, at what financial data we will make public.

That's a quote from the member, the former minister, Mr. Cowley, in their government.

Now that Leader of the Opposition, those members, who were his colleagues sitting right here at that time, will sit here . . . and at that time they thought that was the right way to go. But now, sitting in opposition, everything is changed, and they say, we should negotiate in public, we should conduct business deals in public. Well I will tell you, Mr. Speaker, I have been . . .

Mr. Speaker: — Order, please. Order.

Mr. Lingenfelter: — A new question to the minister. I appreciate, Mr. Speaker, sitting him down twice in a row on irrelevant answers.

A new question to the minister, and it deals with the notorious sort of people that you're open-for-business philosophy is bringing to the province. And I refer to the Peter Pocklington sweetheart deal and the many people who have called us on that issue, including the editorial in the Prairie Messenger which outlines the problems they foresee with bring someone of the Peter Pocklington nature into the province.

But I want to ask you, Mr. Minister, about the sweetheart deal you've arranged with Weyerhaeuser of Tacoma, this good corporate citizen as you've referred to. Are you aware that Weyerhaeuser is currently involved in a violent strike at its American plants where more than 7,500 workers have gone off the job because the corporation is demanding roll-backs of \$6 Canadian per hour from their employees? Are you aware of that, and do you still continue to say that the sweetheart deal you've set up is in order to bring a good corporate citizen, who will, and we believe probably take away income from workers in northern Saskatchewan and out of the pockets of the business men in P.A. and surrounding area.

Hon. Mr. McLeod: — Well, the member will talk about labour relations that are happening elsewhere. I mean it's a ridiculous analogy the member makes. He can say, the doctors are on strike, Mr. Speaker, in the province of Ontario. But we won't be outlawing health care; that will not happen. And it's the kind of analogy that member

makes.

What I say to the member is that Weyerhaeuser Canada corporation has a good record, and you can go, as many people from the city of Prince Albert did in recent weeks. People — representatives of the city of Prince Albert, the business community, and the elected representatives — were in Kamloops and met with many citizens of Kamloops who were unrelated totally to the Weyerhaeuser corporation and what they operate. And the reports that they got in every case were related to the kind of corporate citizen Weyerhaeuser is in that city where they have a major installation. And the people in Prince Albert who know this industry, who know and understand the benefits of this industry to their community and to the forested region know, they know and they're very confident that Weyerhaeuser will be an excellent corporate citizen.

One more point, Mr. Speaker, as it relates to the question that the member asks, and that point is the following: he says that we will not release documents. Mr. Speaker, I say to you and to members of the House and to members of the public of Saskatchewan: we have been more forthright in providing information. The mere fact that that Bill is before the House attests to the fact that we are more forthright than they ever were. And what they say in opposition, once again, is so, so very different, in such contrast to what they did when they were in government; it's obvious to everyone in Saskatchewan, Mr. Speaker.

Mr. Sveinsson: — On behalf of the poor, humble Saskatchewan taxpayer, Mr. Speaker, who, in fact, before one piece of paper will come out of the paper-mill in Prince Albert, will in fact have approximately three-quarters of a billion dollars on the table, I ask the member from Meadow Lake if in that agreement there is any commitment from Weyerhaeuser to continue operating the paper-mill in spite of future losses. There's no guarantee that paper-mill will make money either. And in fact if they do lose money, are they committed to continue with the operation, or is another socialist government in this province going to purchase that paper-mill, and the rest of this whole scenario back on behalf of the people of Saskatchewan and cost them another half a billion dollars?

Hon. Mr. McLeod: — Well, Mr. Speaker, the short answer. You have seen the position of the socialists in this House and in this province. You've seen that. And because of that, there will be no opportunity for another socialist government to do anything for one good long time because they will not be in the government side.

Mr. Sveinsson: — Supplementary, Mr. Speaker. Is there anything in the agreement to commit Weyerhaeuser to a long term operation of their paper-mill and other acquisitions in this deal, in spite of the fact that they will, in fact, or they may, in fact, lose money on behalf of the Saskatchewan taxpayer.

Hon. Mr. McLeod: — Mr. Speaker, the member from Regina North West now advocates the status quo and the status quo being: is there any guarantee that the stand alone pulp-mill will not lose money. There certainly is not, Mr. Speaker, and the track record which I tabled in

this House yesterday will show that that's the case, that it will lose money. There's no viability, Mr. Speaker, in this industry in Saskatchewan; there's no viability without the addition of a paper-mill to that pulp-mill to integrate the facility.

And the viability and the long-term of that industry is what must be and should be foremost on the minds of everybody who's a responsible legislator in Saskatchewan. That should be the first thing because the viability industry means viability for the families who depend for their bread and butter upon that industry, and there are thousands of those people across the forested region of this province, Mr. Speaker. They are on our minds, and that's why this deal must go ahead.

Mr. Sveinson: — Supplementary, Mr. Speaker. In spite of the integrated operation, as the member from Meadow Lake indicates, if Weyerhaeuser continues to lose money — and presently in their Oregon operations they are closing plants because they're losing money — do you have a long-term agreement that they will continue to employ those people and keep those plants open because of the sweetheart deal you've given them with respect to the other assets they've acquired.

Hon. Mr. McLeod: — Mr. Speaker, Weyerhaeuser Canada corporation or Weyerhaeuser corporation, the parent company, has not been in the practice of losing money, and any record that you want to look at will show — any record that that member wants to look at will show — they have not been in the practice of losing money. Contrary, Mr. Speaker, to the practices of the former Government of Saskatchewan who was in the practice of losing money in this industry and in others.

Mr. Shillington: — My question is to the Minister of Parks and Renewable Resources. Mr. Minister, you stated on Monday, and I quote: "We are very satisfied with the terms of the new forest management licensing agreement" with Weyerhaeuser. You stated you were very satisfied with the agreement which will give 7 million acres of Saskatchewan's commercial forest to this big American company.

Can the minister confirm that this forest licence management agreement sets out all the terms and conditions under which Weyerhaeuser corporation will receive exclusive rights to one in every five acres of Saskatchewan's commercial forest? And since you confirmed yesterday that the agreement had been completed, will you table all the documents relating to Weyerhaeuser's forest management agreement later today in this Assembly? Will you do that later today, Mr. Minister?

Hon. Mr. Maxwell: — Mr. Speaker, I thank the hon. member for the opportunity to enter this debate. As the minister in charge of forestry, I have been closely involved with the negotiations on an FMLA (forestry management licensing agreement). And as I said before, Mr. Speaker, we're satisfied that the terms and the conditions that are being proposed for the FMLA are not only consistent with good forest management practice but will be to the benefit, not only of the Weyerhaeuser Company, but all of the people of Saskatchewan.

Mr. Shillington: — Supplementary. Is there an agreement? — yes or no.

Hon. Mr. Maxwell: — Mr. Speaker, to refresh the memories of the members of the opposition — some of whom have been around for a considerable number of years, some of whom have been around at a time when other FMLAs were signed — they would know that an FMLA would have to have approval of cabinet, which would be in the form of an order in council.

Mr. Shillington: — Mr. Minister, you have stated there's an agreement; you've stated you're satisfied with it. I ask you, Mr. Minister — and I remind you, Mr. Minister, that we are talking about a quarter of a billion dollars in public assets. If you had received cash rather than giving it away, it would reduce by one-eighth this province's total debt. It is an enormous sum of money. They're worth \$1,000 for every family of four in Saskatchewan.

Do you not, Mr. Minister, see the need to answer some of these questions by Saskatchewan taxpayers about the terms and conditions of their assets — not after closing, when the deal's final, but now.

If you're happy with the terms and conditions, why not defend them? Why conceal them? If it's a good deal, Mr. Minister, why won't you defend it? Why do you not answer these questions?

Hon. Mr. Maxwell: — Mr. Speaker, concurrent with negotiations that have gone on with Weyerhaeuser, we are also negotiating new FMLAs with MacMillan Bloedel, L & M Wood Products, Simpson Timber, and we don't negotiate those in public or discuss them on the floor of the legislature. And the terms and the conditions of the FMLA which is being negotiated with Weyerhaeuser is in no way substantially different from the types of conditions that are being built into those other FMLAs.

And, Mr. Speaker, by way of information, and by way of passing something on to the members of the opposition, there's something that has to be made clear. We are not giving one acres of forestry to anybody in Saskatchewan, be it Weyerhaeuser, L & M, MacMillan Bloedel, or Simpson. What we are doing is giving companies the privilege of harvesting forested acres in Saskatchewan. And in return, in return for that privilege, Mr. Speaker, they are paying us an 85 per cent increase in royalties over what PAPCO was previously paying. Plus, Mr. Speaker, I'd like to point out that for that privilege of harvesting in Saskatchewan they will also be giving us 126 per cent increase in the amount of reforestation that is going to be done in the future in Saskatchewan.

Mr. Yew: — Than you very much, Mr. Speaker. I direct my question to the Minister for Parks and Renewable Resources. Mr. Minister, we're talking about a deal that will change the face of northern Saskatchewan for the next 30 years, or perhaps for ever. We have questions in the North pertaining to the major environmental impact of the North, the traditional way of life of the people in the North.

Mr. Minister, I ask you: do you not think that the people of

the North have a right to know exactly what it is that you propose? This is the future of the people in the North, Mr. Minister, that you're dealing with. And you won't even bother to answer the questions about the impact on their lives. I ask you, Mr. Minister: if you are pleased, as you claim, with this new forest management licensing agreement with Weyerhaeuser, why are you afraid to show it to the people of this province, especially to the people of northern Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: — Mr. Speaker, in negotiating any forest management license agreement, all of the interests of all of the residents of Saskatchewan, be they north or south, have been taken into consideration. I appreciate the hon. member's concerns, being a native Northerner himself, and I want to give him every assurance that as minister, not only in charge of forestry, but wildlife, fisheries, parks, and renewable resources, and campgrounds, the consideration has been given to the interest of all users and all traditional usages in northern Saskatchewan.

Proposed Tariffs on Potash Exports to U.S.

Mr. Koskie: — Thank you, Mr. Speaker. I want to direct a question to the minister in charge of the potash corporation. Mr. Minister, your free trade policies of your government have repeatedly endorsed the free trade position of the Mulroney government and the Reagan administration in the U.S.

Mr. Minister, in view of the fact that the Reagan administration — not Congress, but the Reagan administration — is aggressively intervening against Saskatchewan potash exports to the U.S. by direct orders from the U.S. secretary of commerce to help the New Mexico potash industry prepare a case against the Saskatchewan producers, provide extra commerce department staff in this case, and to expedite the process.

This is the actions that are being taken. Mr. Minister, you'll be aware of the major headlines indicating that U.S. are putting in tariffs. "U.S. looking at tariffs to stem the potash flow."

I ask you, Mr. Minister, in view of those facts, in view of the aggressive intervention by the Reagan government against Saskatchewan potash producers and Saskatchewan jobs, what action has your government taken to resist this unacceptable action on behalf of the Reagan administration?

Hon. Mr. Schoenhals: — Mr. Chairman, I believe if the member ...

Mr. Speaker: — Order, please. Order, order. Order, please.

Hon. Mr. Schoenhals: — I believe if the member checks carefully, he'll find that the action was initiated by Mr. Domenici, the senator from New Mexico. He's a Democrat, I believe.

The point, Mr. Speaker, is that the system that is in place

operates this way. I think what is attempting to be negotiated is some changes to that system so that in fact the jobs in Saskatchewan will in fact be a lot safer.

In this specific instance, I think there are three points. At the present time there is a preparation of a petition to investigate dumping allegations under way. If in fact that petition is accepted and the investigations follow — they're obviously extremely technical and complex — and PCS (Potash Corporation of Saskatchewan) will prepare its case, as will the other Saskatchewan producers, to prove that any allegations that the participation in the U.S. market has been detrimental to American industry are, in fact, not correct.

That is the position we are taking, and we will be working toward that end.

Mr. Speaker: — Order, please.

TABLING OF REPORTS

Mr. Speaker: — Before orders of the day, I would like to lay on the Table the report of the Chief Electoral Officer under section 222(1), the report of the returns of election expenses incurred by candidates in the constituency of Regina North East.

And as well, I lay on the Table the report of the Chief Electoral Officer dealing with the annual fiscal returns of registered political parties for the fiscal year 1985.

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Executive Council Ordinary Expenditure — Vote 10

Mr. Chairman: — Would the Premier like to introduce his officials?

Hon. Mr. Devine: — Mr. Chairman, I will introduce three members of my staff: Norman Riddell, sitting beside me, is the deputy minister and cabinet secretary; Mr. Brian Leibel is director of administration; and Lynn Schellenberg is administrative officer for Executive Council.

And while I'm on my feet, Mr. Chairman, I've just a couple of things that I would like to provide to the legislature in terms of a few comments as we kick off my estimates.

As you know, Mr. Chairman, the Department of Executive Council provides decision-making support to the Premier and to members of the cabinet. In fulfilling this responsibility, the department plays a critical role in policy formation and in co-ordination. In this regard, the various branches of Executive Council — intergovernmental affairs, the policy secretariat, public affairs, and the cabinet secretariat — have contributed significantly to a number of government initiatives over

the past year. I just want to touch on a few of these.

First is the annual conference of the first ministers and the national agricultural strategy. The establishment of the annual conference of first ministers provides opportunities for the premiers and the Prime Minister to discuss important issues. Certainly our Executive Council and the province of Saskatchewan has been intimately involved in these discussions, going back to February of 1985 when the first ministers' conference was here in Regina.

At the Halifax conference we were able to get agriculture on the agenda to making it one of the more important things that were discussed. I would like to point out to the members present that it was only possible for me to make this important initiative through the co-ordination of activities we have in Executive Council. Through discussions with farm groups, individual producers, academics and leaders in Canada and abroad, papers were put together and co-ordinated by Executive Council, forwarded to the other premiers, and forwarded to the Prime Minister, and as a result we were able to get our ideas and our concepts at the national level and now at the international level.

I also made a trip to Washington last fall to impress upon senior congressmen and cabinet ministers in Washington that Saskatchewan had substantial interest in the potential changes in trade and agriculture, and that was obviously raised today in question period. I took the opportunity to explain Saskatchewan's eagerness to reduce protectionism in the United States, and as well said that we understand the feelings that they had with respect to protectionism and the policies and the implications that had politically in their districts.

I was invited to Nebraska to outline similar ideas that we had here in agriculture, by Governor Kerrey. As a result of that, I had a second invitation, and I just returned, as the chairman knows, from the mid-West governors conference in Columbus, Ohio, where I reviewed the kinds of things we do in Canada and suggested to those Americans and said, if you look at our way as opposed to their way, it would save them in the neighbourhood of \$30 billion in their current farm Bill, and it wouldn't wreck the prices.

Those ideas and much of the alternative policies were put together by Executive Council, and we will continue to make sure that we do. Similarly, with respect to negotiations on Rafferty and Alameda dams, the Executive Council, the water corporation, and Intergovernmental Affairs has been responsible for putting together a project that people have been talking about for literally decades. People like the former premier, Tommy Douglas; the former prime minister, John Diefenbaker; the former cabinet minister, Jimmy Gardiner, federally, for the Liberal Party — all are on record saying it was a thing to do. Its time had come, and they'd been saying this for years. And we're finally through some good negotiations to be able to put it together.

With respect to international work, Saskatchewan's interest in China has been obviously something that we

have been pursuing. China is the province's fourth largest export market, and the Executive Council and Intergovernmental Affairs has worked hard to put together a twinning relationship, has twinned, so that we're looking at possibilities with the Jilin province and other provinces in China with respect to trade, economic development, culture, and so forth.

With respect to multilateral trade negotiations, my visits with GATT (General Agreement on Tariffs and Trade) in Geneva and the discussions we've had internationally and nationally obviously has taken the Saskatchewan position that trade is extremely important to us. We want access to as many markets as possible, and as free as possible, so that we can export the goods and services that we have in this province.

I'd like to say that we have also been somewhat busy from time to time in hosting international guests. In this regard the highlight of the year was undoubtedly the visit by Her Majesty Queen Elizabeth, the Queen Mother, when Her Majesty came to Saskatchewan for the first time since 1939, and we were delighted to have her here.

We've also been involved with other dignitaries inviting them in, hosting dinners to make sure that Saskatchewan's reputation has been something that we're very proud of. We put together a coat of arms, a design submitted by the College of Arms in London for the royal warrant. Its use will be restricted to the Lieutenant Governor, the Speaker, the courts of justice, the Premier, and government for certain formal purposes.

I also want to mention that we have made some instrumental changes with respect to policy. I won't go through them all but, obviously, legislation like pensions, welfare reform, budget reforms and so forth are on the leading edge of things that are going on, not only in the province but, indeed, in North America.

So I would just say that the cabinet and Executive Council have been extremely busy locally, nationally, and internationally, putting together a list of projects and strategies to represent the province of Saskatchewan, not only at the local level but, indeed, at the national and international level.

Item 1

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, there are a number of items I want to raise with you. And I first want to raise an item which I think is of a great deal of importance to a good number of people in Saskatchewan and in respect of which I think there is no great clarity as to just what the policy of the government is. And I am talking about the policy of free trade, your policy of supporting free trade.

And I want to be as careful and precise as I can, because these discussions tend to become jelly rather than any exchange of ideas that can be understood. And I'm not talking about protectionism versus free trade, if by protectionism we mean the use or abuse of non-tariff barriers.

Everybody agrees that we as a country, and our trading

partners as countries, should refrain from abusing anti-dumping or countervailing or fact-finding or direct quotas or health regulations or any number of other non-tariff barriers which are used. And we all agree on that. So no one, I think, is . . . There is simply no division on that issue.

The division comes with your advocacy of free trade. I want to say that there is a major philosophic difference between you and me. You advocate free trade; I do not advocate free trade. I believe that Canada must have selective tariffs. I believe that all goods should not cross the border between Canada and the United States without tariffs. I don't believe that.

The government obviously does and the Premier obviously does. He has said over and over again that he believes in free trade — over and over again. And we all know what free trade means. Or at least the Premier does. The Premier holds a doctorate degree in economics and knows what the term free trade means. He knows what it means in economic terms, and he knows what it means in political terms, because he's a practising politician.

And the United States has a free trade agreement — has one with the State of Israel. So we know what a free trade agreement with a partner, trading partner, of the United States means, because there is one. And there are free trade agreements in Europe, or have been. The European free trade agreement operated for some time, and we know what that term means. And so I think we all know what we're talking about.

The Premier is saying that he believes in free trade, and I am saying that I and our party does not believe in free trade. We believe that there should be selective tariffs. And if members opposite believe that only the trade union movement holds that view, then they are, I believe, sorely mistaken. I'm going to come to this in a moment.

But I want to underline that no one, again, is talking about whether or not we should try to get rid of non-tariff barriers. The great bulk of the non-tariff barriers have arisen with respect to products on which there is no tariff. We have free trade in potash. We have free trade in potash. We have got a free trade agreement in potash.

(1445)

And it's non-tariff barriers of anti-dumping or countervail which are likely to arise. And that will happen with respect to any free trade agreement unless — unless — you have something like the auto pact where some of those opportunities to restrict the movement of trade are eliminated by way of the specific agreement.

But right now we're talking about free trade. The Premier has been abundantly clear that he believes in free trade and has said it over and over again. And I want to say over and over again that I do not believe in free trade, that I believe we must have some selective tariffs. And I want to raise with the Premier some of these particular concerns with respect to free trade.

Mr. Premier, I am referring to a magazine called Food, which is the journal of the food and beverage processing

industries. I could refer to dozens, but this has many of the . . . This is the voice of the manufacturers, not the voice of the producers. And I want to point out what the Premier's advocacy of free trade means.

During the course of the federal government's initiation and formulation of its policy on free trade, it called for briefs from many people and many organizations, including the provinces — and some provinces have put in their briefs, and we'll come to that — and including major industrial sectors. And here is what some of the people in the food processing industry said.

The majority of the industry briefs zero in on quota- and price-setting boards. It is stressed that if they remain in place, they will effectively deny the North American market to those companies dependent on such boards for their raw agricultural supplies. The criticism was directed, not only at the boards controlling Canada's egg, poultry, turkey, and milk supply, but also the Canadian Wheat Board, which sets the domestic price for a number of grains.

We'll start, Mr. Premier, with this simple question. Do you agree in free trade with respect to eggs and poultry? We'll start with that, because I get the distinct impression . . . And I know it because I've heard it — you say over and over again that you believe in free trade. And free trade has one very, very simple meaning: no tariffs — no tariffs. I say to you that you therefore are saying that you believe in free trade in eggs and poultry; I do not agree with free trade in eggs and poultry.

Mr. Speaker, Mr. Chairman, I obviously agree with free trade in many areas, such as potash and many others, and a simple look at the record during the period of the 1970s indicates that more and more goods from Saskatchewan were entering the markets of the world and the U.S. market free of tariffs because of the GATT (General Agreement of Tariffs and Trade) negotiations in which our government was peripherally involved and which we fully supported.

We want to see freer trade. We don't want to see needless tariffs. We don't agree that that means that there should not be tariffs, and I say . . . (inaudible interjection). . . Make up my mind. I am making up my mind and I am saying that I believe in free trade in potash and not free trade in eggs. And members over there believe that if you have free trade in potash you have to have it in eggs and they are therefore condemning — condemning, I say — our poultry industry and our egg producers to being run out of business by American producers. That's what the Premier says he stands for.

The Premier has said it over and over again, and I want him to say how he can be for free trade, which he has said over and over again, and still protect the egg industry and the poultry industry. May I have your answer.

Hon. Mr. Devine: — Well, Mr. Chairman, I would take a position very similar to the hon. member. The hon. member has said that he agrees in freer trade. He agrees that free trade in many areas is good. He agrees with GATT which was set up after the depression to make sure that we could undo all the protectionism that we got into

- particularly started from the United States — where countries like Canada would work together to reduce the tariff and non-tariff barriers around the world. And he agrees with that, and I do too.

He agrees that nobody likes to see tariff and non-tariff barriers, countervail, illegal kinds of things that you can dream up in the drug markets and whatever, to keep pork out of the United States, or commodities out of here. I agree 100 per cent with him. What we want to do, and as I'm sure the hon. member wants to do, is to reduce those trade tariffs and reduce the protectionism around the world, and particularly between the U.S. and Canada, because we trade a great deal with each other.

I believe we should have freer trade and as free as possible in areas like potash, areas like oil, areas like timber, pork and bacon, the kinds of things that we produce, manufacture, and export. I believe that. Now as we get there it'll take some time . . . And he says, well, are we going to have free trade in eggs? Well I don't expect we're going to have free trade in eggs or free trade in milk. I mean, the United States has no more interest in negotiating a free trade milk arrangement than I do in eggs. We're so far from those negotiations . . . Put it this way. You know, sir, that if we had trade negotiations going on . . . and I understand the politics of the word "free" versus more liberalized trade, or liberalized trade agreement. I understand that. So we can get into that.

But put it this way. If you were at the negotiating table for Canada — and if you were in a negotiating position for Canada, I would have confidence that you would say, look, here are the commodities right now that we could start with. Let's look at potash; let's look at uranium; let's look at timber; let's look at softwood lumber; let's look at all these things that we're already very close to a free trade arrangement; let's make sure those stay free. And let's reduce the tariff and non-tariff barriers on pork, on shakes and shingles, and let's start with those irritants. And that's where you start in negotiations. You know absolutely that you don't walk in and say the whole world is free because you just sit down and decided to talk about it.

Well the only thing that I would caution my hon. colleague about is if you want to — and I don't think you do — but if you want to take the classic Ontario position, the classic Ontario position that says, we have manufacturers in this country that have been protected and we don't want free trade, or freer trade, for that matter, because we have been protected. Ontario has said that, and you know that. And I'm sure when you were the premier you would argue against it.

Now if you're . . . I don't think you are, but if you want to take that Ontario position, you're going to box yourself in, as we've had Saskatchewan boxed in. We gain the most from more liberalized trade with United States, much more than Ontario. They've essentially got a freer trade arrangement in their big industry which is automobile manufacturing, and it's done them quite well. I'd like to see as much confidence here in uranium and potash and timber and other things.

So on the whole question of the word "free," if we want to debate that, I would like to see it move towards as free as

possible, with as many tariff and non-tariff barriers removed as possible. And you will start with the kinds of items that you suggested and I suggested. In fact, if we got in a room and said, what areas, what commodities would you start at the negotiating table, I doubt whether you would start with chicken, and I doubt whether you would start with eggs or the dairy business. It may be 100 years before they would even talk about trading milk between Canada and the United States, looking at the problems they've had in Europe, New Zealand, Australia, and others.

So when we look at more liberalized trade, I guess I would say, without pushing it too much, if you want more liberalized trade, you want to reduce tariff and non-tariff barriers, we've got to begin some place. We have to start. We're into negotiations now with the United States to reduce the barriers. That's what it's all about.

Now at home here we can talk about free trade and freer trade and liberalized trade. I don't think it's fair ball to frighten people when right now folks in the potash business, as of yesterday, and folks in the uranium business, the pulp and paper business, Intercontinental Packers, are all having their jobs threatened. And some Canadians are saying, I'm not so sure we should negotiate with the United States.

Well, Mr. Chairman, obviously, if you want better arrangements with the United States, we should be at the table with them. If you want to have lower tariff and non-tariff barriers, we should be at the table reducing them. If you're not at the table, then I guess you can talk all you like about freer trade and less tariffs, but I would say, look, I agree with you. I want reduced tariffs; reduce non-tariff barriers. I want to be in negotiations with the United States so that they don't get carried away with protectionism. I want to slow them up as much as possible. And that's precisely what the negotiations are about. I would rather be talking with them at the table than saying, no talks, no discussions; just let them carry on and block out our potash, block out our pulp and paper, block out these other things.

I mean, if you want to take the Ontario position, that's fair enough. But I don't think that you do. I support free trade. And many commodities, if we could do it now . . . I'm just like you; I would support free trade and I would like to see free trade in more and more commodities as they're negotiated between two parties that mutually agree it's in their best interest. And if you both agree it's in your best interest and you sign it, because of potash or cars or pulp and paper, I agree with that. As a negotiator yourself, I believe you would.

So we want to see more trade, more liberalized trade, freer trade, and wherever we can pick them off industry by industry, sector by sector, free trade arrangements that are mutually beneficial to both sides.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, why then has the Mulroney government, with your full support, consistently refused even to consider the sector-by-sector approach to liberalizing of trade which worked so well in the auto pact, as you say, and which I suggest could work in other sectors, without at the same

time threatening many of the jobs and many of the economic structures of western Canada.

Let me underline again, let me underline again where I am with respect to wheat. I believe there has to be a tariff on U.S. wheat coming into Canada. This has not been a popular point of view always, but I believe that to be necessary if we're going to have a domestic price for wheat of \$9 or \$10 Canadian.

How is it possible, Mr. Premier, to have a \$10 or a \$9 or \$8 domestic price for wheat, which the wheat board gets when it sells to Canadian millers, if those same Canadian millers can bring in U.S. wheat at \$5 a bushel. We all know that that can't be done. And it's time that people recognize that this sort of free trade talk is simple nonsense; this sort of free trade talk which says of course we're big producers of wheat, therefore there should be free trade in wheat. We are certainly big producers of wheat, but we're not agreeing that there should be free trade in wheat; we're not agreeing to that.

We believe that there has to be a tariff on wheat if we are going to run a higher domestic price. And as I say, I hear some people say, well the things which we produce, the potash and the oil and the wheat, well they don't all fall in the same category. And this is why I'm saying that we need selective tariffs. And in this case we need a tariff on U.S. wheat, and may well be in certain circumstances on U.S. feed grains. And there have been that in the past, but I'm not now dwelling on feed grains, I'm talking about bread wheats, be they hard or soft. And I'm saying that we have to make that fact clear.

We're not talking about some wide-sweeping, free trade agreement. And this is where I think the Mulroney government is off on the wrong foot, because there are going to be endless exceptions, and we ourselves are listing them now. And we would be far better off to take the sectorial approach, pick an area where we think we might make some progress. I know the arguments against that, but the arguments for it seem to me compelling.

(1500)

The only real success story we have had in bilateral negotiations has been the auto pact. We've had some success stories in multilateral bargaining with the GATT agreement which lowered tariffs all around, I think, to the betterment of most, if not all, traders in the world. We got some benefit out of it. I favour going the multinational route. I favour going with sectorial arrangements with the U.S.

Where I think we're off base is talking about some sort of overarching, all-encompassing free trade agreement with the United States. It's not going to happen. Everybody is now staking out the ground saying: yes, everything's on the table but . . . everything's on the table but . . . And we've got a whole string of buts now.

Why don't we face the fact that we will get farther in Canada by going the GATT route for general lowering of tariffs and going the sectorial route with negotiating with the United States? And then we wouldn't have this tremendous splutter of barriers being erected by the

United States in anticipation of negotiations which we see coming here now.

I can't help but believe that because these negotiations have been launched, the United States has been buttressing its position — and there's no doubt about that. The press makes it very clear that, in order to get the consent of the U.S. Senate for the fast-track negotiations, Reagan has obviously had to give in on shakes and shingles, I suspect on potash — I don't know whether the senator from New Mexico extracted that price, but it's all running through Packman's office, and he seems to me to be managing it.

And we have seen barrier after barrier after barrier put up in order that they can be removed as negotiating chips, and we're farther behind after three months of rough discussions and two weeks of negotiation than we've ever been before. And that is because of the approach taken by the federal government with the full support of the government opposite.

And I ask you, Mr. Premier, are you now conceding that the free trade in bread grains is out?

Hon. Mr. Devine: — Mr. Chairman, when we are in discussions with another country or multilaterally with respect to trade negotiations reducing tariffs, you go to the table and you discuss with them what areas you can mutually agree to begin to reduce tariffs.

And in the discussions when we go down with the United States or with other countries, we are prepared to discuss all kinds of things — prepared to discuss potash and timber and cars and fish and so forth. If we ruled them out before we got there, I mean, you would have nothing to discuss. So we're into negotiations saying, we're prepared to look at pork and we're prepared to look at all kinds of things. That's just normal; that's a natural thing to do.

Now with respect to the U.S. Activities to date, the hon. member knows it's got nothing to do with the free trade negotiations that are going on today. It has nothing to do with them at all.

If we were not into negotiations at all with the United States, they would be doing these things left, right, and centre because as he knows, my colleague, Howard Pawley, me, Peter Lougheed, and Bill Bennett have been forecasting the trade restrictions coming up in the United States, and he's aware of them.

They have been destined to get into protectionism because politically it's popular, primarily among the Democrats in the U.S. because they're saying, we are getting beat because of the difference in exchange in our currencies, and they have the bit in their teeth and they're going to district after district after district saying we should not trade with Canadians or trade with anybody else. And that's going on regardless. At least now we have a forum to talk to them, other than me or anybody else just going down to a conference from time to time to speak to them.

So, Mr. Chairman, while we are facing severe and

significant protectionism in the United States that's going to take jobs away from us in potash, in uranium, in oil and gas, in Intercon, in steel, in Ipsco — all those things that the Americans are doing and have been doing for some time — it seems to me that the people would like to think that we can negotiate a better deal with Americans rather than just let them do it. And if we're not talking to them, I guess we just back away and we say, go ahead, cut us off, as you have just said in this legislature.

I believe that it's a . . . I'll take you at your word. You want to see freer trade in potash, and free trade in potash — free trade in potash. And if the United States puts restrictions on it, you don't like that and I don't. Now somebody better be down there fighting for us. You don't want to be into the negotiations. You said, well, we can't be discussing it because you've used the word "free." Well how about if we use the word "freer" or "more liberalized" trade? Would that be fine?

And we said we want to start with potash, and we want to start with this and this and this when we're at the table, but I'm not going to go at the table and say that I've refused to discuss potash because the Americans have refused. Maybe they say they don't want to discuss it. I want to talk about potash when I'm down there, and steel, and hogs, and bacon, and obviously anybody from Saskatchewan who wouldn't be interested in talking about those commodities is there.

And with respect to grain, if we're both major exporters of grain and we're marketing all throughout the world, we can agree that we won't export into each other's countries except for tariffs. And if that's the agreement, then that's what you have. An if you want freer trade and both countries agree that it's in your best interests, then both countries can do that. But if you're not at the table, then they can just keep slapping tariffs on bacon, and hogs, and potash, and shakes and shingles, and softwood lumber, and uranium, and coal, and we'd just sit here.

Well we can't just sit here. We have to be as tough as they are. We have to be able to do the kinds of things that they do, and we have to be at the table saying: this is the kinds of things that we have to do.

Now if you don't want to be in discussions and you say, well we want a sectorial approach, well you can't discuss them all at the same time. What we've said is that we will want to be able to discuss an awful lot of things that are irritants with us with respect to United States. We want them on the table, and we want to be able to discuss uranium, and potash, and hogs, and steel, and pulp and paper, and the forestry products, and we want to make sure they're on the table.

Now if we pick them off one at a time and say, well, we won't talk to you until we can get down to bottle caps — we'll start with bottle caps — well, we'd never get anywhere. We've got to start together and go through the process and agree that we can talk about these things in that process, and as you said, let's get free trade in potash; let's get free trade in timber; let's get free trade in a large number of other areas; and where we can't let's at least reduce the tariffs and, secondly, and I'm sure you're aware of this, design a mechanism that will allow us to

reduce the irritants between the two countries as quickly, as fairly as possible.

So again I go back and say, we're not that far apart. You don't like the word "free"; all right, use the word "liberalized" trade — freer trade. We want to both move in the same direction; that's what the negotiations are about, and I believe it's a good idea that we're into them.

Mr. Koskie: —Mr. Chairman, with leave, I would like to introduce a group.

INTRODUCTION OF GUESTS

Mr. Koskie: —Thank you, Mr. Chairman. Mr. Chairman, and members of the legislature, it gives me a great deal of pleasure to introduce to you 10 students, grade 8 students from the Englefeld Elementary School. They are accompanied by their teacher, Peter Penrose, and a parent, Gabe Lefebvre. I want to take this opportunity to welcome the students here.

At the present time, if I might indicate what we're doing, is dealing with the Premier's estimates, the Executive Council. The Premier answers questions that are directed to him through the Chairman of the committee in respect to the expenditures of the Executive Council.

So I welcome you here. I hope that you have a very enjoyable stay and a safe trip back home. I'll be meeting with you shortly.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Executive Council Ordinary Expenditure — Vote 10

Item 1 (continued)

Hon. Mr. Blakeney: — Mr. Premier, clearly everybody would wish that these non-tariff barriers, these anti-dumping and countervailing, and all the rest, health regulations and direct quotas and that sort of thing, would go away. Does anybody know any occasion in which the United States has ever entered into any agreement with anybody, other than the GATT arrangements which are limited, we know, and they apply to everybody, and the auto pact, in which they have ever negotiated away any of their rights to do any of their things? And does the Premier not accept the statement of Ambassador Niles when he says that the constitution of the United States is not on the table? Is there any reason to believe for one minute that we will get a mechanism for resolving disputes which will seriously limit the right of the U.S. Congress and the U.S. administration to activate those non-tariff barriers?

This is the absolute key to the discussion, and I am very interested to know what the Premier says about just what indications there are that there will be any movement in that area.

Hon. Mr. Devine: — Mr. Chairman, the question raised

by the hon. member reminds me of some people who would say that we have designed a mechanism and it can never be any better. There is no future arrangement that could improve on the relationships between us and a neighbour. I can think of, for example, before we signed the auto pact, the U.S. had never done it before. Well under your argument we'd never do it, because it had never been done before.

Before we got into GATT, it had never been done before on that massive a scale between many countries, but under your argument, we'd never done it. Why would any country reduce its autonomy to get into multinational trade negotiations. Who would ever do it? Did it change the U.S. Congress or the Senate? No. They agreed in principle, between friends, to do better.

New Zealand and Australia are on their second term of a bilateral trade arrangement. Did they ever do it before? No, but they tried, and they're both happy with it because they have less tariff and non-tariff barriers, and they're working at them. They put everything on the table, and they're picking them off one at a time, and it's working.

The Europeans — and this is probably the one that flies in the face of, I believe, your argument — the Europeans were at war with each other. The government of this country was at war with the government of that country. And under your argument they would never get into a common market because they'd never done it before, and what's more, they were at each others' throat. What did they do? After the war, enemies who had sent their children and their mothers, and their fathers to the front and wiped each other out, signed a trade agreement between the countries. And Great Britain is still Great Britain, and France is France, and West Germany is Germany, Italy is Italy, and their parliaments and their House of Commons are just as important and just as powerful as they ever were.

What we're looking at is a mechanism where Canadians for the first time in history could have access to 100 million people or more as a major market, and we're the only country in the free world that doesn't have that. Other countries either do, or have a big enough domestic market to make that happen.

So I am not intimidated because it's never been done before. I mean, before you got in the legislature, you never were there before. Before I was here, I was never here before. But I, you, and others go to school for the first time, and strike deals for the first time, and get married and raise children, and get into business and take risks.

The alternative, the status quo, is the dangerous part of what we're into now. The status quo believing . . . And as the wheat pool study says — and I'm sure you've read it — there is no status quo when it comes to dealing with the United States right now. No status quo. So if we're even going to stay where we are with respect to the United States, it seems to me we have to look at all the alternatives. New arrangements, bargaining, one on one, three on one, country to country. At least we have a mechanism.

I can only say that the United States — right? — never did

sign an auto pact; it finally did. And it's been good for Canada, and it's mutually agreeable. The United States was into GATT; so were we. Never done it before, but it was good for all of us. I hope we can strike a bilateral trade arrangement with Japan and reduce tariff on non-tariff barriers. We've never done it before, but I'd certainly be there to try.

The failure is not trying. And the other failure, I'll say to the hon. member, is to cool up unfounded fears that it is not right to try. That's the problem. When you get half of this country, or half of the politicians in this country, run around crying wolf, that we shouldn't be negotiating, the Americans just laugh. They just grin and they pick us off one at a time, an industry at a time. That's the problem.

And I think that we should be standing shoulder to shoulder and negotiating from a position of strength and saying, we will defend our jobs, and we will try for new arrangements. And as you say, and I agree, reduce those non-tariff barriers, design any kind of mechanisms that we can be better in terms of relationships with our neighbour where we can mutually agree it's in our best interests for both of us.

(1515)

That's the kind of attitude that built the country. That's the kind of attitude that will sustain the country. That's the kind of attitude we've seen throughout the world in GATT. It's the kind of attitude that put together the auto pact, the New Zealand-Australian agreement, indeed the Common Market.

And I think bilateral arrangements, as you know, in GATT, are consistent with the rules of GATT. If two countries reduce their tariff and non-tariff barriers, that's consistent with everybody having the common denominator, with less tariff and less tariff barriers . . . non-tariff barriers. That's a good thing to do. It's positive. I can only say that I'm not afraid to try. And I don't believe that we should leave it and just say, well we can let it go, and because it's never been done before, that we shouldn't try.

I think the United States will be same in terms of how it runs its country. And we will be. But if you strike an agreement between friends and honourable people and you put a package together, then it can be binding. The auto pact didn't change the U.S. government, but they live up to it. And that's the significance of it, and I believe the significance of a relationship that we could have between the most importing, trading countries in the entire world — the U.S. and Canada.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, everybody agree with much of the sentiment that's there. What we're talking about really is priorities. You can't do everything all at once. And Canada has to make up its mind whether it's putting most of its effort into getting some sort of a bilateral agreement with the United States which is overarching and covering everything, and then trying to sort out all the things that it won't cover, or we have to decide whether we're going to stick with the system which has worked so well for us over the last 20 years — the GATT negotiations. And stick with what has

worked so well for us with respect to the United States — the sectoral arrangements.

And that has worked well. And we have expanded trade substantially, not only in autos but, under GATT, in all manner of things. And it's worked very well. And while no one objects, I suppose, to someone trying something else, it ought not to be first priority when it's obviously got so many difficulties, as is being demonstrated every day, and where it has such a small pay-off compared with a GATT arrangement which would offer even larger markets.

A few home truths must be understood here. And I wonder if the Premier would agree that supply management arrangements such as we have in much of Canadian agriculture and free trade are simply incompatible. And I'll ask that question again. Will you agree that the supply management arrangements which we have in much of Canadian agriculture and free trade are simply incompatible? And will you agree that the operations of the Canadian Wheat Board, in so far as they relate to the domestic market, are incompatible with free trade?

I will just quote the views of this magazine of the Canadian food and beverage industries which says that free trade and Canadian supply management are incompatible. I would have thought that was almost a motherhood statement. And I want to hear anyone explain how free trade is compatible with supply management arrangements in Canada and open market arrangements in the United States.

Hon. Mr. Devine: — Well this is going to be an interesting discussion, I can see that. First of all, the negotiations that we have between a country like the United States or Japan do not rule out the multilateral negotiations of GATT. In fact, the team that Canada has involved with the bilateral negotiations — Mr. Reisman — are the same team that are going to be involved in multilateral. So we haven't ruled out any of the old mechanisms. The old mechanisms are there and we're into them.

The second thing that I want to point out, and I'm sure the hon. member will understand: when I have discussed with Europeans about them reducing their tariffs and their subsidies, say in agriculture, I mean, they change the subject. They are not interested in talking with Canadians about reducing the tariffs. We used to export wheat to Europe, and now France is a major exporter, and their subsidies are about twice the price.

The only time that I ever got their attention — when we started to talk about a common market or a freer trade arrangement between North American countries. And they said, are you really going to do that? I mean, I got their attention. They've been doing that themselves and sticking it to Canadians and sticking it to Americans. And you know yourself that the European Economic Community is the biggest sinner when it comes to subsidization and tariff and non-tariff barriers.

We finally got their attention. And when we get into the GATT negotiations, we have a lever and say, you want to see the two largest trading partners freely trade with each

other? How will that sit with you when they know they want to export into this North American market? That's the second observation.

The third is that we are into these negotiations as provinces like we never have been before. The world has changed; it's tougher. The United States is into a new mood of protectionism, and we may have to have all the new mechanisms we can come up with to slow them up.

But the provinces for the first time . . . And as you know, the provinces were not involved in GATT; the provinces had precious little to do with it. And I can recall statements — I don't know if it was the time when you would go to first ministers' conferences or at least premiers' conferences — but I can certainly recall at the time Peter Lougheed saying the provinces should be involved, because we're been traded away, and agriculture's been traded under the table, didn't even make it.

Well we are now much more involved, and I'm sure you would agree with that. We meet every three months with the Prime Minister and at various ministerial levels right intimately involved in trade negotiations, and I don't think we'll ever back away from that. I think we're into that now so that we can have premiers and trade ministers from all political persuasions and from all regions and all provinces right there involved in multilateral and bilateral negotiations.

Now with respect to supply management and trade, the hon. member probably knows — maybe he's forgotten but I'll remind him — that you can have supply management features under GATT. If both countries practise supply management, it's fair ball, and you agree not to antagonize each other and raise it. If you have milk marketing orders in the United States and milk marketing quotas in Canada and you decide that you both are constraining supply and into supply management, that's perfectly fine with respect to GATT because you're both trying and doing the same thing.

Where you run into the problems, obviously, is where you . . . one, it is on an export basis, and another one is just strictly on an import basis. But if you can't mutually agree, then you're going to leave it that way until you can find a mechanism that would allow you to do the both. So I can see no . . . as you said, if you want to go back to the old ways, under GATT you can have supply management, and we can just leave it at that.

When we're into bilateral arrangements . . . New Zealand and Australia — a perfect example — I believe they're both labour governments; I believe they're both socialist governments that have got into freer trade arrangements. They have supply management on all kinds of things and they have agreed to trade more and more and more, and they will tell you. I've talked to both from New Zealand, I've talked to cabinet ministers from Australia; and they said it's one of the best things they'd ever done with a big partner.

So if we're into a situation where you say you can't do it . . . Don't you think there's supply management in the Common Market? I mean, my gosh, they've got supply

management, they've got subsidies, they've got all kinds of mechanisms. It depends on what you agree to.

If we're moving to freer trade and greater trade and more liberalized trade . . . and some commodities will be under supply management in the United States and some here, some there; then you say, all right, you want to do this, I want to do it; that's precisely what you do.

So, I mean, again it's a little bit — and I'm not sure that you want to do this — but I don't think it's fair to make people unduly afraid in Canada about talking with freer trade, bilateral trade agreements, by saying, well your industry is done because free trade obviously means you can't have any supply management in milk.

How would we ever get into the GATT negotiations and multilateral trade if somebody was running around Canada at that time saying, oh, we'd better not do that because your industry is gone and yours is gone. You and I both know the best thing that ever happened to the world in terms of economic activity was the GATT, to reduce all those mistakes we made prior to the Depression where we all stopped trading with each other. That's why we went into it, and we should be proud of it.

Anything that we can do to build on those negotiations, bilaterally or multilaterally — not frighten people but move ahead — and if we have to design new mechanisms, by all means that's what Canadians should do and any normal, free-thinking person who would like to trade with his neighbour.

Finally, just let me say this: when you're talking about Canada and the Canadian way of life, it seems to me, and the hon. member knows, that we have a unique way of life. We have earned it. We have worked hard. We've established good reputations around the world. We have exported all over the world. We have earned prosperity and earned wealth, and we have earned a unique Canadian way of life.

I will say to the hon. member: while we have earned it and we have it today, it is not free. Just because we can stand here and call ourselves Canadian and say we have this mechanism and that educational system and this health care system, it is not free, and it will not last unprotected.

The best thing that we can do is maintain our standard of living, create the wealth, create the markets, create the jobs around the world, so that this country can continue to earn that kind of living and that kind of reputation and that unique identity. The quickest way not to have the identity is not to have the wealth to support it. You can have all the culture you like but if you're flat broke because you don't trade with anybody and you have no markets and you have people out of work, you can be buried proud in culture, but you will not survive.

I go back. We are not an old country, but we have built an excellent reputation as traders, honourable people, and quality, and our word is good. We have earned it. But it is not free, and we have to fight for it, and we have to defend it, and we have to negotiate daily with Americans, with French, with Germans, with Japanese. And we should not

be putting our head in the sand and saying, oh, I don't know if we should talk about this because, by gosh, this industry might not be able to survive.

Well I'll tell you, there's a lot of very, very good industries that are at stake right now, and they are competitive. The only thing that can beat them is the treasury of the United States or another country. That's potash, agriculture, pulp and paper, and timber, and steel, and all those things we do so well.

so again I would go back and say, we've earned it. Supply management mechanisms work in GATT; they're certainly consistent, but economic growth and value of this country has been dependent upon trade. We started with fur trade; we get into agriculture trade; the whole history of the country is trade.

Our reputation, with all we can produce and all we've been blessed with and our unique standard of living, is based on us creating wealth and doing it well. It's no time to back up; it's time to go ahead.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, everyone likes to hear a rousing speech on the challenge of the future, but we have to face a few realities.

I just want to read a portion of a special report here in the magazine that I referred to, and again, this is not put out by agricultural producers by the processing industries. And it's not put out by the trade unions, or it's not put out by any other body which is particularly protectionist. And they start out by saying:

"There are no preconditions. The administration is going to negotiate on everything. There is not a fish that swims, a crop grown, or a widget that is made that is not going to be subject to the negotiations."

That statement was attributed to Senator Robert Packwood, the Republican chairman of the U.S. finance committee on the day the committee gave the green light permitting the administration to enter into free trade negotiations with Canada.

The same sentiment was stated in a letter from President Ronald Reagan to Senator Packwood a few days after the historic finance committee vote. Quote:

"We believe it is in the best interests of all of us to have everything on the table when the negotiations begin and to start without preconditions on either side" (the President said).

This is a far cry from some of the conflicting statements about what will and what will not be on the table that have been coming out of Ottawa on the subject of Canada-U.S. trade negotiations over the past few months.

However, taking President Reagan's and Senator Packwood's statements at its face value, it means that Canadian agribusiness and fishery systems could be in for a thorough shake-out before Canadian-U.S. trade talks are concluded, successfully or otherwise.

Now that is the background in which we're moving. And I

want to say again that I do not accept the arguments for free trade. I thoroughly accept the arguments for freer trade. And so long as people are saying, all we're doing is negotiating, and of course agriculture really won't be affected, we're just negotiating on it; and fisheries won't be affected, we're just negotiating on it, we can say those things. But I think we should be realistic and forthright with our citizens and know what the implications are.

(1530)

For the baking industry, it will face high material costs because of the domestic price of grain from the Canadian Wheat Board, and if the industry is to be competitive on the U.S. market it is obvious that this policy will have to change. That is the policy of having a higher domestic price than an international price for grain.

For the brewing industry:

"The removal of import protection would probably hurt Canada's wine industry."

I'll leave that out. We'll take brewing:

"The access of U.S. brewers into Canada under current circumstances would cause the industry extreme concern, and it would lead to substantial job dislocation, investment loss, and numerous plant closures."

And I'm sure every brewery in Saskatchewan would be at risk. I don't think anyone doubts that. I hope not, because I think it is unquestionably the case. And I could give industry after industry.

I want then to say a little bit about the general conclusions of what the author of this article says "will be the result of any substantial free trade agreement." And he's talking again about the food and beverage industry. And it says:

"If this industry is going to function profitably and progressively under any free trade agreement, a fairly extreme restructuring will be necessary."

And they all go on to say this restructuring should be done in part before the agreement is concluded. But we'll leave that aside.

"The authority of supply management marketing boards must be modified. In a great many food processing sectors, wages are higher than those paid in similar U.S. industries, and Canadian-U.S. wage structures must be brought into better balance."

That's a nice phrase for saying lowering their wages.

"The Canadian work-force tends to have better benefit packages than the U.S. Again these cost factors will have to reflect U.S. reality."

No suggestion that the U.S. factors are going to reflect Canadian reality, and I understand that true. Because clearly, to the extent that we enter into a free trade arrangement with the United States, our circumstances of operation will have to mirror those of the United States and not vice versa. If they don't have supply

management, we won't. If they have it, as you say, if we both have it, that can be worked out. But if they don't have it, we won't. And they don't have it, not in the way we have it.

With respect to wage rates — our rates will have to progressively move towards their wage rates. With respect to costs of production, ours, let's say in poultry, will have to equate with those of Georgia or Tennessee, or we will have to have no free trade in poultry. With respect to benefit packages, pensions and the like, again Canadian measures will have to, in the delicate words here, "reflect the U.S. reality."

And all of these are what we're in fact talking about. And they do in areas like, as I say, the auto industry, because it's done sectorially. And we're not now talking then about great batches of people, hundreds of thousands of people, being displaced. We're doing it as we did in auto — in a rational way.

The Canadian dollar will have to, they say, have to be pegged. That's meaning have to stay down in order to give us some competitive advantage. And obviously the United States won't stand for a pegging, and we will have to keep our dollar down in some manner.

I like this one:

"The Canadian government will have to improve its corporate tax structure and to deliver a tax burden more equal to that of the United States."

Being translated means lower corporate taxes.

"Various Canada-U.S. regulations on packaging and product will have to be uniform; transportation costs will have to be reduced; a serious effort to eliminate all interprovincial trade barriers . . ."

And on and on. Now this is a massive restructuring of the Canadian economy, and not only the Canadian economy — we're talking about a reconstruction of Canadian society.

And I say to you, Mr. Premier, that while we obviously must pursue free trade, or freer trade, and while we must seek the sectors where we can match — and note, auto was a different sector because a very great deal of the auto industry was located in the northern United States where wages and benefit packages are similar to those in Canada.

But increasingly we are being invited to compete with industries in the southern United States where wage rates are very much lower and where benefit packages are lower and where the whole social structure is very, very different. And everywhere it is said: Canada will have to conform to U.S. standards; Saskatchewan will have to look more like Mississippi in its wage structures and in its benefit packages.

And I say to you, Mr. Premier, that the pursuit of that objective is the pursuit of an objective which is designed to bring about a total restructuring of not only the economic but the social basis of Canada. And I do not

believe that it is welcomed by the majority of Canadians. I believe they want to see freer trade. I believe they want to see some dispute-resolution mechanism dealing with non-tariff barriers — and everybody agrees with that — but I don't believe they want to see the two economies operating as one.

I don't believe they want to see the Canadian government give up its right to impose selective tariffs — I'm not now talking about anti-dumping and countervailing, but I mean permanent tariffs — because those measures by the Canadian government will, I suggest to you, be necessary if we are going to maintain some of the things which are very nearly fundamental to our social system. And I would say the Canadian Wheat Board is one, and I could give you other examples.

And I would very much prefer it if the Canadian government attempted to — while it may start out with this proposal of having everything on the table — get down to realities and pick out the sectors where progress can effectively be made without endangering the social system in Canada. And I see no evidence of that. I see still the rhetoric of free trade. I see still the proposal that everything is on the table. And I say to you that I don't believe that's the way that either Saskatchewan people or Canadian people want to go.

I want to ask a question. I wonder if the Premier can tell us, what studies has the province done or commissioned regarding the impact of free trade on Saskatchewan?

Hon. Mr. Devine: — Well, Mr. Chairman, it seems to me that the hon. member has slipped back into the classic Ontario arguments. I mean, he reads it from food processors and food manufacturers and all those people who say they may have to have some adjustment. Well that's what Ontario has been saying to Saskatchewan for generations. And we've had infant industry in Ontario and Quebec protected for 100 years, and they're saying, as they sit there shivering, we may have to have some adjustment. Well the hon. member says that everybody is for freer trade, or at least he is, but he will not admit that somebody in Ontario or in Quebec may have to adjust a little to freer trade. They may have to have a little bit of adjustment. That's the first question.

The second one is: what about the consumers of Canada and the consumers in Saskatchewan? I often hear the members opposite say: if we could only have gasoline prices as cheap as they are in the United States; if we could only get refrigerators as cheap or a stove or building supplies; or if we could have our clothing like they have it in the United States. The consumers in Canada, and there are literally millions and millions, would like to see some sort of benefit coming to Canada because of all the possibilities with respect to trade.

I've never heard the Leader of the Opposition mention consumers once, or us getting a better deal in terms of freight rates. He read from manufacturers that say, gee, we might have to adjust our freight structure. Well goodness knows, Saskatchewan has paid the freight both ways for Ontario. I mean, you could have given that speech in the Ontario legislature, and everybody would have clapped, but they didn't clap here. That's the very

reason you get into the negotiations, because it is our turn to make sure that we are there and see some adjustment in central Canada. And as he knows, most of the benefit of trade comes to us.

Let's look at another argument — I don't think he's on good grounds on that argument. But his argument with respect to agriculture, saying, if we get into agriculture discussions, there will be changes. I'd like to ask, and I know he doesn't have to respond, but I would suspect the hon. member would like to see agriculture on the table at GATT, at the General Agreement on Tariffs and Trade. I can't find anybody, at least in the country or a good part of the country and in North America, that wouldn't like to see Agriculture on the table at the GATT negotiations, which he thinks, I believe, is a reasonable forum.

Well all those questions that he asked with respect to what might happen would happen at GATT. We'd be into the negotiations: could we reduce the tariff on this; could we have non-tariff barriers; could we have rules to the game; what impact would it have on the Canadian Wheat Board; what might it do to chickens; what might it do to feed grains — all those would be discussed at GATT, and they should be.

So again, I don't believe that it's fair to raise a red herring and say, well my gosh, the wheat board's gone, or oh, for heaven's sake, we've been at GATT for years and it hasn't done a thing to our health care system. We've continued to support it. Our education system . . . And that's the forum we negotiate. Take the same rules and apply it to the negotiations in the United States. We'll say, as he knows, if it isn't a good deal, we won't sign it. Why would you want to sign it if isn't good for the country? The provinces all have to be there, and they will be.

So I mean, we can talk about the politics of it . . . You frighten some so you can get your constituents to think that oh, my gosh, everything is at stake. Well it's at stake all right; whether you should be at the negotiations or whether you shouldn't. I mean, if we look at all the things that he mentioned, the baking industry and the brewing industry and the auto pact, and all the changes in the wages that may have to take place,

I think it's fair to point out in Canadian dollars we have about 165 billion in two-way trade between the United States and Canada. And now 80-some per cent of all that trade is without tariff. And it's increasing. I mean, it's been growing and growing. Nobody forced us into it. And we're competing with Mississippi, and we compete with California, and we compete with the rest of them. And it's been growing. And all of a sudden we want to talk about even reducing tariffs more. It's so frightening that my gosh, Ontario will lose an industry; or the wheat board's gone. And you know that's nonsense.

It only makes common sense to try to reduce the protectionism that's going on there. And if we've got 85 per cent of it without tariff or non-tariff now, let's either lock that in or expand it. I mean, that's what we're about. You don't have to raise Mississippi; you don't have to raise health care. I mean, you can if you like. But I'm not going to be signing anything, or would you, or agree to it, that says our health care system or educational system is

in jeopardy.

Europeans didn't do that; New Zealand didn't; Australia didn't. In multilateral trade negotiations, you can't find where it does happen. You're building a bit of a smoke-screen here saying all this is at stake. Well it's all at stake if we lose money. We can't afford it.

So again I go back. Freer trade means there's adjustment. You know that, and you're not against that. Freer trade means the consumers are going to benefit in a lot of commodities. So are exporters. We also have to import. That's just fair. We've had agriculture discussed or we're going to put it on the table. It should be at the table at GATT. And all your questions I'm sure would come up at GATT. And yet you're in favour of that. So you can't really have it both ways.

If you think trade and agriculture should be together and discussed, I say fair enough; that's precisely what we're doing. Now we throw them all on the table so the U.S. can't back out of some, I think that's fair ball, because we want to talk about what we want to talk about. And we'll sit there and say, all right, today we're on this issue; tomorrow we're on another one. Where we can cut a deal, we'll cut it; where we're not, where we can't, we won't.

And so be it. That's what you do in GATT; that's what you do in Europe; that's what you do in New Zealand. And I think that's what we should be doing with United States so that we don't lose — and I'll go back to it . . . The status quo is not there. And I haven't seen a study that says the status quo is there. We are destined to lose unless we fight for it and design either new mechanisms, improve the old ones, to make sure that we can continue to create wealth in this country trading with others.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, can you tell me what studies the province has done or commissioned regarding the impact of free trade on Saskatchewan? You will be aware that other provinces have done studies. The federal government has done some. Some of these have been published. Would you indicate what has been done with respect to the impact on Saskatchewan.

(1545)

Hon. Mr. Devine: — We have been doing ongoing research internally. If the hon. member wants to know if we have contracted with outside firms to do research, we haven't. We've done it in our trade secretariat; we've done it in intergovernmental affairs. We've co-operated with the federal government in examining its in-house studies that are now public across Canada. We're continuing to do our own research with respect to multipliers, impacts of trade, and so forth. I have not published anything with respect to the impacts of trade, but we've certainly done an awful lot of analysis and continue to do so.

Hon. Mr. Blakeney: — Mr. Premier, you've obviously done some work and based your decisions upon it. You are now asking the public to give some views to a commission you have appointed. Will you make

available to the public, in the manner that the federal government did and the Ontario government did, some of your studies, so that they might examine them and give their views on these studies and the direction in which they are going to the commission which you have appointed, which I'll call the Wakabayashi commission?

Hon. Mr. Devine: — Well I don't have anything that's publishable at this point in time. Maybe we will have by August when they're in their little tours around the province. So if at that time we've got some information . . .

I think it's fair to point out that you don't have to do any research — none — to know that restrictions on most everything that we export into the United States hurts us. Potash restrictions or uranium restrictions or pork or pulp or paper or oil or gas — I mean, the more access we get to the U.S. market, the better it is; the less access, the more we hurt. Most of the things that we're into are exported either to the United States or to other countries.

In terms of my strategy, and I'm sure your strategy, you don't have to have an awful lot of numbers. If you've grown up in the province, or at least you've worked in this province on anything to do with business or the government, you know the implications of trade with other countries.

Now I'm sure we can work through some multipliers that we have, or through input-output analysis that can show the detriment or the net gain of either less trade or more trade in potash, or in pork, or in paper, or whatever else that the industry might be, to know the impact.

We have certainly reviewed some of those research, say, that the Saskatchewan Wheat Pool did. They took commodity by commodity. Where they've said there's a net positive gain to the livestock industry in beef and pork, it would be a negative impact on the poultry industry. Where general overall positive impact, there's no status quo. And we put together the federal studies, other studies, and some of our own in-house analyses. If I've got something that's publishable, I'd be prepared to entertain the possibility of putting it out.

Hon. Mr. Blakeney: — Well, Mr. Chairman, and Mr. Premier, you really shut out the people of Saskatchewan in this type of an operation. There are not many people in Saskatchewan who have the capacity to do the analysis on the likely effects of lowering or raising tariffs or the removal of non-tariff barriers.

And as I say, the Government of Canada published some of its studies; the Government of Ontario published some of its studies. You now have a commission, the Wakabayashi commission, going about attempting to get views. I cannot see why the views would not be better formulated and more cogent if you had published or would publish studies so that people could give you a better informed reaction to the proposals.

I say, Mr. Premier, that the public of Saskatchewan are virtually shut out of these discussions and you are certainly going to get people who express their concerns. And maybe they don't have sound grounds to express their concerns, but without the data which might reassure

them, they will certainly express their concerns about any changes which are likely to affect their ability to stay in business or their ability to keep their jobs.

Certainly we've had what I think are a great number of, shall we say, surprising proposals mentioned by the government from time to time, and it's not therefore surprising that people are not clear what your position is and therefore not clear what they have to respond to. Do you have anything, or do you expect to have anything in the near future, which would be publishable?

Hon. Mr. Devine: — I can certainly think of a publication, or the information that I have in my office that I could put together as a publication, that says: here's what we do in terms of trade; here's some impact analysis that's available. I mean, I'll give that very serious consideration in terms of having it out to the public for the hearings.

The second thing I might want to point out, this is not a one-way operation. Each industry, each sector, can provide us with the intimate detail about what kind of impact trade will have on their livelihood. Potash — and the potash industry will say, here's what it means to us; here's what a cut would mean to us; here's what growth would mean to us.

And the same would apply to hogs and packing industries and pulp and paper and oil and gas and steel — all those. And that's why we've asked for their intimate economic analysis of what trade they do; and how harmful protectionism is; what impact the growing markets would be; so that not only that I can understand but, as you point out, that the public can understand.

What are the implications to all those people who live and work in the potash industry to the United States putting on a non-tariff or tariff barrier on potash? Now they're pretty substantial. And when the potash industry — whether it's management, labour, a combination — put that together, the public is going to say, now I understand what it means to potash. I can say it or you can say it, but when the industry comes forward in our hearings and says this is what it means to me, I believe that analysis plus our own research is going to give us a very clear picture of the kinds of things that you're going to see at stake in the negotiations.

So I'll give very serious consideration to putting together a publication on all the things we trade and not trade, but it's a two-way street. We can provide that to the public, but the public is providing it to us as well.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, you are quoted as saying that you were in favour of a common currency with the United States. I found that statement absolutely fascinating and would like your comment on it.

Hon. Mr. Devine: — I'm afraid I don't recall saying that. If you could give me . . . If somebody said that I said it, I would even doubt that I'd back that up. A common . . . I mean, we have a Canadian dollar and they have a U.S. dollar and I believe in floating exchanges and based on productivity. I do not ever recall saying that. If I did,

maybe I was reported wrong.

Hon. Mr. Blakeney: — Well I'll leave that. It struck me as an idea bizarre even for the Premier, if I may put it that way.

An Hon. Member: — Pretty witty.

Hon. Mr. Blakeney: — Pretty witty, yes. I thought so too.

Mr. Premier, I want now to deal with a narrower point, and that is the question of what sort of reports you expect from Reisman, and who will be involved in assessing those reports. I will tell you, I was disappointed — if I understand the situation — I was disappointed that the federal government was unwilling to have a team of people including, for example, on our behalf, Mr. Wakabayashi, who would be, if not at the table, at least in virtual daily consultation with Reisman and his team of negotiators.

I just believe that, if negotiations get beyond the realm of generalities and we get down to negotiating deals, then it will be absolutely imperative that the person who's negotiating on behalf of Canada have a pipeline to the provinces. And I don't mean once every three months. Anyone who's done any negotiations knows that that absolutely can't work. That's like negotiating a union contract and getting the principals together once every three months. That's simply not how deals are cut.

Reisman needs a group of officials with whom he can be in virtual daily contact — not every day, all day — but when the deal starts being cut, if any deal is going to be cut, and it's not going to be good enough that the first ministers get together every three months, or indeed every one month. What will be needed is a pipeline, and I'm disappointed that Wakabayashi is going to spend his time being around Saskatchewan in the summer and not at Reisman's elbow — not he alone, but a group of provincial representatives at Reisman's elbow. And I don't know why that isn't the case.

And I ask you whether or not we can't make arrangements whereby there would be a provincial committee of officials who would be sitting in on the negotiations — not necessarily every hour of negotiations, because I imagine there's fair amount of pleasantries at this stage of the game. But when they move beyond the stage of pleasantries, is there any assurance that we will have our person there ready to convey the views of the Government of Saskatchewan and ready to consult with you or your appropriate minister on very short notice so that those views would be conveyed in a timely and effective way?

Hon. Mr. Devine: — Well, Mr. Chairman, we have a very comprehensive pipeline to the negotiations. Our officials, including the Premier's office, was briefed before Reisman went down to begin his negotiations. We were briefed on all the studies that the federal government has done, shared with us. We were briefed during the negotiations, and on a daily basis Art Wakabayashi, or the trade minister, or me, for that matter, can be in discussion with the individuals that are on the national team, and we're briefed afterwards.

We have three different mechanisms for a pipeline, and the Prime Minister said, if that isn't enough, we'll look at even another one. But we've got Art Wakabayashi, who is the formal trade representative; we've got the trade ministers from all across the provinces and their groups, which can be piped right in, if you will; and you've got the first ministers that meet every three months and who do not want any surprises. And they've said that to the Prime Minister: we want to be fully informed; we want our men and women informed; we want the people informed; we want the strategy; I want to hear what you're talking about and want to go there in full understanding because . . . well as the new premier from P.E.I. said: look, if it isn't going to be acceptable to P.E.I. obviously I'm going to raise all kinds of problem. So a consensus is automatic here. We have a consensus, or else everybody's going to have to bear the consequences; and in this process in our democracy, you bear the political consequences.

So we have a mechanism; we're in on it. I think, if I'm right, I saw the Leader of the Opposition in Canada, the Rt. Hon. John Turner, was on Question Period this weekend. He says he has full confidence in Simon Reisman as a tough, aware, experienced negotiator for Canadians; he has no problem with him whatsoever. The guy's been involved in trade, in GATT, in departments, in governments. And if we've got access to him and his information, and at the Premier's level, at the minister's level, and at the working committee's level, well . . .

I suppose you could say, well I think that Art Wakabayashi should be in Washington sitting beside Simon, and the Prime Minister hasn't ruled that out — or somebody there. But I mean, if there isn't confidence in the Canadian negotiators, it's not going to work anyway. I mean, who is to prevent somebody from making a phone call to somebody in the middle of the night and say, well, we'll cut a deal and then we won't let the provinces know? I mean, you know, it's impossible.

And these are public negotiations, at least in terms of the results and the strategy. We'll put things on the table, and we'll bring it back to the provinces, and we'll send it back in there, and it will ultimately be public because you're going to have to sign it.

(1600)

So I am not worried that nobody will know what's going on. I mean, you couldn't have enough watchmen in the night to keep everybody fully informed all the time and saying that somebody couldn't call somebody. What would happen if Simon Reisman called — is it Murphy? — Mr. Murphy, you know, 3 o'clock in the morning and say, here it is?

Well I have confidence we're going to get access to information. I certainly know the Prime Minister says that we will meet every three months and we can discuss anything you want to. So I believe it's important that Art Wakabayashi and his committee hear the views of Saskatchewan people, industry by industry, sector by sector. No other province is doing it. I hear premiers across the country say, hey, that's not a bad idea; maybe

we should be doing that.

So in the negotiations, you're right, it's preliminary right now, Mr. Reisman can be there laying out the groundwork. We get daily reports. Art Wakabayashi can fully understand all the details of Saskatchewan industry and talk to Saskatchewan people, as he listens to and is fully informed what's going on in Washington and in Ottawa. The two processes, I believe, go hand in hand.

Hon. Mr. Blakeney: — Thank you, Mr. Premier. I have every confidence in Simon Reisman's ability, and I'm not surprised that Mr. John Turner has, since Simon Reisman was John Turner's deputy, as I recall, when we were dealing with them, and they undoubtedly were an able pair. They equally, undoubtedly, did not have the interests of Saskatchewan at heart. I instance the 1974 budget which made royalty payments non-deductible. I won't go into that battle that Premier Lougheed and I had with those particular people, but if you feel that they have the interests of western Canada at heart, that wasn't my overwhelming impression at that time, I'll tell you that.

I want now to turn, just for a moment, I just want to end my comments on free trade with where I started, that whether or not you are now changing the language in which you're formulating your comments, you were, short months ago, talking about free trade and about comprehensive free trade. And I have no hesitation whatever in saying that that would not work to the best interests of Canada. If now we're talking about enhanced trade, or Progressive Conservative liberalization, or whatever phrases are about which have no definable content and therefore can mean anything, fair enough. But I don't think there's any doubt in the public mind that at least it started out in the minds of the Prime Minister and yourself as an exercise in free trade. If that has been changed, then we at least are making some progress and are getting negotiations onto some basis of reality.

But I think many will be still fearful that what is being proposed is a free trade deal with the United States; that is, the absence of tariffs. And that, I think, would be not in the best interests of Canada. I can't imagine anyone who would say it would be.

I want to say once again, we're not now talking about non-tariff barriers and the rest, which everybody agrees that we would like to see both Canada and the United States lessen the use of those against the products of the other.

Now, Mr. Premier, I wanted to raise another issue, and that, Mr. Premier, is the arrangements between your government and Peter Pocklington, by which I will include Gainers and any other companies which Peter Pocklington may own. I do not know his corporate structure, and I'm forgiven for that because I can name you at least 10 companies that he has been associated with from time to time, and I have no idea under what corporate name he's now operating.

But I want to ask you whether or not an agreement has been signed between your government and Peter Pocklington with respect to any one or all of: a bacon processing plant, a hog slaughtering plant, or a pork

processing plant?

Hon. Mr. Devine: — Without going to the deputy of the Economic Development and Trade, or Sedco, or whatever, I believe that we have signed a package on the bacon plant. I believe the building is up and will be in operation, certainly by this fall. And what it is, is an industrial package of \$7,500 a job that we have for anybody that's creating a new job for a year; and a Sedco package for operating that we provided, and Sedco will provide, for people who want to build new facilities. And I believe the interest rate is current rates, if I recall. I think I had that information for question period.

On a new packing plant, I believe that we have agreed in principle that we would provide the same sort of package, that is \$7,500 a job in a Sedco operation, but I don't think it's at the stage that the bacon plant is, where the bacon plant's being built. And obviously the packing plant is something that's still being contemplated.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, our difficulty to some extent is not knowing for certain what agency of government may be dealing with this, whether it be Economic Development or Sedco or Agriculture. And I address therefore some of these questions to the Premier. And I'm not expecting precise details because he obviously doesn't have his officials here for precise details.

But the press release of six months ago or more said that there would be a bacon plant with a capacity of 50 million pounds of bacon per year. Now, Mr. Premier, that's a lot of bacon. And while you will know this, and I won't, I'd be very surprised if more than 20 to 25 pounds of bacon comes from a hog carcass. And as I say, so we're talking about a couple of million hogs in order to provide the carcasses for 50 million pounds of bacon. Can you give me any idea of the source of the hogs for the bacon plant? Can you give me any idea what is thought of as the source for those hogs?

Hon. Mr. Devine: — Well I would have to confirm the capacity of the plant. But if it is accurate — and just for the moment we'll assume that it is — it's my understanding that the hogs will come from various places in Canada. We expect and hope to see, and certainly we've provided incentives to have hog numbers up in Saskatchewan. We expect hogs from Alberta to come in here, hogs from Manitoba, and indeed hogs from Ontario, so that we can take the carcasses and make the bacon and export it into the United States, because there's a growing market for bacon into the United States.

Rather than processing them in, say, Alberta or processing them in Manitoba or Ontario, we want to process them here. We will . . . (inaudible interjection) . . . I can see that the member from Shaunavon is laughing again at more trade with the United States. He doesn't seem to be interested in the kinds of response that would be provided.

Well, Mr. Chairman, when somebody creates a new packing plant or a new operation here, obviously the members opposite can't hardly stand it, and they have to chirp from their seats. If they're interested in a bacon

processing plant, as the Leader of the Opposition is, I suspect, the hogs are coming from Saskatchewan and the prairie provinces and indeed Ontario, and we will be packing these, making bacon, exporting it into the United States as, quite frankly, we've been doing for years, only the other way.

We export things, raw commodities, into Ontario and Quebec; they process it, ship it back here, and ship it out. We're trying to do the opposite, which I'm sure he would agree in theory — at least in principle — is a good idea for us to be adding value here to the things that we do, even taking others' raw products or unprocessed products and process them here.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, can you tell me whether there is any arrangement with Peter Pocklington — using that term as I previously defined it — whereby any subsidy . . . Is there any deal or understanding or arrangement or commitment whereby any subsidy or payment will be made to Pocklington on the basis of the importation into this province of hogs or sides or pork bellies produced in other provinces?

I've heard persistent reports indicating that your government is offering a subsidy to Pocklington to bring hogs, or some portion of the carcass thereof, into this province. And I would be interested in your comment.

Hon. Mr. Devine: — Well I take notice of that, Mr. Chairman. I don't have those details here. And from my recollection, I don't recall it. But if there is, I would certainly be prepared to get the information. But I don't have it here, and I can't recall it.

Hon. Mr. Blakeney: — Well, Mr. Premier, I have been surprised by many, many of the statements of this Pocklington deal for some time. We have . . . The statement says that we're going to have a \$3 million bacon processing plant, curing and packaging plant, in Saskatchewan. And plans also call for a \$20 million hog slaughtering plant and a \$3 million pork processing plant, both to be built later, as supplies warrant.

I had a lot of trouble with that. I didn't know what supplies there would be for a hog slaughtering plant that wouldn't also be supplies for a bacon plant. Obviously you can get portions of a carcass from outside the province. I'm aware of that.

But it seemed to me that the bacon plant, which will be one of the largest and most modern in Canada, will employ 100 persons and have a capacity of 50 million pounds of bacon a year, which my very inexperienced information would indicate at least 2 million hogs, or the bacon portion of 2 million hogs, which is a very large number of hogs, considering the fact that this province produces about three-quarters of a million. And obviously no plant is going to get them all. I just am baffled by where anybody is going to get enough hogs for 50 million pounds.

But I want now to concentrate on what sort of a financial deal Pocklington gets. And I'd be interested in knowing whether you can tell me whether there is discussions of spending about 6 to \$7 million on the plant of which he

will get more than 5 million in a Sedco loan and more than three-quarters of a million in a grant, leaving Pocklington with next to nothing to put up. I very much fear, since Pocklington has built his empire basically on other people's money, that this is the facts.

I would like you to outline in general terms what the deal is with Pocklington in terms of how much it's thought he will put up and how much the Government of Saskatchewan will put up, either by way of loan from Sedco or any other agency, or by way of grant in the terms of industrial incentive loans or any other grants, because my information is, for what it's worth, that Pocklington is putting up very little, and what we have is yet another sweetheart deal, and a sweetheart deal with a fellow who I wouldn't regard as a sweetheart. Now I wonder if you can give me the financial structure of the Pocklington deal.

(1615)

Hon. Mr. Devine: — I don't have all the numbers with me but I believe that some of the hon. members had the chance at the Minister of Economic Development and Trade to ask him all these details.

The one that we can deal with specifically, but I don't have all the numbers, is the \$3 million bacon plant that's in North Battleford. And as I understand it, it is no more complicated than I described it earlier. You get \$7,500 — a gift — for new jobs created. So if that's the case, it's an industrial incentive program which is available to anybody who creates it.

Then you will get either the first or a second mortgage or some combination of a mortgage from Sedco that can provide, say, a 20-year repayment on some sort of current government borrowing rates, the rate of the day, which is available to people who come in and want to establish a brand-new facility.

Now if it's 100 new jobs and we've got \$7,500 a job, I mean, you're looking at \$1 million I guess, or \$750,000. And then you're looking at the benefits of a Sedco package that you'd put together on a 20-year program at some sort of government rate of borrowing over the commercial rate. And then he goes ahead and he builds the project and he has to . . . you know, obviously committed to pay that back, and so forth.

So it's a little bit unfair. If you want to get into the sweethearts and deals, we would encourage the Japanese to come in and do that, or people from Ontario to come in and do it. You may not like Peter Pocklington because of his reputation, either politically or otherwise; that's fair ball. But certainly Gainers has processed a lot of bacon and a lot of meat and been in operation for a long time in Canada, and it certainly has the expertise. If they can take advantage of existing government programs in Saskatchewan, build a new bacon plant, employ 100 people, from all indications I get out of North Battleford, it's a very positive thing.

I think and believe that you're in favour of it. If that's the case, fair enough; if you're not, I would certainly like to know. But it's the normal Sedco and industrial incentive

package that, on the \$3 million . . . given the information that I have.

Hon. Mr. Blakeney: — Well, Mr. Premier, I fear you're right. I fear that he is going to get \$750,000 in a grant and probably get a \$2 million Sedco loan, where if it's a \$3 million plant . . . And then I suspect he selected his own contractor and may well make a little money on the construction contract. And I suspect therefore there won't be very much Pocklington money going into that. That's all too likely with the numbers which you have suggested.

What I want to say, Mr. Premier, is that it is surely curious that you would offer large incentives to Peter Pocklington to build a pork processing plant, when in 1985 . . . when in 1983 there was a pork processing plant here owned by Intercon which simply was closed, and which, so far as I am aware, the Government of Saskatchewan did not offer any incentives to Intercon to keep open. I've no brief for Intercon, except that they are good corporate citizens, but I've no brief for them.

But I would say the same of anybody, that if we already have a plant here, and if it's about to be dismantled, is there any reason why you would take no steps to intervene with respect to the dismantling of this plant and then offer Peter Pocklington a grant of \$750,000 and a significant loan in order to put up a bacon plant?

I know they're not exactly the same plant. I acknowledge that out of hand — one is a pork processing, and one is bacon. But Peter Pocklington is talking about a pork processing as well. And I inquire as to why the government has acted in this way, offering, so far as I can see, nothing to Intercon to keep their pork processing plant, and offering substantial incentives to Peter Pocklington, not only with respect to a bacon plant, but also with respect to a pork processing plant.

Hon. Mr. Devine: — Well I'm sure we can agree that Intercon and Gainers knows more about processing and bacon than either one of us. Now in Intercon's case, here in Regina they were telling us that they were losing money day after day after day, and there was just not the market for that kind of technology, for that kind of processing plant for them to keep the doors open. They were subsidizing it out of the Intercon plant in Saskatoon, and they said it's just not going to make it. It's the technology. It's what they did and the product they sold, and so forth.

Now at the same time, if they had come to me and said, gee, we've got a new idea on a bacon plant, a new project, whatever — I mean, I'd look at it. I mean, why wouldn't I? I mean, I'm interested in agriculture. I'm interested in export and trade, and I don't need to pursue that.

When a new company comes along and said we are specializing and we can build a brand-new bacon plant and take bellies, if you will, from across Canada and process it into fine Canadian bacon and export it and create new jobs, I don't care whether it's Intercon or Fletchers or Gainers or whoever it is. They approached us and said, would you like us to do it. And I said, we have a standard industrial incentive package; you got it.

Now if could add, Intercon has now got a little bit interested, and they've expanded some themselves and they're expanding into California. They have a \$23.9 million modernization and expansion process. They will get \$7,500 for every new job they created, and they're looking at new technology and new techniques.

And as the hon. member knows, a little competition, a little technology, and little new ideas aren't all that bad when it comes to the business world. It keeps them awake in the morning and it keeps them awake at night, and they think about how they can improve.

So we've got new technology in bacon; we've got new technology at Intercon. we've got a \$23 million expansion in Saskatoon, \$3 million expansion in North Battleford, and the possibility, yes, for a \$36 million brand-new packing plant if it all comes to pass.

Now you were right. You have to have hog numbers up; you have to have trade with the U.S. If those things don't come to pass — I expect it will — there will be a new pork processing plant in a large scale, say with 1,000 people. But if they do develop and the markets are there and the hog numbers are up, as we hope, then certainly we can compete with Quebec into providing those markets into the United States.

So I certainly never ever ruled out exciting new ideas or new technology or a game plan by Intercon. They came to me and frankly said, it won't work in Regina; it just wasn't there. They couldn't see how to make it profitable; and they know more about that than I did. You've been involved in your administration, I've been in some in this administration, in Intercon. I feel better about the new technology — and they're happy with it, the bacon technology which seems to be able to use other provinces' pork bellies — then I would just pumping money in to an operation that was in Regina that, from everything that I could see, would just lose, lose, lose.

So we've got new ideas, new technology, a little competition, and they're both getting \$7,500 for new jobs created, which is there for everybody.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, do you have any objection to make available to the committee the written arrangements with Peter Pocklington that your government has concluded with him?

Hon. Mr. Devine: — Well, Mr. Chairman, I provided the general outline of it. I believe the minister was asked if he would give the details of the contract. I don't believe that he did. I mean, we've provided certainly the package in general. Many of these are confidential because we put them together, as you know from time to time with various other companies. We don't want all that information out to the private sector when you're asking them to compete and so forth. It's generally as I described, and we'll leave it at that.

Hon. Mr. Blakeney: — Thank you, Mr. Premier. I somehow felt that we weren't going to get the details on Pocklington, and I think I could talk here a long time and

still not get them. So I don't intend to talk that long.

I'd just indicated that once again, from the information that we have, it looks like a great deal for somebody, and I think his name is Peter Pocklington. As I say, he's got a history of being able to do great things with other people's money, and I suppose that's how the game works.

I'm not encouraged by his dealings with the pork producers marketing board in Alberta. And I'm frankly surprised that the Government of Saskatchewan would welcome without apparent, any question, a pork producer who has I think without any question at all attempted to undermine and defeat the orderly marketing of pork products in the neighbouring province of Alberta. And I think that for our government to welcome with open arms a pork producer with the record that he has in dealing, yes, with his employees, but also with the organized producers of pork in Alberta, that does not bode well, I think, for smooth relations between that company and our pork producers or the people who work in that plant. I don't know whether you want to make any comment, but I'm going to go to another item if you don't.

Hon. Mr. Devine: — Mr. Chairman, as I've said at the outset, the labour legislation that we have in Saskatchewan, largely designed by the members opposite and the hon. member when he was premier, is here. Everybody that comes into this province operates under those laws and the legislation that it was designed. As he knows, it's sometimes difficult in negotiations. He's been in negotiations with the SGEU (Saskatchewan Government Employees' Union) himself from time to time, when it just wasn't the sweetest thing that he ever did that morning. We've been in negotiations with doctors — he has — and nurses, teachers, various other people, and from time to time, it isn't easy. You hope that you always settle in a fair arrangement.

I note that Fletchers settled in Alberta. I hope that the Gainers arrangement settles. If they come in here, they've got to operate like everybody else does. I will enforce the laws to make sure that they're fair. So I'd leave it at that, and the hon. member can go on to the next topic.

Hon. Mr. Blakeney: — Enforcement of laws is a good deal easier with people who want to adhere to them, but we'll leave that. I can't add anything about Peter Pocklington's record which hasn't already been paraded through the news media over the last three to six months. So he is well-known and I don't need to guild that lily.

I want to talk a little bit about some economic indicators. And I want to raise with the Premier my argument that 1985 has been a very, very bad year for Saskatchewan, and not only because of droughts, but because of a good number of other weaknesses in our economy. And there are many, many indicators, but I'll pick a couple.

Retail trade. Retail trade in this province in 1985 increased by an amount which was the second lowest in Canada — by a percentage figure which was the second lowest in Canada. Retail trade in Prince Edward Island went up about 6 per cent; in Saskatchewan it went up something over 7 per cent; and every other province did better on retail trade. Every other province did better.

I'll take employment, and here I want to talk . . . I think it will be easier to . . . if in some sequence if I go to public and private investment. I could also do that on an interprovincial basis, but I want to do it on a comparative basis with respect to previous years in Saskatchewan.

(1630)

I'm talking about now percentage changes in public and private investment. In 1978 over '77, 7.9 per cent; in '79, 27 per cent; in 1980, 10 per cent; 1981, 19 per cent; 1982, minus 9 per cent — those are the years of the big freeze; in 1983, in spite of the fact that 1982 had been a disastrous year and one would anticipate a sharp increase in the percentage, that was not the case, 6.5 per cent; 1984, 0.3 per cent; 1985, 5.2 per cent.

Those are very, very low figures for public and private investment, and every single year since 1982 has been lower than any of '78, '79, '80, or '81. And I wonder if the Premier can indicate why the economic policies, of which he was so proud when he came to office in 1982, have produced such a dismal record in public and private investment, such a dismal record on this occasion and virtually every year in retail trade increases, and other dismal records which I will deal with in a minute.

Hon. Mr. Devine: — Well, Mr. Chairman, I can only make the point that the hon. member knows that we have encouraged investment in Saskatchewan. We have spent money publicly. I mean, he's often criticized because we've spent too much. He says, you have a deficit; you're spending it; you're investing it; you've got rural gas and individual line service, and you're building this, and hospitals and projects, and it's public money. And geez, it's too much; you've got a deficit.

On the other hand, we've got private investment coming in. As he knows, we've had an awful lot of investment in the energy business, and we've got investments in the industrial sector, in tourism, and so forth.

So, he says, well the policies that we initiated in Saskatchewan caused all these problems. Well the same problems — and the government didn't change at all, and he knows that — occurred in Alberta. He knows that. I mean, if he wants to take comparative figures, Alberta was in a boom and it was going gangbusters in 1979-80-81. And the government didn't change. And if he wants to look at the same numbers, they took a dive because . . .

Why? Well obviously wheat prices went down; potash prices went down; oil prices went down; interest rates rose to 22 per cent. I mean, that's my government's policy, obviously. I mean, he . . . Not too many people with much over a grade 6 education would believe that the government policy caused international interest rates to go up or commodities to go down. And the same government was in Alberta now runs a huge deficit, I mean, on a current account, because of the same conditions, same philosophy — building and growing, building a heritage fund.

Now I won't get into it in any great detail. We've had

consistently among the lowest employment in Canada. We have been building, we have been creating, and we've had diversification. And I can go through forecasts. I mean, our unemployment rates have consistently been the lowest in the nation. We lead western Canada in lowest unemployment, despite drought that they never had in Manitoba and other places. Our population is up 4 per cent. We're well over a million people. Employment is up 6 per cent; incomes are up 16 per cent; investments up 14 per cent; new businesses are up 14 per cent and, as he knows, billions of dollars worth of projects.

And I can take as many forecasters and analytic groups that talk about the strategies in Saskatchewan during these time as he can find that might say that they aren't any good — I can find them to say that they are.

But obviously people across the U.S., whether they're in Nebraska and are Democrats, or whether they're in Alberta and they're Conservative, or whether they're in North Dakota and Republican, or in Manitoba and they're New Democrats, face the same economic circumstances except for one thing. No province in Canada faced tougher, more difficult times with respect to weather, grasshoppers, drought, on a magnitude that we haven't seen for years, then we did. And we had to cope with it, and I'm sure you know that that's difficult.

So in terms of policies, we still have a large public sector, we still build things in the public sector. We've certainly put money into health care; we've certainly put it in education. The public sector's rural gas, the public sector's individual line service, the public sector's into burying lines — we've built one power project, starting another one and encouraging the private sector to come in because we like the partnership between the private and the public. All that.

I don't think you'd philosophically agree with much of it. I don't think you'd disagree with interest rate protection. I mean, you voted for it in here. You didn't disagree with us targeting tax incentives for farmers, cutting the tax on gas. You haven't disagreed with the pension program, except you don't want your wife to have it. Fair enough.

We're looking at the kinds of things that generally ordinary people in Saskatchewan recommend that we do under some pretty difficult times, to build that infrastructure. So compared to jobs; compared to interest rates; compared to gasoline prices; compared to economic growth; we're either doing relatively well or close to the top on the things that matter. Job creation — it's been difficult; I'll grant you it's been tough, particularly in agriculture. But we certainly rank, and with respect jobs, both for young people, women employed in the work-force, I'll stack up the record with anybody in Canada, given the circumstances.

And you can dwell on it if you like, but I don't think many people are going to buy your argument that we brought in policies that would wreck the economy. We may be criticized because we would spend money during some difficult times, but most of those measures you voted for yourself in here — particularly interest rate protection. I'd do it again, and I will continue to do it. In fact, we've provided.

Hon. Mr. Blakeney: — Well Mr. Chairman, and Mr. Premier, I am not being critical of you for not spending enough public money. You've found a great number of ways of spending public money and running up a debt, the like of which this province hasn't seen.

The problem is that private people haven't been investing. The problem is that just in sheer dollars, private investment has done down. That's our problem. You can look at the numbers and the budget documents. You can look at them yourself, and you will see that the public and private investment combined has been lower in every single year of '82, '83, '84 and '85 than it was in any year of '81, '80, '79 and '78. And you say that in the significant things, things are going well. Well I'll pick up a few of these so-called significant things then.

People who are on welfare who could be employed, the so-called unemployed employables — 1981 there were 2,600; 1984 there were 11,900. And '85 we don't have the exact figure; it looks like about 11,000. I must say I'm not impressed with that sort of figure. And these are people who used to be unemployed but are now on the Saskatchewan assistance plan.

You talked about jobs for young people. Let me tell you how many jobs there are for young people in this province. People between the ages of 15 and 24, and that's how Statistics Canada put out their figures, and I'll tell you how many jobs there are.

In 1977 there were 105,000 in the province; '78, 108; '79, 113; '80, 113; '81, 110. Now listen to these — '82, 107; '83, 103; '84, 101. Looks like '85 we're back to 103. Every single year since 1982 the number of people between the ages of 15 and 24 who were working is lower than any single year from '77, '78, '79, '80, and '81. So there just aren't these jobs for young people you talk about. And job creation for young people, both with respect to full-time jobs and part-time jobs, was less than the period from '77 to '81, and very substantially less.

Let's take housing starts. It's another indicator which I don't have here the years comparisons, but if I used them they would be equally effective. I am using here interprovincial comparison for 1984-1985. And in this, our housing starts increased by 2.5 per cent, certainly by far the lowest in Canada — by far the lowest in Canada. Contrast that with even Alberta at 14 per cent, and they were supposed to have a great excess of housing. Manitoba had 23 per cent; Ontario at 34 per cent; and we at 2.5 per cent — those are housing starts.

When it comes to debt, and you spoke of borrowing money and spending lots of it . . . and that indeed is true. With respect to total debt, the total debt from 80-81 was 2.5 million, and '87, in the Estimates, it's estimated at 8.7 million — and I'm not at all sure that it's all included there — some indication that I can't find in this debt figure, some of the recent loans. But we'll leave that aside. From 2.5 million in 1981 to 8.7 million in 1987, the year ended March 31, 1987, which we're now in, and that is a pretty impressive increase in debt, more than a tripling in that short period of time.

And what is even more unfortunate, we know that there's been heavy borrowing for power and for telephones, and I don't particularly quarrel with that. But the borrowing for which we will not get anybody else to pay but the taxpayers, the so-called, non-reimbursable debt, that in 1981 that was \$53 million and now it's \$1.814 billion — more than 35 times as much between 1981 and the year we're now in of '87, '86-87.

Now, Mr. Premier, I could go on — the gross domestic product per capita, and on and on. But all of these indicators show that these have been about the toughest four years that Saskatchewan has seen for a long, long time, judged by non-reimbursable debt — or total debt, or housing starts, or employment for young people, or unemployed employables, employable people on welfare, or public and private investment, or retail trade — do the same with respect to in-migration and out-migration. You've heard those figures before, but in the year 1985, the 12 months for 1985, more out-migration per capita in this province than any other province in Canada. Just nosed out Newfoundland for that distinction. Just nosed out Newfoundland, where other provinces — Alberta certainly had some, but we were way up there. Taking away Newfoundland, we were a country mile ahead of most provinces — or behind, depending upon your point of view.

But this province, the population went up by a very modest amount — not nearly as much as the natural increase, not nearly as much as the figure by which births exceeded deaths — and the out-migration was very substantial; and every indication of the first months of this 1986 year, the out-migration is even greater.

So these, Mr. Premier, are the economic figures which indicate just how well the economy has fared under your leadership and guidance. And you say that there have been tough times, and of course there were tough times, but interest rates declined substantially, not by any action of your government.

An Hon. Member: — We won the election on it.

Hon. Mr. Blakeney: — And that reduced interest rates in Canada — sure, sure, sure, sure. Interest rates or, let us say, the Bank of Canada rate — even the government opposite, I don't think claims credit for the Bank of Canada rate — interest rates substantially declined. Oil prices, from the day you came to office, kept going up and up and up and up, from about \$20 a barrel to in the \$30-a-barrel range and more, and only in the last few months have they dropped.

So oil prices were increasing sharply; interest rates were going down. There ought to have been a great opportunity. The crops in 1982 and 1982 were very nearly record crops. The last two have not been so good, but '82 and '83 were very nearly record crops. There were many, many pluses.

(1645)

In any given four-year period there are downs and ups, but having regard to the fact that you had good agricultural production in first two years, the four-year

average, I would bet, would be well up there with most four-year stretches. WE had high oil prices, low interest rates, all the ingredients for economic development, and it didn't take place. Lower interest rates from 1982 on. They started to go down and they're a good deal lower now than they were when your government took office. That was supposed to be a great stimulant, and with all those stimulants what has happened? Retail trade is down, public and private investment is down, more able-bodied people on welfare than every before, jobs for young people down significantly, housing starts down, total debt up, non-reimbursable debt up. And that's what's happening, and that's what's happening.

That's an indictment of the open for business policy which you launched in the fall of 1982 — open for business and nobody came. You had a party and nobody came. They came to the party but they didn't stay. And economic investment by the private sector is far lower in these four years than it was in the previous four years. And that's a pretty significant figure.

I say to you, Mr. Premier, that . . . I would invite you to indicate, to tell us which of these economic indicators you think I've misstated, which of these economic indicators you think I've misstated, which ones you think are not being stated accurately.

And I'll go over them again: out-migration in the last 18 months; reimbursable debt in the last 18 months or four years, as you wish; total debts in the last 18 months or four years, as you wish; housing starts, again in the last 18 months or four years, as you wish; employment among young people — any one of your years is poorer than any one of the four preceding years — number of able-bodied people on welfare, last 18 months or four years.

And as I say, any one of your years is worse than any one of the four previous years. Public and private investment, any one of your years is worse than any one of the previous four years. Which of those do you say isn't true? Which of those do you say isn't true, Mr. Premier?

Hon. Mr. Devine: — Well, Mr. Chairman. I don't believe that the Leader of the Opposition believes a word that he just said. I mean, I don't believe that he thinks that the province of Saskatchewan, under whatever administration, is going to change world events. Now he may try to lead the public on . . . (inaudible interjection). . . His friend from the Quill Lakes is back in, Mr. Chairman; he's chirping from his seat. If the Leader of the Opposition would just move over and control his members, I would be glad to respond.

As soon as I hit something that means something relevant, the member from the Quills, he hollers from his seat because he doesn't like to hear it. I want the gallery to know and the public to know that the member from Quills can't stand to listen to some intelligent arguments. He won't listen to any reasonable debate.

The Leader of the Opposition — if he could kind of get hold of his troops over there, if you'd kind of get them to calm down. If the Leader of the Opposition would even mention to the chairman that he could have a little bit of respect in the legislature so the member from Quills could

at least quit chirping from his seat, Mr. Chairman, it would be an awful lot easier in here if you would quieten down the member from Quill Lakes. I'm sure his constituents like to know that he doesn't even know the rules, or if he does, he doesn't respect them and the leader has no control over him.

So I'm quite prepared to stand here and talk about the member from Quill who sits there with his mouth open day after day from his seat, doesn't know the rules, and just talks and talks. His leader is embarrassed. I mean, right now you can see he's embarrassed by the member from Quills.

An Hon. Member: — Not at all.

Hon. Mr. Devine: — Well if encourages him to speak from his seat, well then no wonder he's got problems with respect to his leadership. Mr. Chairman, I believe that I have the floor and while I have the floor it seems to me that the hon. members could at least have the courtesy . . . (inaudible interjection). . . Listen to them holler. Why don't you just have the respect for this Assembly, have respect for your leader, at least have respect for your own leader and show them that you know something about decorum, some decorum?

Well, Mr. Chairman, listen to them. Fair enough. They can chirp away there and they can look ridiculous. Everybody in the gallery and the province knows the NDP have made absolute monkeys of themselves this session doing just that. And there will be one. Listen to them chirp. All right, you want to get into it. Obviously, I've been winning in here or they wouldn't act so foolish. They want to divert the attention from the answers. So I will continue.

First of all, I don't believe the Leader of the Opposition believes a word that he said with respect to what causes prices to go up or down, or the economy to go up and down internationally. I mean he says, this four years versus the last four years. Well I can pick four years for the Leader of the Opposition where he lost 17,000 people a year — 17,000 a year. I can pick where he lost in a month 333 people.

He doesn't go back to 1973 or 1972 and the StatsCanada immigration, migration statistics, and said the province of Saskatchewan lost 17,296 under his second or third year in government. He doesn't throw that year out. What was that — time times? Or was that your policy? Was that your policy to have 17,000 people leave here? You don't believe that any more than I do. Nobody in this province believes this rhetoric.

I can go into Manitoba. For Heaven's sake, their unemployment and the number of welfare during the same times and the same population, is much higher than that. Are you going to blame that on the administration or the times? I don't believe you believe a word of it. You might think that some folks out there in the world will believe it. But you don't; I don't. And any intelligent individuals if they want to go back and compare your record in agriculture, your record in population, your record on whatever you want to look at, I mean, I'll do it. And I'll compare it either yours and mine at that time, or

yours and mine in comparable times. I mean I can pick years as well as you can.

I'll just say that if you did so well in those last four years, why did the public throw you out on every single seat but eight? Why? If you had all that action and all that experience, and you were in power for 11 years, and you had all those good times, what was wrong with Saskatchewan people? Why did they throw you all out? They don't believe that garbage then; they don't believe it now. You can't fool the people of saying that oh my gosh, there's some people leaving this month and it never happened under your administration. They know that. You've tried to do that all your political life and they don't believe you any more. They didn't believe you in '82 and they don't believe you now.

An Hon. Member: — We'll take that chance.

Hon. Mr. Devine: — Well, I guess you will; we'll all take that chance. But I'll tell you, the people of Saskatchewan right now are going to say, well, I remember when interest rates were 22 per cent and what did the members do? Nothing. We lost up to 17,000 people per year that set a record in the province. The country was doubling its population, and under the NDP in Saskatchewan, it lost people.

Well look, Mr. Chairman, I won't get into it. I know that our employment record matches others. I know that our economic activity matches others at any comparable times. I can compare it with Manitoba; I can compare it with Alberta. I'll go back and pick years where they were absolutely dismal in their record. They don't want to recall that, but I'll just put it this way. You're not fooling me and you're not fooling yourself. You're not even fooling your colleagues saying that, oh, the Saskatchewan government has this big impact on international interest rates and potash prices and oil prices. I don't believe it; you don't believe it; nobody in Manitoba believes it.

All I'll say to this. During good times and bad times the test of a government is if it goes to the wall for the people and protects them and works for them and fights for them. You had some good times and you lost it. They threw you out on your ear — every seat but eight. And you bragged about how good it was but people didn't believe you. We've had some difficult times and we've defended people against high interest rates, against taxes, against drought, from falling prices. And they will judge us on whether we tried to help them or not and not on somebody talking on any of these things that say, oh, the province of Saskatchewan, there's a big change . . . (inaudible interjection) . . .

The member from Quills can't stand to hear the truth, Mr. Chairman. The Leader of the Opposition just is embarrassed sitting there looking at his colleague holler from his seat. He knows that he doesn't like to hear people calling from their seat and he gets a little bit upset. I call him . . . Mr. Chairman, I can control my members; they're as quiet as church mice. Look at how polite they are. They're quiet in here. They know the rules; they play by the rules. The member opposite has these . . .

Well, I'll just put it this way. I know, Mr. Chairman, that the Leader of the Opposition doesn't believe what he just said. He knows it isn't true. He knows he tried it in '82 and lost the farm. I know right now that we have attempted to protect people against high interest rates, protect them against drought, protect them against all kinds of international economic consequences and we will continue to do that.

We will continue to provide financial security and pensions and targeted tax incentives and as the newspapers say today, Mr. Chairman, obviously we're going in the right direction because optimism is up in the province of Saskatchewan and they're feeling better and better every day. AS a result of legislation we're bringing in, interest rates are down and protected gasoline prices are lower. We have obviously some better weather conditions and I'll take the good times with the bad. The question is, during the difficult times, will you go to the wall for the people. And we've shown that we have.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Premier, the public are going to judge you not by what you say but by what you do. I think everyone gives you credit for being a BSer *par excellence*. I think we all acknowledge, Mr. Premier, your finely honed skills in that regard. The public, however, will judge you by what you do and not by what you say. You may pretend to have great confidence but I suspect the public will judge you by your hesitancy in calling an election.

Mr. Premier, you may claim great success in industrial development in the creation of jobs. I suspect the public will judge you, not by what you say, but by what they feel and see on the streets and in the country of this province. And it's dismal, Mr. Premier.

Mr. Premier, you may talk about open government, but I suspect they will judge you, if nothing else, by the fact that you have tried to run out the clock and failed, but left us with only three minutes left.

Mr. Premier, it is true that you have fallen on hard times. There's an old saying in Saskatchewan, "Tory times are hard times." That has little to do with the luck of Conservative administrations and a great deal to do with what they do when they're beset by problems.

It is true, Mr. Premier, that the international interest rates is not something of your making and it is true that the price for oil is set elsewhere. It is also true that the public expect you, when faced with those problems, to take some concrete action and not stand, wringing your hands, saying: isn't it terrible; there's nothing we can do; my goodness, times are hard; oh my goodness, I wished we had been in office at an earlier and more prosperous period.

The public, Mr. Premier, do not accept such weak excuses. The public expect action to be taken, and you have not done it. You have not taken action with respect to any of the serious problems which face the public. The number of unemployed is at record levels, as is the percentage. The number of

unemployed, the number of people on welfare, is at record levels, Mr. Premier. And the hardship being caused by the lack of jobs in this province is at a level which we have never felt before.

This is what you're going to be judged by, Mr. Premier. You're going to be judged, not by what you say, but by what you do. You may have had great success in convincing the public in 1982 that you could create a miracle. I think you're going to have to take responsibility, whenever you call the election, for the fact that what you created was not a miracle but a mess.

We have a mess in this province, Mr. Minister. And if it is not bad enough that you have created the mess, you are trying to paper over the mess with some unconscionable business deals. I mention Weyerhaeuser. And I wish you would give us the details with respect to Gainers. I suspect that, if you could defend them . . . if you thought you could defend them, you would. You know full well you can't defend those deals, and so you're not giving us the detail of it.

So I say, Mr. Premier, if you're as confident on your seat . . . If you're as confident on your feet as you are in your seat, then give us those details. Let us have them, and we will have a debate on the subject. I suspect, however, this is going to be pretty much a case of a dog chasing his tail, because I suspect you're not going to give us those details.

Mr. Chairman, I move this committee of finance rise and report progress and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 5:03 p.m.