

EVENING SITTING

COMMITTEE OF THE WHOLE

**Bill No. 36 - An Act respecting the Potash Resources of
Saskatchewan**

Mr. Chairman: — I would ask the Minister of Energy and Mines to introduce her officials as soon as they are ready and seated.

Hon. Mrs. Smith: — Thank you, Mr. Chairman. Tonight I have with me Mr. Bob Reid, the former deputy minister of Energy and Mines; and behind Bob, I have Mr. Ray Patrick from the department of Justice; and immediately behind me, I have Mr. Gary Cooper, who is our senior analyst on potash; and to my immediate left, I have Mr. John Reid, the associate deputy minister of Energy and Mines.

Clause 1

Mr. Rolfes: — Thank you, Mr. Chairman. Madam Minister, during second reading of the Bill, members on this side had asked a number of questions on the Bill, and I am hoping that in committee of the whole, in order to accomplish the objectives that we want to accomplish here tonight, that we can get some of those answers this evening.

Madam Minister, before we begin on any detail on the Bill, I want to reiterate again concern that I have had ever since you introduced this Bill with, as I use your words, with some urgency. Tomorrow it will be three weeks that you asked permission to introduce this Bill, and . . .

An Hon. Member: — That's not true.

Mr. Rolfes: — Yes, it's true. Tomorrow is three weeks that you first asked to introduce this Bill, and I think the Minister of Finance makes my . . .

Mr. Chairman: — Order, please. Order, please. Let's begin the discussion in committee here on a leisurely, calm level, please.

Mr. Rolfes: — Mr. Chairman, it is true the Minister of Finance does make my point. There were two speakers from this side on the Bill, and the main reason, Mr. Speaker, was that the minister indicated to us that there was some real urgency to get this Bill through. And we wanted to co-operate with the government so that they couldn't accuse us of not permitting them or letting them solve the problem that for many months they should have been addressing — which they didn't do.

I want to go back a little bit, just a few years back into history, to remind the minister that this problem didn't come about in the dark of the night. In 1983, Madam Minister, the New Mexico mines put a complaint, or lodged a complaint with the Department of Commerce at that time, which was turned down. The complaint was very similar to the one that they lodged this year, and that was, they accused the Canadian government and Saskatchewan government of dumping the potash on the

United States markets.

That wasn't the last time. In 1984, the New Mexico mines again, Madam Minister, lodged another complaint with the Department of Commerce, which was turned down. I remind the minister that's four years ago, when you should have been aware that there was a problem foreseen by the New Mexico industries and foreseen in the United States, and you certainly should have been alerted, and your government certainly should have been alerted, to this problem. Now I'm not going to blame the minister for this, particularly, because she wasn't the minister at the time. But you are the minister now and you have to bear the responsibility for your government's inaction and incompetence.

And Madam Minister, in 1987, over seven months ago, the New Mexico potash industries again lodged a complaint with the Department of Commerce. This time they were successful, and the Department of Commerce made their preliminary findings in their favour.

And I want to underline the word "preliminary findings," Madam Minister because preliminary findings were also issued some years ago against the Russian government, where the Department of Commerce at that time lodged a . . . not lodged a complaint, but had a preliminary finding of anti-dumping against the Russians of, I believe, about 97 per cent. It may have been more than that. It may have been more than that.

And I want to tell the minister that those tariffs and those anti-dumping tariffs were mitigated at that time to, I think, less than 2 per cent because the Russian government simply said to the Americans, well you can do whatever you want but we're just not going to co-operate, and there are other ways that we can use in order to deal with the situation. And the Department of Commerce . . . (inaudible interjection) . . . Yes, that's exactly . . . The Deputy Premier said, exactly what they did. Except this government waited for a whole seven months after it came down and did nothing — sat on their hands and did nothing.

If I am wrong, Madam Minister, I want to ask you tonight to table for us, to table for us any correspondence that you have had with either the New Mexico potash industries or with the Department of Commerce in the United States, or any senators in the United States that are concerned about this, or any farm organizations in the United States that you have dealt with — not, I don't mean, in the last week or two; I mean seven months ago, a year ago. I would like to have that information. And you can prove me wrong . . . (inaudible interjection) . . . Yes, we did, we weren't sitting on our hands; we took action but to no avail. I'd like to have that.

I want to say to the minister that I don't believe she did anything because the three farm organizations that we contacted on the day that you introduced . . . no, the day that you made second reading of this Bill, knew nothing about the situation. In fact, they weren't even aware of the preliminary findings of the Department of Commerce.

I want to point out to the minister that a Mr. Rawlins, I

believe it is, of the farm bureau of the United States, said the other day that they weren't aware of what was going on. And I'm saying to you, Madam Minister, that you were neglect in your duties in protecting the potash industries of Saskatchewan, and the workers by not going down to the United States, lobbying the farmers there, lobbying the senators there, and at least discussing this with the New Mexico potash industries. I say you were neglect in your duties and consequently must be held responsible for that neglect.

Madam Minister, I want to say to you that if you think that anybody is going to buy the argument that you couldn't act because you didn't have a Bill, that is nonsense. I refer you to the regulations passed by premier Ross Thatcher in 1969. I have those regulations before me here and I remind you that the premier passed those regulations, orders in council, without the legislature being in session and did exactly what you did. He put in prorationing, and he set a floor price, which I know you didn't do; but that's exactly what he did. And they came to some resolution on the problem. They didn't need the legislation.

Furthermore, Madam Minister, I refer you, unless you were not aware of it, I refer you to The Mineral Resources Act of 1984 or '85 — I forget which year it is. And under that piece of legislation, Madam Minister, you had all the authority you needed, all the authority you needed.

Madam Minister, you shake your head. You tell me one thing that you have done to today, up till today, that gave you additional powers. And I'll tell you why. You didn't even have second reading of this Bill when you increased the price. Why couldn't you have done that before? Why couldn't you have done that before? It doesn't make sense. You sat on your hands; you did nothing. You didn't need this legislation. The Leader of the Opposition told you some time ago and told your government some time ago, if the problem is as seen in the United States that you're dumping the potash, then increase your prices. He told you that some time ago. But no, you wouldn't listen. You sat, did nothing.

And I'll tell you, Madam Minister, you brought this piece of legislation before us because you wanted a show-case. You tried to embarrass the NDP, and that was very clear in the message that we got from the Premier in this House, and outside this House, where he tried to say, the seeds — as he said to the press — the seeds of this dispute were sown in the middle 1970s when the people of this province took ownership of their resources. That's what he was saying. And, Madam Minister, what a ludicrous argument.

I hear the Minister of Health saying, hear, hear. And I say what a ludicrous argument. Who took over resources in the softwood lumber when the United States took action? Who's to blame for the uranium when the United States took action? Who's to blame for the hog industry when the United States took action? And I want to tell you, Madam Minister, I have before me here CanWest Foundation, CanWest Foundation lists a number of U.S. trade actions against Canada from 1980 to 1987, and there are a whole slough of them.

And, Madam Minister, the argument made by the Premier

is simply unfounded. It is a ludicrous, spurious, political argument, and that is why you brought the Bill to the House. There is no other reason. There is no other reason. There is no other reason. And I want to tell you, Madam Minister, for that you must be held responsible. And I'll tell you, Madam Minister, I want to tell you again that if one single job is lost in the potash industry due to your lack of action, your government will be held responsible. Your government will be held responsible.

And I want to tell you that this Bill has absolutely nothing, nothing to do with the reduction of the tariffs if those should take place, because those arguments could have been made in the United States. And as I indicated to you, when the Russians made their argument, Department of Commerce backed down and reduced those tariffs. That is what you should have been doing. Why you didn't raise those prices a long time ago is beyond me.

Madam Minister, I want to refer to one other nonsensical argument that the Premier made. Madam Minister, I want to make one other argument or one other statement about the Premier's argument. The Premier says, the Premier says and he condemns, the Premier says and condemns the existence of PCS (Potash Corporation of Saskatchewan). He doesn't want it. He wants to do away with it. And he criticizes the people of Saskatchewan for having the audacity, the audacity to own their own resources. And yet, Madam Minister, at the same time he says that, he uses PCS as a vehicle, he uses PCS as a vehicle to solve his problem, to solve his problem.

Let me explain, Madam Minister. If he did not have PCS and did not have 40 per cent of the production capacity in the world, could he have the kind of influence on price setting that he now has? And the answer is no - no. He condemns PCSA and at the same time, uses PCS to solve his problem - to solve his problem. I would think the guy is suffering somewhat from schizophrenia. And I say to him that he's doing a disservice. He's doing a disservice to the people of this province. And, Madam Minister, he's arguing; he's arguing in favour of what the Americans have done to the detriment of the people of Saskatchewan and the workers and the industry, the potash industry here. And that, Madam Minister, is simply unacceptable.

(1915)

Madam Minister, you said when you introduced this legislation that it was to address the world oversupply. That is what you indicated. You at the time, if you did, very secondarily mentioned the anti-dumping duties instituted by the Department of Commerce. You made your argument in second reading that it was world oversupply that you were concerned about.

And I'm saying to you again, Madam Minister, what is in this Bill that was not in The Mineral Resources Act that would not have allowed you to control production as Ross Thatcher did in 1969? And he at that time — and I'll show you the regulations if you haven't got them, but I'm sure you have them also. He didn't need a Bill. He used The Mineral Resources Act of 1969. You updated it in 1984, I believe, and you had all the power, legislative power, that you needed to do exactly that. Again simply not the argument, the wrong argument used.

And I want to say to the minister that if that was her problem, then why again did you not act in 1986? By your own statistics, the inventories were the highest in 1986, the prices were the lowest. Inventories now are coming down, prices now are going up. Before you increased them by \$35, they were coming up already, and you made no action; you took no action. You sat on your hands; you did nothing — absolutely nothing. But I say to the minister that those arguments that you are making simply don't hold water.

Madam Minister, I want to, I want to now ask you if you . . . Let me, before I ask you . . . Madam Minister there are some other areas of the Bill that I have some concerns and will be addressing those later on.

I want to say that in section 6, I am concerned, as I indicated in my second reading speech, I am concerned about the composition of the potash resources board. I will address that problem as we get to section 6, but I want to tell the minister that my concern basically is about the membership and who you can appoint, and who you cannot appoint. I'm concerned it will purely become a political board, and will not have the interest of the workers and the industry at heart.

Section 18, Madam Minister, I'm also concerned about compensation. Your officials are quoted in the *Globe and Mail* some time ago as saying that there may be, due to the legislation, some loss of jobs.

And I want to ask you: what guarantees have you for your workers in the - the potash industry workers to compensate them for a loss of their livelihood, and possibly the loss or the adverse effect on families and communities because of inaction of your government a year or two ago when you should have taken action and you didn't? What compensation are you will to make for the workers who will be so adversely affected?

Lastly, Madam Minister, although I have some other concerns, these are the ones that I will address tonight — in section 23. And that concerns me that anybody that is adversely affected or is aggrieved by the decisions made by the board has no recourse to the courts. I think that is simply unacceptable. As I indicated to you, that the board could certainly be a very political board. We have no guarantees that it will not be.

I have some concerns, Madam Minister in the Bill also about discriminatory action that the board can take vis-à-vis industry by . . . pardon me, company by company, or mine by mine. I have some real concerns about that.

I also have some concerns, Madam Minister, as to how is the board going to carry out its functions, its duties as it relates to the production that is going on right now. We know that PCS . . . I'm not sure and I will ask the minister

to comment on that. What rate is the PCS producing at right now and what are the rates that various companies are producing at at the present time and how is the board going to regulate the production?

Does it mean that PCS, because it is working at, I believe, 54 or 57 per cent capacity right now, will have to stay at that rate, whereas IMC (International Minerals and Chemical Corporation) is virtually producing at 90 or over 90 per cent, I believe — and will they be allowed to continue to produce at that rate and consequently PCS will have to bear the brunt of the action under this Bill?

Madam Minister, with those words I would ask you to respond. I know there are other members on this side who want to also get into the debate some time this evening, but if you could, I would appreciate a response from you at this time.

Hon. Mrs. Smith: — Mr. Chairman, if I can go back to the beginning of the hon. member's comments, his first question, or perhaps it was more of a criticism that he raised, was one of myself determining the Bill to be urgent, and I would only say to the hon. member that that in fact was not used.

What was said from this side of the House, and it has been that side that has used the word "urgency", was that, in fact, the legislation is indeed important — that I agree to — but that it would be dealt with in the normal course of the process within this Assembly. And he shakes his head, and I can only ask him to go back and review *Hansard*. During question period and any other time that I was on my feet, that will be in *Hansard*. And I know that it was said at least once in this House that it would be in the normal course of events as it pertained to the process of legislation.

Mr. Chairman, he is quite right that it didn't start in the dark of the night, and that it's been there for some time. The observation, or perhaps the rumour that the member has stated, about 1983-84 and a complaint being lodged and was turned down, I can only say that the hon. member is wrong on that. The law in the United States is that there is a petitioner, or a petition to the Department of Commerce and once that is put in, it is only the petitioners that can withdraw it. The Department of Commerce does not turn it down. They must see it through its course of events.

We are not aware . . . I know that there is rumblings often on many commodities as it pertains to the United States and trade - uranium being one of them. I know that there is rumours on oil presently, and those are often ongoing. So it could well be that the rumblings were there that pertain to potash, but what the member said is wrong in that the department turned it down; they can't turn it down once it's put in in the petition. I'm well aware of the issue of the Russian one, Mr. Chairman. I believe that the incident that the member is talking about was where the preliminary figures were about 187 per cent levied against Russia and he's quite right that the final determination was 2 per cent.

However, I think the member should realize that the Department of Commerce in bringing down that

preliminary had absolutely information. There was no information submitted by the country of Russia and the Department of Commerce, in determining their preliminary figures, had nothing. I suspect that Russia, perhaps, in consultation after the preliminaries — as our industry has done — submitted some information and that, in turn, was brought down. The difference, I can submit to the member, is that most of our industry did in fact submit much of their information before the preliminary figure was set, which is totally different from what Russia did.

Mr. Chairman, the issue once again was raised about lobbying with the farm group. It's been raised by the hon. member from Saskatoon South several times. I know that the hon. member from Saskatoon Riversdale has been quoted in the paper as saying: forget the Bill; just lobby the farmers. And I have some difficulty as a government in another country and, in particular, another province, in looking at that.

The member has asked me: why didn't we deal with New Mexico? He wants correspondence in dealing with New Mexico and the good senator. And I answered that, Mr. Chairman. And I invite him to go back and read *Hansard*, once again, when I wrapped up the debate on second reading. And I'm sure that the member will recall I said there was a distinct difference between the situation today and the situation in 1969 when, in fact, the government of the day back then did make a deal with New Mexico. And the difference was that then the government was not owner, or part owner of any potash mine. Today they are. And under the anti-trust laws of the United States, we would run at a great risk violating those laws within the United States because we are, in fact, owner of potash mines.

Mr. Chairman, in terms of who we've consulted with in the industry, we took the approach in trying to first of all resolve the anti-dumping issue long before this legislation . . . that there was three levels of it. The Saskatchewan Department of Energy and Mines officials held meetings with the U.S. government officials as soon as the petition was brought down, and that was in the week of February 19, 1987. That carried on through till August 5, 1987, and shortly before the preliminary duties were made public.

There was also another course of consultation, Mr. Chairman, and that was with the Saskatchewan trade officials and the legal advisers, and they were dealing also with their United States counterparts.

And then of course, Mr. Chairman, there was the federal government, through the embassy and on to the United States government. And I believe that's a proper process for governments.

However, Mr. Speaker, there are other opportunities long before that for our government to express its concerns with the rising issue of protectionism in the United States, most particularly on the agriculture situation, and that's basically what impacts on our potash industry here.

And I would refer the hon. members across the floor to take a look, in particular, the hon. member from Estevan,

our Premier, and the message and the number of times that he has spoken in the United States, and the issue was raised. Well, the member raises his eyes upwards.

An Hon. Member: — Did it do any good?

Hon. Mrs. Smith: — He says it doesn't do any good. I would suggest that, if fact, it does — and one reason why today you are seeing the American farmer lobby his or her own politicians.

(1930)

Mr. Chairman, beginning June 17, 1986, the Premier was at the mid-western governors' conference in Columbus, Ohio. The issue of agriculture, trade as it related to potash, uranium and some other major commodities that we deal in, was discussed.

On August 23-24 of 1986, it was the National Governors' Association committee on international trade and foreign relations in Georgia, and again, Mr. Chairman, the concerns of this province were expressed. On February 21 of 1987, it was the young farmers' association which was in Lincoln, Nebraska. On July 2, '87, the Montana border advisory commission, which was in Regina, and it was again discussed. In July of this year again, Mr. Chairman, we had the national governors' conference in Michigan, and again we expressed our concern about the growing barriers, and the issue of the anti-dumping suit on potash. On August 4 and 5, Mr. Chairman, was the American agriculture economics association — one of agriculture, one of farm management — and it was very important, Mr. Chairman, and again the issue was raised.

Along with that, Mr. Chairman, we have met with the central farmers' industry; perhaps the hon. member from Saskatoon South has not heard of them. I would remind him they are important in that they distribute 25 per cent of the total needs of the potash. They have, I believe, it's well over 1 million members. It's a co-operative within their organization, and they have contacted them directly — one on one, Mr. Chairman — also the Corn Growers' Association, which has a very large number of membership.

The Central farmers' Industry Incorporated, Mr. Chairman, is an interesting one in that it touches on 46 states, and they have ample opportunity to discuss it with the people that this impacts on and that's the consumer of potash within the United States.

I was also, Mr. Chairman, invited to address the issue of trade barriers, particularly as it pertained to potash and uranium, to the western governors' conference in June. And Mr. Bob Reid took that speaking engagement on my behalf.

Mr. Chairman, the consultations have been extensive and they've been ongoing, and we have tried to reach those areas that we thought was appropriate. And we also feel that in touching base with some of those organizations that they have memberships, and that includes the American citizen, and that that is much more appropriate than the Saskatchewan government going down and doing a one-on-one lobby with the American farmer.

The member from Saskatoon South, Mr. Chairman, has said, why not The Mineral Resources Act, again, and that's another issue that I dealt with in the closing debate on second reading. And the answer hasn't changed much, Mr. Chairman, since about a week ago when I told him why it was Bill 36 and why not The Mineral Resources Act. I think the member knows full well that The Mineral Resources Act, when it was done by regulation in 1969 under then Premier Thatcher, was found to be ultra vires by at least one court. I think he's well aware of that.

I think also, Mr. Chairman, that . . . And the member raises the constitution, and we'll get to that, Mr. Chairman, when we looked at the situation of the potash industry and some time ago we said, there are several options. One is to do nothing; one is to do nothing, Mr. Chairman. Let the industry handle itself, and I believe, everything being equal, that that's in fact what should happen. The government should stay out of it as much as they can, and that's if the market-place has a relatively even playing-field - but, Mr. Chairman, that didn't happen in this case. And that's mainly because of the anti-dumping levies within the United States.

So we said if the industry — with the preliminary duties that came down ranging as high as 85 per cent — are going to have some difficulty in coping with this, themselves, what are our options? Well we looked at The Mineral Resources Act, as the member from Saskatoon South has suggested. Mr. Chairman, The Mineral Resources Act, while it allows for development, conservation management, in general terms of the mineral resources, does not deal specifically with any one resource. In order to address specifically the potash situation, we would have had to amend substantially The Mineral Resources Act. In fact, it would have been so substantial that we believe we would have not been as clear and direct as we are with Bill 36.

Mr. Chairman, we also believed that when it comes to putting controls on an industry — production controls, specifically — that the issue is of the magnitude that it should be dealt with in this House; that it's not an everyday occurrence, and nor should it be, now or in the future.

Industries can usually operate on their own. In this case, because of some government rules, you might say government intervention south of the border, we were left not a lot of options with it.

So, Mr. Chairman, that's why Bill 36. The Mineral Resources Act does not deal specifically with potash, and the issue, when it comes to the control of production limits, we feel was important enough to be dealt with in this House on its own merits.

The member has said or suggested that without PCS we would not be in a position to give direction nor leadership in the world. And I suppose, according to the member from Saskatoon South, that that may very well be true, if I'm thinking at it in his way. But I believe without PCS, Mr. Chairman, there still would have been potash there; it may not be called PCS as the member has suggested, but

the industry would still be of the size that it would — by far, by far — be the larger exporter of potash.

An Hon. Member: — Would you have set the price?

Hon. Mrs. Smith: — The member says, would we set the price. Would we?

First of all, Mr. Chairman, government doesn't set the price, that's non-government. I would ask the Leader of the Opposition, who's chirping from his seat, perhaps he would like to stand up and tell us if he had a say every time PCS upped its price. I don't believe that he did; and if he did, I would say he shouldn't have; that if, in fact, there's a board of directors put into place to operate that company, Mr. Chairman, they would make those decisions. Why would you appoint them? Why would you appoint them?

I believe the industry, and certainly the number of resources, Mr. Chairman, particularly potash that we have in this province, would indicate that with PCS or without it, the industry is large enough and it has a large enough share in the world, that yes, in fact, there would have been some direction and some leadership shown within it.

Mr. Chairman, I want to turn to a couple of the specific sections that the hon. member from Saskatoon South has raised, one in particular being section 6 as it relates to the appointment of the board. I can say to the member that it is our intent to look at a small board, three to five members. I'm not sure what the member means when he says a political board. I think what we're looking at in this case is some expertise and some common sense as it relates to the mining industry and to the job that has to be done.

To refresh the member's memory, there is a clause within the legislation, a conflict of interest clause, Mr. Speaker, that does not allow anyone that has a direct benefit, or indirectly out of the potash industry, to sit on the board. And I believe that that's a fair clause and that, in fact, is in the best interests of everyone.

The other section that he raised was section 18, the guarantee of jobs. And, Mr. Speaker, again that has been dealt with a couple of times in this House, and I am always the first to say I would love to be able to guarantee as many jobs as possible.

But, Mr. Chairman, how do you guarantee jobs? I have stated and I will state again, Mr. Chairman, the intent of this Bill was try to preserve jobs, not lose jobs. However, that does not mean that in the normal course of events such as the . . . I believe it's an annual maintenance shut-down period. That will still carry on. But, Mr. Chairman, we do not foresee massive lay-offs because of this Bill. In fact, it is the opposite. This Bill will preserve some of those jobs that would have been lost without it in light of the anti-dumping that came down.

Section 23, I believe the member . . . and correct me if I'm wrong on the issue of appeal. There is no appeal to a court. There is an appeal to cabinet, but we felt . . . Well if the member would listen to the rationale, perhaps he will

find a little bit of room for an agreement on it. To put it into the court system, Mr. Chairman, you would be waiting for a very long time to know whether . . . (inaudible interjection) . . . Well he says maybe that's too bad. In the meantime, what do you do? Do you then make a decision that the mines should be on close until the court deals with it? I don't think so, Mr. Chairman. And if there's other options, I would be pleased to hear what they are from the member from Quill Lakes.

Mr. Chairman, I believe that covers most of the areas that the member from Saskatoon South has raised. If I have missed any, I would be glad for him to remind me.

Mr. Rolfes: — Madam Minister, let me first of all make the comment, and I certainly don't make it facetiously - if that's the kind of success that the Premier is as a lobbyist, I wouldn't bother sending him across the border again. Because of all the things that you have listed, all the things that you've gone to and you've lobbied against, the restrictions on free trade, and you come up empty, that's not being very good at your particular job. And maybe, Madam Minister, you can't just cheer-lead your way through, you have to be on their level of discussion on this whole thing.

Madam Minister, I want to ask you if you will table for us, since you listed a whole number of occasions where you did lobby people, supposedly, in the United States specifically on potash, would you list, first of all, the correspondence that you had with these people. Secondly, would you list for me the agenda of those meetings where it specifically, I would assume, is listed potash industry of Saskatchewan and as it relates to fee trade or restrictions.

You know, if that was on the agenda, then surely there must have been correspondence to that effect. So would you table those in the House for us? If you can table all that correspondence, then I will apologize to you for being so rough on your lack of lobbying in the United States.

Madam Minister, I find it rather difficult that the American farm bureau — I believe it's called the American farm bureau — Mr. Rawlins was unaware, was unaware of any lobbying done by this government with the American farmers. It would seem logical to me that if you could convince the American farmers that they would have to pay an extra 40 or 50 per cent on their fertilizer, that you would have a very strong lobbying group in the United States.

But I'll tell you, Madam Minister, they weren't even aware of it, and consequently they haven't started their lobbying until the beginning of last week when you increased the price. That is when they started their lobbying in the United States. Now they are going to their senators, they're going to their politicians, and they're going to the Mexican potash industries, and are complaining of the preliminary dumping duties that have been put on.

(1945)

And I want to say to you, Madam Minister, that I don't

believe you. I don't believe that you've done all that lobbying or did all that lobbying. I think you simply sat there, you ignored it, and didn't do anything. And so I'm asking the minister, would she please table the correspondence for us in this House?

Madam Minister, I find it rather curious that you said that this issue is important enough to be dealt with on its own in the legislature. And I don't disagree with that. Why then, Madam Minister, didn't you go to the Premier and say: Mr. Premier, we can't delay the House sitting till June 17 because I have a very important issue that I want the legislature to debate, and it involves the protection and welfare of 3,800 workers in the potash industry. It relates to the families of those workers, and a number of communities. It is imperative, Mr. Premier, that we call the legislature and we deal with this, and I will have a Bill ready for you.

Madam Minister, I don't believe you. Where was your Bill on June 17? Where was your Bill on June 17? If that issue was so important to you that it should be dealt with by the legislature, why didn't you introduce it? Why didn't you introduce it at that time so we could deal with it immediately after the budget?

Because I'll tell you, Madam Minister, you hadn't even thought about it until the anti-dumping tariffs were put in by the DOC (Department of Commerce); that's when you started to panic. That's when you were caught flat-footed and embarrassed and came up with this grandiose scheme - we can now embarrass the NDP by bringing a Bill into the House which we really don't need. And the Premier proved this very clearly in second reading that that is what he had intended to do, was to . . . he ranted and raved in this House that the seeds of this whole thing were sown in the '70s, but he ignored the whole thing of the hundreds of restrictions that have been put on by the United States on trade agreements with Canada, and has nothing to do at all with the people taking ownership of their resources.

Madam Minister, you've failed in your endeavour to embarrass the NDP; now you're trying to work your way out of an embarrassing situation. I say to you, Madam Minister, you failed in that attempt. You didn't do your job as a minister in lobbying in the United States, and now you're going to have to suffer the consequences.

Madam Minister, you didn't address one very important item that I talked about and that was the discriminatory aspects of the board, the resource board in potash industries and individual mines. I would very much appreciate it if you'd address that problem now.

Hon. Mrs. Smith: — Mr. Chairman, I'm somewhat disturbed every time the member from Saskatoon South raises this issue of trying to embarrass the NDP.

I want to invite you to go back and look at my comments from day one, Mr. Chairman. I invite him to do that, and let's see what he can find in it. I would suspect he's feeling a little uncomfortable and that's unfortunate. I think if he reviews the remarks on it, he will find that it was done in the most non-partisan way in presenting the legislation on my part that he can ever find.

Now, Mr. Chairman, he wants to talk about what others say on the debate. I also invite him to go back and review the history. While he thinks I'm a very poor history students, as an old history teacher, I ask him to go back and look at some of the comments as it relates to government taking over potash mines and a few other factors. And the reality is, Mr. Chairman, that those are on record, and they will stay on record whatever the good senator in New Mexico had to say about socialism and a few other facts. Because the member from Saskatoon South does not like them is not going to make them go away. They are there, and they will remain there for the next hundred years or more.

Mr. Chairman, we're back to the lobby thing again. I want to remind the member that this process of anti-dumping is a legal one in the United States, and it's a quasi-judicial hearing. And all the lobbying in the world, once a petitioner puts it in, Mr. Chairman, doesn't change it. It is only the petitioner that can withdraw that; so the lobby does not change.

Now he says you got to do more than cheer-lead, but that's precisely what you're asking us to do when you keep talking about this lobby. That's basically what he's asking us. It's contradictory once again. And That's where we've been from day one with the opposition, Mr. Chairman, with all due respect to the member from Saskatoon South. It has been one of contradiction and confusion from day one with the potash situation.

He's asked me again, why didn't I present this Bill on June 17 or a few days after the budget. Well, Mr. Chairman, the preliminary figures did not come down until, I believe, August 20. Well he says, why do we have to wait. Why would we want, Mr. Chairman — just think about it — why would we want government intervention into the industry if it was not needed? And we had stated at that time, Mr. Chairman, that the industry was having problems. There was no doubt about that. And when we talked to the industry, they said no, we can manage this on our own, even good old PCS. But, Mr. Chairman, when the preliminary figures came down, they were much higher than what anyone had anticipated. In fact, most of the figures were double from the worst scene that we could possibly picture in coming out of those preliminary figures.

Now, I don't know . . . You know, this side of the House is not ready to take government intervention into the private sector, Mr. Chairman, into the market-place unless there is a very good reason as to why we should be there. And I quite frankly think that in normal circumstances the industry can operate and run their industry much better than the member from Saskatoon South.

Mr. Chairman, in terms of the Bill, I would ask the member to look at page 5 of the Bill which deals with the question that he has raised and it's:

In making a determination . . . the board shall take (into) account of the following factors . . .

(a) the productive capacity of the mine;

- (b) the rate of primary production of potash from the mine;
- (c) the inventory or stockpile of potash produced from the mine, and future inventory and stockpile requirements for the mine;
- (d) the portion of demand for potash that has been fulfilled by the primary production of potash . . . and
- (e) any additional factors that may be prescribed.

I think I have stated publicly — and I know that I have stated it to our producers in the province — that the two main factors that would be taken into consideration is the historical market share and also the productive capacity. And we've also stated very clearly, Mr. Chairman, that the allocation would be done in the fairest manner possible, that the exercise was not going to be one of penalizing anyone nor of rewarding anyone, that they were in this together and they would be treated in an equal manner.

Mr. Romanow: — Mr. Chairman, I have a question to the minister as a result of her answer just a few moments ago, which I would appreciate if the minister would clear up for the House and for me.

The minister took great pains to explain to the critic from Saskatoon South that this is a judicial proceeding, and lobbying has no impact . . . no effect on the judicial proceeding. That being the case, will the minister explain to the House how it is that what American senators might say or might not have said about what Saskatchewan has done in potash would be relevant to a judicial proceeding?

Hon. Mrs. Smith: — I believe you have misinterpreted or misunderstood what I said. What I said was that lobbying would not change the legal process of the petitioner once it had been put into the Department of Commerce on the anti-dumping.

Mr. Romanow: — I ask the minister: if that's the case, how does lobbying affect the legal process in its beginning?

Hon. Mrs. Smith: — Mr. Chairman, and I've stated that before, the only way that a petition of anti-dumping can be pulled back is by the petitioner, not the lobbying to the government. It must be the petitioner that withdraws the petition.

Mr. Romanow: — No, Mr. Chairman. I know that the petitioner has to withdraw the petition; I don't deny that. I do dispute the minister's comments a few moments ago that the appropriate United States Department of Commerce agencies cannot kill the petition. I argue they can in the first instance or any time during the course of the proceedings. But that's a word argument between myself and the minister.

My question is this on the matter of lobbying. I want to clear this up. Is it the contention of the minister and the government that lobbying by United States politicians, or Canadian politicians, in this matter has an impact or has

no impact? What is your position with respect to this process and lobbying?

Hon. Mrs. Smith: — I think, Mr. Chairman, it's only a lawyer that can stand up and say a moot point. However, I won't dispute that with the legal hounds across the floor.

I think there's room and reason to lobby, but in of itself. And that's the point to be made, and that is the point, my good friend, that you raised from day one, as I recall. Forget the Bill; do the lobbying. And that wasn't about to happen.

Mr. Chairman, I think if you take a look at lobbying, and who one lobbies and why, certainly I would think that lobbying particularly by the American farmer in the United States has the potential to have the greatest impact . . . (inaudible interjection) . . . Well, the member said exactly . . . No, the point the member was trying to make earlier was that we should be doing this lobby. Mr. Chairman, I'd stated earlier that we have informed many, many times over to various organizations and gatherings in the United States of what was coming up, the growing difficulties as it related to trade and potash. And I said what we met with was apathy, Mr. Chairman — was apathy.

(2000)

Now I think in this particular case, the laying on the Table of Bill 36 raised a level of awareness that was not there before, and perhaps one could say that it removed the apathy and removed it in short order. And if that's what it takes, Mr. Chairman, then that's fair ball.

But, Mr. Chairman, just lobbying for its own sake, I do not believe is the total answer as the member has alluded to.

Mr. Romanow: — Mr. Chairman, the minister will know better than anybody in this House that her answers in this House are obviously going to be widely read here and in Washington and elsewhere. I don't need to remind her of that.

And I would therefore ask her whether it is her position, and that of the Premier of this province, that this decision, preliminary, by the international trade administration import agency of the Department of Commerce was instigated because of political pressure by United States senators as the result of the establishment of the Potash Corporation of Saskatchewan 12 years ago.

Hon. Mrs. Smith: — Mr. Chairman, I can say in simple terms to the members from Saskatoon Riversdale, no. Although — and I think you would agree — as I stated earlier certain things have been placed on the record, the public record, some time ago. I think it's also fair to say, with all due respect to the Leader of the Opposition and his members, that the existence of PCS has been an irritant in this matter, and I would refer you to the petition itself, in that it makes several references to PCS.

Mr. Romanow: — Now, Mr. Chairman, I want to ask the hon. member this question: she says the petition itself makes several references to PCS. I would acknowledge that. Would the hon. member also acknowledge to me

that the petition also makes several references to the non-public corporations involved in potash, such as CCP (Central Canada Potash) and IMC (International Minerals and Chemical Corporation) and the like?

Hon. Mrs. Smith: — Yes, Mr. Chairman, the others are mentioned also. But I think, Mr. Chairman, that we have to be realistic and we have to accept that the Congressional record in this case is very critical in its comments of PCS.

Mr. Romanow: — No, Mr. Chairman. I'm trying to be helpful here to the minister, and I want the minister to answer my question. I think she has, but I'll give her one more chance.

Madam Minister, this is a serious Bill with serious consequences for the entire industry and for the credibility of your government here and in Washington. Let's take this step by step. Just give me, if you will, a simple yes or no: is the proceeding in the United States, which resulted in the anti-dumping position taken a few weeks ago, a judicial proceeding, as you told me a few minutes ago that it was and that lobbying was not a factor? Is that still your position a few minutes later?

Hon. Mrs. Smith: — Well, Mr. Chairman, I believe that I have answered the member's question; however, he may not like the answer, but that's not going to change it.

He's quite right; it is a serious Bill, and I'm glad he looks at it that way. Quite frankly, we on this side of the House, we weren't too sure which way he was looking at it. I believe this is more or less the first time that I've heard anything from him on the potash.

Mr. Chairman, as I've stated before, it is a quasi-judicial proceeding within the United States. Lobby does not determine the outcome, but we believe that it is important that our side and its impact be told and be heard, Mr. Chairman, particularly in the current environment; and I don't have to remind the members of what that environment is as it relates to trade. I would think that any influences, particularly on the part of the petitioners, is important on the outcome of this, Mr. Chairman.

Mr. Romanow: — Mr. Chairman, I wish to refer the minister specifically to a copy of the Department of Commerce preliminary ruling. No doubt the minister has read this and fully understands it.

I ask this question simply of the minister: is it correct to say, as I contend, that the basic and in fact sole criteria, in general principles, for the decisions taken in this Commerce department decision evolves around something called fair value comparisons on sales of the class or kind of merchandise in the United States — in this case potash — between the period September 1, 1986 through to February 28, 1987, and that no other consideration other than the mandate of the legislation in the United States is at issue in that award?

Hon. Mrs. Smith: — Mr. Chairman, I think if the member is asking, did the preliminary determination follow from the application of the legislation, then the answer is yes, and that's how we understood your question.

Mr. Romanow: — Okay, Mr. Chairman, that's a partial answer. Perhaps on reflection I might even concede a full answer of the question, but let me come back at it this way. You have read, have you not, Madam Minister, this award? You nod your head in agreement. I want you to agree with me that in this award there is no mention in the actual award — and your officials have surely perused the American law under which the award is based — there is no mention, for example, of publicly owned potash corporations. Isn't that correct?

Hon. Mrs. Smith: — Yes, Mr. Chairman.

Mr. Romanow: — And is it also correct, Madam Minister, that there is not one word of mention of world oversupply in potash in this award, the one that we're talking about?

(2015)

Hon. Mrs. Smith: — Mr. Chairman, I believe the member is quoting from the Department of Commerce preliminary determination. Am I correct? He's quite right, it is without specifics. However, if he were to read the International Trade Commission's preliminary injury, which comes first, he would find ample evidence and reference to PCS and he would find it unfavourable.

Mr. Romanow: — Mr. Chairman, perhaps the hon. member, having made reference to this, would be kind enough to table that document with those references for my elucidation.

Hon. Mrs. Smith: — Mr. Chairman, we don't have it with us tonight but we can table it for you.

Mr. Romanow: — You will provide that for us? Okay.

Isn't it correct, Madam Minister, that what we're talking about here in terms of the decision making process is the United States Department of Commerce decision, the one that we're referring to?

Hon. Mrs. Smith: — Mr. Chairman, as I understand the U.S. procedure, there is two parts to the decision making process, and one is the dumping and the other one is the injury determination.

Mr. Romanow: — Well, Mr. Chairman, I think the minister is making this needlessly difficult for the committee, with all great respect.

Madam Minister, I can forward this document over to you but you have it. This is a document which sets the extra financial obligations on Saskatchewan potash companies, ranging all the way from the potash corporation, sorry, from International Minerals and Chemicals at 9.14 per cent, all the way to Central Canada Potash at 85.2 per cent with the various numbers of corporations in between at various levels. This document articulates and makes the preliminary ruling from which all the other legal and other activities flow. And it is this document which is the deciding document and upon which I base my questions to you.

And I am saying to you that in this regard - and if I'm

wrong you correct me — in this regard, as you admitted, there is no reference to a publicly owned potash corporation; there is no reference to world oversupply of potash or fertilizer; that the considerations are, as I said at the very beginning, pursuant to the American legislation, fair value comparisons of sales for a period certain of September 1, 1986 through February 28, 1987. Isn't that a generally correct summary?

Hon. Mrs. Smith: — Mr. Chairman, what the member from Saskatoon Riversdale says is all true. However, he ignores some parts of it and I don't believe that that is fair, nor is it right to ignore the rest of the process. What he says, it is the Department of Commerce that sets out the duties. And he's right in that it doesn't specifically talk about PCS. However, I think he ignores the fact that we would have never got to this point if the International Trade Commission had not found injuring on our part. And that again goes back to what is specifically mentioned in that.

Mr. Romanow: — Mr. Chairman, let's just stop and examine that. How in the world does PCS figure into the — as you would describe it — first step for causing the injury? Would you please explain that. Why is PCS any different than any of the other corporations that produce potash in Saskatchewan in the determination of the causing of injury?

Hon. Mrs. Smith: — Well, Mr. Chairman, we can continue for a long time to discuss what's on the public record and what isn't. And I've always, I've already stated that I'm quite willing to provide the ITC (International Trade Commission) ruling which I've indicated to the member from Saskatoon Riversdale that, as it makes reference to PCS, he would not find it in his favour.

Mr. Chairman, this Bill before us is for the entire industry, and while I find some of the thrust of the questions and the arguments interesting, I also find it rather narrow. And I think that the Bill is intended for the industry and that all of them, all the workers whether they work in a public mine or a private mine, I believe, deserve the same kind of equal treatment, and that's what the Bill will be looked at, and when it comes to implementation, Mr. Chairman, fairness — fairness based on the factors that I've already given to the member from Saskatoon South would be the main points.

Mr. Romanow: — Well, Mr. Chairman, the minister just said a minute ago that she didn't like the thrust of my questions because they were too narrowly focused. I find that interesting, given the fact that she takes lots of liberty in narrowly focusing the political justification based on potash. It's okay for her to make those statements, but for us to explore how relevant and accurate they are, all of sudden become a little bit too narrow for her. I'm sorry that I offend the minister if I explore and engage her in this aspect of the debate. But I'll move off.

Is it the minister's position that this Bill, therefore, as she has just said a minute ago, deals with the entire industry, and that being the case that this Bill does not address the United States anti-dumping action?

Hon. Mrs. Smith: — Mr. Chairman, this Bill is directed

towards Saskatchewan's entire industry. The intent of the Bill has not changed from day one and it is to in fact try and help us address the supply situation. Now as I indicated several days or a couple of weeks ago, that the anti-dumping action that is against our producers is a symptom of a bigger problem, and one of the problems was the oversupply, and that has not changed.

The secondary impact of the Bill, Mr. Speaker, is obvious, and that has to do with price. But the main intent and the objective of the Bill, Mr. Chairman, was first to try and bring into a better balance the question of supply and demand. And in doing so, Mr. Chairman, we believe that we will, in fact, be protecting some jobs that would otherwise be at risk.

Mr. Romanow: — Well, Mr. Chairman, I find that interesting and somewhat confusing, to put it mildly. In fact, the government's intentions with respect to this Bill are very muddled, to understate it.

On the one hand the minister says that the main purpose of the Bill is to deal with the question of the "supply situation". That is the purpose of the Bill. Then she gratuitously adds on what appears to be almost an afterthought, that the anti-dumping is "a symptom of oversupply," notwithstanding the fact that she admitted to me a few moments ago that nowhere in the ruling, the preliminary ruling, is oversupply at issue. Notwithstanding that she admitted to me that nowhere is the Potash Corporation of Saskatchewan, and the publicly owned corporation at issue. Notwithstanding the fact that she admitted to me just a few moments ago that PCS is not singled out by virtue of the fact that both the private and the public corporations are named.

This is a muddling of objectives. And that being the case, I want to ask you specifically, Madam Minister: how do you and the Premier of this Province expect to address, specifically — let's take these just parcel by parcel — the problem of the United States anti-dumping preliminary ruling? How will this Bill help that situation specifically, please?

Hon. Mrs. Smith: — That's unfortunate that the member finds the Bill muddling. I guess I wonder why he voted for it on second reading if that's the case. However that's his choice, Mr. Chairman . . . (inaudible interjection) . . . Yes, I'm sure as the member from Gull Lake says.

Mr. Chairman, we have stated from day one with the release to the public of what this legislation was, that there was a secondary impact of the Bill, or the by-product, and that, indeed, was the price.

Now, I'm sure the member is aware that, in fact, the price has gone up in the last week or so. Mr. Chairman, I believe that rising prices certainly is going to help our Saskatchewan producers when it comes to trying to eliminate, eliminating the dumping margins. And that's very clear.

(2030)

I think if the member would like to hear, perhaps, from some of the analysts within the field, I would be willing to

send over a couple of statements for him to have a look at.

Mr. Romanow: — I want to ask the minister two questions again, and ask her to think carefully of the answers of this.

Is it her position that the price increases recently experienced in potash are the direct result of this legislation, and that was the purpose of the legislation?

Hon. Mrs. Smith: — No, that was not the main purpose of the legislation, Mr. Chairman.

Mr. Romanow: — So the answer which you just gave me to the preceding question is incorrect in implying that price was a factor in this Bill? Is that correct?

Hon. Mrs. Smith: — No, that isn't. He wasn't listening, and I said very clearly, and I will say it again, it is a secondary impact.

The main objective, Mr. Chairman, in this Bill, was to deal with the basic problem of the overhang within the industry — the issue of supply and demand.

Mr. Chairman, we have effectively stated to the world that our productive capacity is no longer going to be available — our productive capacity, the overhang within the industry. In doing that, Mr. Chairman, there is a by-product that takes place, and that is the raising of a price.

Mr. Romanow: — Mr. Chairman, that is what I mean by a muddled, confused government.

An Hon. Member: — And a minister.

Mr. Romanow: — I don't want to personalize it against the minister, but the government clearly is lost as to what it intends to do with this legislation.

Let me tell you why I say that, Madam Minister. If you tell us that the purpose of this Bill is to deal with a so-called overhang of potash, namely, a large volume of potash in the world, and Saskatchewan being a major player — which I would certainly admit to — and you developed an argument to that effect and to that extent, period, you'd be on a logical course of action and political position, which I think might make some sense to the people of Saskatchewan and perhaps the world outside.

But you confuse it when you tie that objective in — with the greatest of respect — to the other problem which we are currently facing, namely, the United States anti-dump, which, by your own admission in the first series of questions and answers you gave me, don't deal with overhang but deal with fair pricing or dumping, according to the tests of this document.

The pricing isn't the objective of this Bill either, although there's some confusion about your intentions there. Now if the purpose is dealing with overhang on a world-wide basis, my question still is relevant. How in the world does this Bill deal with the immediate problem to be decided before January 8, 1988 at the other end, namely the United States anti-dump action? Please give us a clear-cut answer.

Hon. Mrs. Smith: — The member seems to be concerned that this Bill does not address the issue of the anti-dumping action. I'm sure that the member is aware that an anti-dumping action out of the United States is not government to government, that, in fact, it is a problem within the industry. Government legislation by Saskatchewan is not going to change the legal process, and both he, as I see, and the Leader of the Opposition agree.

He's quite right. The petition doesn't address the issue of oversupply, Mr. Chairman, but when you look at the events that lead up to such actions as the anti-dumping and other actions that have been taken within the United States, including the one on uranium, plus rumours of other ones, Mr. Chairman, and you look at the common thread that runs between most of them, and you will find that it is one of surplus, and that in turn creates some fear, understandably so, because job lay-offs come with it, whether it's in the United States, or perhaps West Germany, or in Canada, and closer to home, Saskatchewan.

So the protectionist barriers go up when it get into that type of a situation. And I think all of us being humans, whether it's U.S. or Canada, have a tendency to want to keep what is ours and make sure that those jobs are in place. We may not always agree on the mechanisms or the methods that one does that, but I think that in understanding human beings, Mr. Chairman, that it's easy to understand why these events do in fact happen.

Mr. Chairman, I want to refer to a gentleman by the name of Dr. John Douglas, who managed the United States Fertilizer Development Centre for 38 years. He is well-known in the United States. He knows the potash industry, the market-place, the fertilizer business inside out. And what he says about this Bill is that its greatest asset is that it addresses the surplus production capacity problems that has plagued the industry. That's the first problem. And no, you're not going to find it mentioned in the petition that the hon. member from Saskatoon Riversdale has referred to. But, Mr. Chairman, that's the main problem — the oversupply. By dealing with it in this Bill, we have admitted that by pulling back the productive capacity, there will be a secondary impact, and that, Mr. Chairman, will be the price increase.

Mr. Romanow: — Mr. Chairman, the minister has, in effect, admitted that this Bill will have no direct . . . Let's put it this way. The main purpose of this Bill is not to deal with the United States anti-dumping situation. That was her admission at the beginning. She does argue, however, that there is an indirect — or I'll put it another way — there may be an indirect consequence over the longer period of time by some form of supply-management under this legislation.

So we've cleared away the most immediate problem, which is the issue of the United States anti-dumping, and that this Bill is not a direct response to the United States anti-dumping provision of January 1988 when the final determination presumably is to be made. And I think that's a fair and honest answer by the minister, and I accept that.

I'll come to the other side of the problem, namely, the overhang as it impacts on the industry in the world in a moment. But I'm just concentrating for the time being on the United States anti-dump, and as I say, I welcome her admission.

I will ask the minister, therefore, this question: will the minister not agree with me that almost all of the corporations, if not all of them named in that preliminary order dispute, not only the finding but many aspects of the methodology in getting the finding that the Department of Commerce made, particularly the notion of constructed cost, or constructed value? Is that correct?

Hon. Mrs. Smith: — Yes, Mr. Chairman, they do as we do.

Mr. Romanow: — And is it also correct, Madam Minister, that they intend, like I presume PCS intends — you're not the minister in charge of PCS, but you would know what is intended there — but they intend, the corporations, all of them, public and private, to fight this issue vigorously on, amongst other things, this notion of constructed value?

Hon. Mrs. Smith: — Mr. Chairman, all the producers in Saskatchewan, public and private alike, have indeed fought the issue, and we hope they're successful when it comes to the final determination.

But in the event that they are not, Mr. Chairman, increases in prices, we believe, in the interim are going to perhaps help them over the review period until the final determination.

Mr. Romanow: — By the way, is it correct to say, Madam Minister — I might have missed the answer; I was here all evening, but I might have missed this answer — is it correct to say that this is the first time since 1975-76 that the United States Department of Commerce, the first time in 12 years, has made this kind of preliminary ruling as against the Saskatchewan potash industry?

Hon. Mrs. Smith: — Yes, that's true, if you mean the Saskatchewan potash producers, yes.

Mr. Romanow: — So we have a situation that from 1975-76, since the beginning of the Potash Corporation of Saskatchewan at least, to 1987, a period of 12 years, Mr. Chairman, there has been no such action. And to state the obvious, will the minister agree with me that the anti-dump provisions apply to both the publicly owned PCS and the private potash companies in Saskatchewan? It's a self-obvious question, I suppose, which should be answered by a yes.

Hon. Mrs. Smith: — That's right, Mr. Chairman.

Mr. Romanow: — Is it also fair to say from the . . . Would the minister be fair - and as she's trying to be, and I appreciate this - this evening with me in admitting that if this Bill had not been introduced, in the opinion of the Government of Saskatchewan and the Crown corporation, PCS, and from the information that the government has gleaned in the dealings with the private

potash corporations, that if this Bill had not been introduced, there were pretty good chances that at the end of the day, we could convince somebody at the appropriate decision making level in the United States that their computation of constructed values and other factors for this anti-dumping figure should be mitigated, if not relieved.

(2045)

Hon. Mrs. Smith: — Well, Mr. Chairman, that's a possibility. That's a maybe, I grant you that. But I also believe that there is a pretty good chance that, in fact, that would not have happened. I think if you were to just sit idly by and wait to see what would come out of it, the risks would be far, far too great for the producers and all that that entails within this province. Given the level that some of them are at, when you take a look at that kind of a risk and what would have to happen, they would have to be reduced substantially.

The other factor that it does not address, and that is the issue of the oversupply which I've already stated has been plaguing the industry for some time, that issue would still be there.

Mr. Romanow: — I realize the oversupply, but please, Madam Minister, as you admit yourself, this is a long-term problem. All of your figures on oversupply that you gave to the press briefings are related, but remotely or indirectly, to the issue. You say that as much in your statements.

So let's leave the question of oversupply aside for the moment because the fat of the matter is — is it not? — that since this Bill does not directly speak to the U.S. anti-dumping action, which you admit indirectly only as much as supply is affected, I may admit, isn't it a fact, Madam Minister, as a consequence, that whatever happens at the end of the day with respect to the United States anti-dumping will not be as the result of the introduction of this Bill?

Hon. Mrs. Smith: — Well, Mr. Chairman, it may not. You know, the member might be right that the Bill may not affect it in the end, but I think it is very clear, Mr. Chairman, abundantly clear that it will, in fact, directly affect our industry to be able to handle whatever final determination will come out. And from our perspective, that's the key.

Mr. Romanow: — And thank you, Madam Minister, for that statement which more or less concurs with mine, if I may interpret it that way.

I want to ask you another specific question: would you also not agree with me that there was no need for this Bill to have a price increase in potash effected by, say, the Potash Corporation of Saskatchewan as, in fact, has been done a few days ago without this Bill being law?

Hon. Mrs. Smith: — Mr. Chairman, the member and I do not agree. I think this Bill was very necessary, and we are simply going to have to agree to disagree on that point.

The reason I state that, Mr. Chairman, I believe is very

clear. And that is, that without dealing with the issue, and I come back to the same thing — and I know they're getting tired of hearing it, but it's the issue of oversupply — fair prices would not be realized. And that is the intent of the Bill, Mr. Chairman, and that was why it was absolutely necessary.

Mr. Romanow: — Mr. Chairman, I want the House to be clear, and I think my line of questioning is more or less clear about what I see are two separate issues, although they're related; I acknowledge that. I've been trying to ask questions about the United States anti-dumping action because we have heard in second reading speeches a variety of comments made by members opposite that this was going to show the Americans what to do on this United States anti-dumping situation. So I've been directing a series of questions on that and the public will know the answers.

I would say that a fair summary of your answers has to be that this Bill will have a minimal, if any, impact on the immediate problem which is facing the Saskatchewan potash producers and their workers and families — the United States anti-dumping law. I think there's no other conclusion about that. Let's leave that aside for the moment. If you wish to rebut me on it, fair enough, but let's leave that aside.

I want to now address your point that you make in the last comment, and that is the larger overhang of potash. Now I may concede to you that the overhang may have some impact on the United States anti-dump action for the moment. But again, that's not answering the question that I direct to you.

The question that I direct to you, Madam Minister, is this, and I'll make it very clear and very specific. We know, don't we, that the Potash Corporation of Saskatchewan increased the price for potash approximately 60 per cent just a few days ago. And we know that most of the industry has followed just a few days ago. And we also know that this Bill is not yet law, otherwise we wouldn't be here considering it. And my question for you, therefore, is as follows: in the light of those, I think, indisputable facts, is it correct to say that this Bill was not needed to have price increases in potash by virtue the mechanism that you have just implemented through your other agency of PCS that I've described?

Hon. Mrs. Smith: — Well, Mr. Chairman, first of all, that's not true. The Bill is necessary and the member from Saskatchewan Riversdale keeps coming back to why, you know, this Bill we don't need. And that simply isn't true.

This Bill will, in fact, have a very fundamental effect for the industry to be able to manage the anti-dumping issue. That's number one.

Number two, Mr. Chairman, and again I'm back to oversupply. By removing — or the removal of the access to our productive capacity, in fact, forces the issue. And I think the member realizes, though he may have a difficult time in admitting it, that, in fact, the price increases that he's talked about would have not happened and will not happen or nor will they be sustained if the oversupply continues to be there. They will not be sustained.

So, Mr. Chairman, the Bill, the oversupply, and removing the productive capacity has, in fact, been very positive and been successful, and that is needed in order to ensure that it is sustained.

Mr. Romanow: — Well, Mr. Chairman, I want to slightly shift the thrust of the questions to the minister, but they're still related on topic of price.

Will the minister advise the House whether or not her advisers — department officials or legal advisers on contract — have raised with her and the Premier of this province the possible problem of United States anti-trust action through price leadership, either as a consequence of this Bill and/or through the actions of PCS, and what that anti-trust possibility would have to potash producers in Saskatchewan and consumers in the United States?

(2100)

Hon. Mrs. Smith: — Mr. Chairman, in regards to the member's question as it relates to government companies setting prices, it's very clear, and I think the member would agree that action cannot be taken by producers collectively. That's very clear. Individually they can set their prices. There's nothing illegal about that. And the market-place being what it is, some either follow or they don't.

In terms of the government and their rights, the government clearly under the constitution of 1982 has the right to manage its resources. And I believe that the member from Saskatoon Riversdale was involved along with the Government of Alberta seeing that that, in fact, was put into the constitution. And that also included setting the rate of primary production, which is basically what this Bill is all about.

The action taken, Mr. Chairman, with this Bill, is taken by the government, and the producers are simply required to comply with it. And I believe that answers the members question.

Mr. Romanow: — Yes, I appreciate it's the government that is introducing the legislation and proposing it and defending it. Therefore, in the light of the minister's answer, is it correct for me to assume that there were no prior consultations with the potash producers prior to the introduction of this legislation?

Hon. Mrs. Smith: — No, that's not correct to assume that, and I think that's already on the public record that, in fact, the producers were consulted with and they were informed, Mr. Chairman, the intent of the legislation, and that in fact that there would be legislation, and that it would basically address the issue of volume controls. The legislation was not solicited, if that's what the member is getting at, but I did inform the producers individually that the legislation would be introduced in the House.

Mr. Romanow: — I want to just ask a few more questions before I take my place on this piece of legislation, and it's still relating to price and the meetings and in this direction. Thank you very much.

My question was whether or not — you answered it a couple of questions back — whether or not the government was concerned about the American anti-trust provisions and the actions of the Justice department and Commerce people there, in the consequence of price leadership through either corporations such as PCS, in the 60 per increase announced a few days ago, and/or the intended consequences of increasing price which you have admitted to me is one of the side-effects of this legislation.

I put it to you, Madam Minister, that without having researched this at law — and I hope that I'm sincerely wrong in this — that the United States farmers and farm lobby groups and others, if they see the price rise from Saskatchewan to such high rates and levels that they themselves oppose that action, that the United States anti-trust legislation and other judicial and legal mechanisms available to them could very well be resorted to by the farm lobby in the United States, if the price gets beyond reach, to the point that the very objective that the government is seeking to achieve by this legislation — one of them; waking the farmers up, as you describe it, to get them on the side of our potash industry — gets perverted or subverted through the price leadership argument if the United States Justice or other political atmospheres dictate some pursuit of the Saskatchewan action.

And my question is to the minister this way. I hope that that genuinely is not the result. I want to ask the minister, however, whether or not she has received legal advice, she and the Premier of this province, on this specific issue; whether or not that advice indicates that it is a danger to be concerned about; and, if so, who it is that is legally providing that advice to the Minister of Mineral Resources and to the Premier of this province, both in Saskatchewan and in Washington.

Hon. Mrs. Smith: — Mr. Chairman, we have been informed and counselled, received legal advice on the laws as they pertain to the United States, and the counsel has been Department of Justice. It's also been the law firm of Davies Ward & Beck, Toronto; and in Washington it's been the firm of Arnold & Porter.

Mr. Romanow: — Madam Minister, I want to raise just two other areas before I take my chair, Mr. Chairman, with your permission. Will the minister admit that an embargo of the export of Saskatchewan potash to the United States is not part of the mix of this legislation or the potash resources Bill?

Hon. Mrs. Smith: — Mr. Chairman, yes, I've already stated that.

Mr. Romanow: — And the second area which I wish to just very briefly touch on is the question of the necessity of this Bill.

Now let me just take a moment to set out what I believe to be the legal and factual history about this legislative capacity of the government. In 1969, or thereabouts, when the potash proration regulations were enacted by the former government of the former premier — late premier Ross Thatcher — the result of which was a legal

challenge ultimately in the '70s period and a declaration that the regulations and portions of the law were beyond the capacity of a province to enact that kind of legislation, the consequence of that was under the leadership of the former premier Blakeney and former premier Lougheed, a new section 92(a) of the Canadian constitution — which section strengthened the power of the province of Saskatchewan to control and manage its resources as it has for Alberta, and for every province, indeed in Canada — that became constitutional law in 1982.

In 1985, I submit, Madam Minister, that as a result of that early *ultra vires* — as the lawyers say — or unlawful declaration about the potash proration regulations and appropriate legislation thereunder, your government, using the newly gained powers of the constitution — which if I may say so premier Blakeney negotiated for us and for you — enacted a new mineral resources Act.

This Mineral Resources Act is the current law of the land, and it says among other things, pursuant to the constitutional authority under 92(a): that the cabinet has the right to decide a variety of things ranging from the orderly exploration and development, the prudent and proper management of mineral resources — note those words — prudent and proper management of mineral resources which is surely another way of stating what this purported Bill is all about, giving you the power to establish one or more conservation boards in pursuit of the mineral resource. And by the way, please don't give me any of the jargon that this Bill doesn't cover potash because the definition of mineral resources and mineral involves anything of the normal and natural consequence of the legislation. You could have very easily, Madam Minister, and very quickly, enacted a conservation board and enacted regulations under that legislation and had done what you purport this Bill would want to do without the ballyhoo of coming in with this legislation, dragging your feet in the debate on this legislation, and giving us all these peripheral side matters.

So I put it to you, Madam Minister, with the greatest of respect, that since you didn't need this Bill to increase the price — you did that to the Potash Corporation of Saskatchewan; you didn't need this Bill to do the conservation resources Bill; you've got that under the authorities of The Mineral Resources Act — that this Bill will have no direct impact on any of the U.S. anti-dumping provisions. There's virtually very little reason for this Bill except to give your department officials credit. The problem of the overhang in the potash industry in the longer run, which I think is a consideration for all of us and one of the reasons why we have voted for this Bill in second reading. But short of that, short of that, there is no absolute any other reason for the introduction of this legislation since you have all of the legal and other commercial tools available to you to at when you did. Why don't you admit that that's the real purpose and that's the real facts behind this situation?

Some Hon. Members: Hear, hear!

(2115)

Hon. Mrs. Smith: — Mr. Chairman, the member from Saskatoon Riversdale is quite correct in his history in

terms of the constitution. However, he also neglected to give credit where it was also due, and that was to Premier Lougheed at that time. And I believe that the issue, the main issue of the day was probably the national energy program which prompted the issue, particularly as it related to oil and gas.

However, Mr. Chairman, as I have stated earlier, that the premier of the day for Saskatchewan at that time did in fact have a hand in changing the resources for Saskatchewan and indeed other provinces. And I've always recognized that and given credit where it was due.

The member wants a specific answer. That's unfortunate. He seems for some reason unwilling to accept the answers that are given to him, Mr. Chairman. I can only go back again to what I have said twice now — twice now, Mr. Chairman — as it relates to why this Bill. Why not The Mineral Resources Act of 1985? And I want the member to clearly understand, based on very clear, direct legal advice, that we were told that The Mineral Resources Act does not authorize the creation of production controls, production controls on any mineral, nor does it contain, Mr. Chairman, the necessary regulation-making power to enable the Lieutenant Governor in Council to implement such controls by regulation. That has been stated previously in this House, Mr. Chairman.

Accordingly, the potash production controls could only be implemented through the introduction of legislation. And I had also stated, Mr. Chairman, previous to this, that we felt the issue, when you were looking at control of production with any given sector, industry in this province is important enough to bring before this House and its members.

I've also talked about some of the options that we looked at besides doing nothing, and that had to do with amendments to The Mineral Resources Act, Mr. Chairman. We stated at that time, and again I state tonight that the amendments would have to be so substantial and even then, they would probably not address the issue of potash by itself. We on this side of the House, we're not about to put in an amendment where it was production controls that could apply to any without very good reason, Mr. Chairman.

That is the answer and I stay with that answer, Mr. Chairman.

Mr. Romanow: — Well, Mr. Chairman, I'd like to just make a few comments with respect to this line of questioning and the answers which the hon. minister has given the House, and invite the members of the House and invite the public of Saskatchewan who might be watching these proceedings and, indeed, invite the journalists who have been watching the questions and answers to ask themselves this question: — why is it that this Bill is introduced? I offer the suggestion that this Bill is introduced for two reasons.

One, I think has a legitimacy to it, namely the question of overhang and production management. I'll say a little word about the form of the Bill in a moment. The other reason for introducing this Bill, I think, is summarized by

what I must only characterize as one of the depressing addresses of this Assembly that I have heard in a long time by the Premier, given on September 11, 1987, and that is for pure political reasons and pure political window-dressing — no other way.

My whole line of questioning was to see whether or not the minister, in her answers when it came to the hard questions of this Bill, would be able to support this kind of a statement made by the Premier of the province of Saskatchewan, namely when he said on September 11 in talking about the Bill the following, quote:

Mr. Speaker, it doesn't take much imagination to realize, in fact, that that's the very reason today that we're faced with these kinds of anti-dumping conditions (referring to the Potash Corporation of Saskatchewan). The man who led the charge, Mr. Speaker, is looking up across the border and saying: well for heaven's sake, the socialists are going to nationalize the entire industry, therefore, they're not playing by the rules and we'll show those people in Canada.

Precisely and precisely the very reasons that your minister rejected tonight in all the answers that I directed to her in questions I directed to her. She admitted precisely as she had to admit.

She admitted precisely that this Bill has nothing to do except with the quasi-judicial proceedings, that the lobbies don't affect the Bill; that the statements made by the senators don't affect the Bill, the petitioners decide those; that the application of the American laws is done according to the American provisions.

She admitted that the decision of the United States anti-dumping procedure may be to the favour of the potash industry notwithstanding this government's actions. She danced around the high danger of prices and United States anti-combine situation. She has strewed everything that the Premier said in this speech in what I can only describe as one of the sorriest attempts by the most incompetent government in the history of the province of Saskatchewan on a very important issue like potash.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — She argues, the Bill was needed — needed for what? All you have to do is take a look at the mineral resources Bill. You had all the power to do everything that you had to do then without introducing this piece of legislation.

You can't even defend with the greatest of respect any of the specific questions which are put to you because your mission is to confuse the political objectives with the policy objectives, Madam Minister. If you stuck to the policy objectives and you told us there was a crisis, that part of it makes sense, to which we're prepared to lend some support and credence and to give you a chance. But you start to mix the policy with the politics, and you get the spectacle of the Premier and the Deputy Premier and the minister who doesn't show up for question period, and all of those silent back-benchers, jumping to the

politics of it and ignoring the very real issue which faces Saskatchewan potash workers and Saskatchewan families. Shame on you! And shame on the government opposite. Shame on you! Shame on you!

Some Hon. Members: Hear, hear!

Mr. Romanow: — You don't give us any consideration; you don't give the potash workers any consideration whatsoever — nothing whatsoever on the major concerns as their jobs. What you do is you introduce this Bill when you don't need it and you can't affect the result in this operation.

I'm glad to see that the minister from Consumer Affairs is finally showing up. I invite her to show up for question period tomorrow . . .

Mr. Chairman: — Order. Order. Order. Order. Members know that they're not supposed to make reference to absence or presence of any members in the House.

Mr. Romanow: — Thank you, Mr. Chairman, for that direction. I thought you were interjecting because you wanted to tell the member from Maple Creek to quieten down so that I can make my remarks, but obviously she wasn't quite loud enough for the Chair to hear. But that's fine, I understand that, and I won't make references in that regard.

I want to say, Mr. Chairman, as I close my comments with respect to this legislation, this legislation is going to be judged, not today — it won't be judged by you, and it won't be judged by us; it's going to be judged by the people of Saskatchewan, and it's going to be judged, Mr. Chairman, on three or four tests.

It's going to be judged, first of all, whether or not it relieves the United States anti-dumping action. Note the words that I use. Not mitigate — I think that it might be mitigated, notwithstanding the ham-handed, clumsy, flat-footed response of the Premier in New York and your defence of this Bill in this House. I think it could be mitigated in any event. But that's not the issue; the issue is whether or not there is relief from the United States anti-dumping. That's going to be a test that we're going to be looking at.

We're also going to be checking as to whether or not this Bill maintains Saskatchewan's portion of the potash sales to the United States and the world, and increases it. By the way, I would say that this is going to happen, or might happen, in spite of this Bill, and in spite of your incompetence and clumsy and ham-handed attempts to manage the resource. It will be judged by that basis.

It's also going to be judged about whether or not you administer the Bill fairly, whether you do it in a fair way as between the mines and the companies. I invite you, Mr. Chairman, in particular, to take a look at what this legislation does. It allows a potash resources board to do what? By the way, a potash resources board . . . We don't know the numbers; we don't know who's going to be appointed; we don't know who's going to chair it. It's going to be appointed by the cabinet. We know that, Mr. Chairman.

This potash resources board will have the power to decide not only what companies live or die, Mr. Chairman, what companies live or die, because this board can decide that the minimum or the maximum production is zero per cent, not only can it decide what companies live or die but what mines within the companies can live and die, and we're asked, on the current history of this government, to believe them, to trust them, that they're going to administer anything fairly.

I say to you, Mr. Chairman, that the history of this government in this province is one of unfairness. This history of this government is one of favouritism and patronage, and every potash producer and potash worker ought to be frightened silly about the way the administration of this Bill is about to take place.

I hope I am wrong. I hope that I am wrong, but based on the past record of this government, Mr. Chairman, I think that there is cause for concern, and I find it also, if I might say so in passing, rather strangely ironic that this Bill is probably the most massive intervention in the free market-place of any legislation in the history of Saskatchewan, Mr. Chairman. I say to the Minister of Consumer Affairs: — this Bill is the largest intervention of the potash industry in the free market-place in the history of Canada; I say that.

Some Hon. Members: Hear, hear!

Mr. Romanow: — I say that this Bill, Mr. Chairman, which allows, which allows a political body, Mr. Chairman, to cut down IMC to zero production, is a take-over Bill.

Some Hon. Members: Hear, hear!

Mr. Romanow: — I say this Bill which can cut back Central Canada Potash to zero production is a take-over Bill and worse than that, Mr. Chairman, it's a take-over Bill without any right of recourse or any right of compensation whatsoever.

Some Hon. Members: Hear, hear!

Mr. Romanow: — How do you like that coming from a free enterprise government? How do you like that, Mr. Chairman? How does the Deputy Premier like that? How do all those silent back-benchers, who simply come to vote whenever their whip calls on them to vote, how do they like it when this free enterprise Government of Saskatchewan, so-called, introduces a Bill of this nature?

By the way, I don't know how the journalists and those outside this legislative body who would take a look at this legislation and the way it's drafted and gives the entire power in the hands of the Premier and his minister and the other front-benchers to decide the very fate of every potash corporation.

My goodness, where are your principles? The member from Redberry, where are your principles on free enterprise? Where is the member from Rosthern? Where are the principles of her; where is the principles of the

Minister of Consumer Affairs? Were you in cabinet saying that you defend the market-place and the free place? Were you in there or not?

Mr. Chairman: — Order. I'd ask the Minister of Consumer Affairs to allow the member to make his point.

Mr. Romanow: — Thank you, Mr. Chairman. And I am saying to the government here: where are these voices of free enterprise? Where is the sense of the drafting?

We'll be introducing some amendments to try to mitigate, mitigate the most worst features of this legislation, Mr. Chairman, the features of legislation which allow this potash resources board — which, by the way, allows no workers on the board; does not allow any potash producers who know something about the industry on the board. Who in the world are they going to put on the board? They're either going to put on the George Hills of the world on this board . . .

An Hon. Members: — Paul Schoenhals.

Mr. Romanow: — Or the Paul Schoenhals — no, Mr. Schoenhals cannot be on the board because he has a direct interest in potash.

Who are they going to put on this board? One possibility to put on the board is officials of the Department of Mineral Resources. That has some merit perhaps in doing so.

But how is the interest of the worker, how is the interest of the corporation involved in this situation? How do we get the voice of the public put into this Bill?

So I say, Mr. Chairman, that there is a legitimate concern that we all might have, and should have, about whether or not the Bill can be fairly administered, given the history of this government and given the massive power that this government has been given by its own legislation, which, by the way, it already had in another way. Whether or not this Bill can be administered fairly, we'll be watching that very carefully as well.

And finally, Mr. Chairman, I would say that in terms of this Bill the big test is going to be whether or not the jobs of potash families and workers are going to be maintained; that's the big test. At the end of the day, it doesn't matter whether the minister and I agree that this legislation is needed or not needed in the sense of other legislation; it's not needed at the end of the day, whether or not this is going to help the U.S. anti-dumping. I think her answers today, as the record will show, and as it will reverberate through Washington and elsewhere, will show, cast some serious doubt about that.

But what does count at the end of the day is about those potash workers. Are they going to face more unemployment? There's already 1,000 or so, by your own figures, that have lost their jobs since 1982, approximately. The test is going to be: — are we going to sentence more of them to unemployment? Are we going to sentence more of the Lanigans and the Vanscoys, and the Viscounts, where Kalium is located, to death; the Rocanvilles, the Esterhazys? That's going to be the test.

(2130)

And so we're going to be watching very carefully, Madam Minister. We're going to be watching the Premier. And we're going to be watching the government and this minister and the Deputy Premier and all the back-benchers as to whether or not those forecasts are met or not.

We wish you well. We hope that you get those four tests met. If you can handle the situation, you'll have our support, as you have in second reading. You tell us you can do it. We're going to vote for you because you tell us you can do it. We're going to try to improve your Bill.

But I tell you, Madam Minister, based on your answers today, and based on what I think is the unseemly response of the Premier a few days ago on this legislation, we are worried. And every potash worker and family and potash town ought to be worried because you don't know what you're doing; you're muddled; you're incompetent; you're confused; and the very future of this industry is at stake.

So I urge you, Madam Minister, and the Deputy Premier, and the Premier, those who control this government, to consider carefully some of the suggestions that we're going to make to improve the Bill, and let's get on with the job of protecting Saskatchewan potash and stop the job of politicking, which is what you and your Premier have done and, unfortunately, are doing.

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Once again, Mr. Chairman, the member from Saskatoon Riversdale — and I hesitate in saying honourable — raises the issue of the purpose of the Bill. I've been into the purpose of the Bill several times, Mr. Chairman, from day one it has been stated in a non-partisan way.

The member wants the media to ask questions why this Bill was put into the House. He would have a hard time really believing that the media probably understand the industry and its problems better than the honourable lawyer from Saskatoon. And on one hand that's good; on the other hand that's unfortunate, particularly when you look at this self-anointed, next leader of the New Democratic Party.

You know, he can ask the intent, the purpose of the Bill, and after listening to what the hon. member has just ranted and raved and carried on about, I have to ask what the purpose of the line of questioning was, Mr. Chairman. And if the member from Quill Lakes and Regina Lakeview would be so gracious as to allow the floor unless they have something to say, then I will give to the floor . . . obviously the member from Quill Lakes doesn't.

Mr. Chairman, what is the purpose of the line of questioning? I hear no, no statements about workers until the very end. I heard a lot of legal questions. That's fair, because we are into some legalities in terms of the United States and the anti-dumping. But I do not believe for a minute that the hon. member from Saskatoon

Riversdale gives one rip about the industry and the total impact on this province. And his first time, Mr. Chairman, first time speaking on this Bill came tonight, came tonight from the supposed to be self-appointed next leader of the New Democratic Party. That's unfortunate, Mr. Chairman, very unfortunate.

Mr. Chairman, the issue of government intervention, I think it's a fair observation, and I would like the member to know that I am not totally comfortable with government intervention. However, Mr. Chairman, I have stated from day one that there were not a lot of options, and the intervention was taken because of other interventions that were happening around the world.

I am amazed that the member from Riversdale sees this as government intervention when that is the same gentleman who was deputy premier, I believe he was deputy premier, had a hand in expropriation of potash mines. Now you want to talk about government intervention, then you talk about expropriation of potash mines — that's government intervention, Mr. Chairman. Muddled, confused; the member's memory is going, Mr. Chairman, and he has a lot to remember when he gets into it.

Mr. Chairman, he's quite right. All is for naught if it doesn't come down to the workers and the jobs, and we've stated that from day one. We've also stated that this was put in in order to protect the jobs that we could. And we believe, Mr. Chairman, that the Bill will be successful in doing that.

He's quite right. The test is whether there's going to be an industry there, and that means jobs, Mr. Speaker. Today that's about 3,600 direct jobs; indirectly you could probably double, four times that. We know what it means to communities like Esterhazy and various others; in fact, perhaps more so on this side of the House than the two over there that represent potash communities. It means small businesses; it means taxes for the schools, for the R.M.'s. Mr. Chairman, it's small town, Main Street, Saskatchewan, and all the businesses and the workers and the jobs that that entails.

We know what the impact is, but we also know, Mr. Chairman, what's going to happen if this Bill is not done and not carried out, and that is you're going to see a major loss of jobs within the potash industry and a major impact on those communities, Mr. Chairman. That is all I have to say in regards to this Bill tonight unless there are other questions.

Hon. Mr. Blakeney: — Mr. Chairman, and Madam Minister, I want to make a few observations dealing with the history of the potash industry, and they'll be brief observations.

I want to deal first with the origin of section 92(a) of the constitution. Some people evidently believe it had something to do with Alberta, and it did, but only peripherally, only peripherally. The history of that . . .

Mr. Chairman: — Order. I'd ask the member from Wilkie and other members to allow the Leader of the Opposition to make his comments.

Hon. Mr. Blakeney: — There were a couple of Supreme Court cases, Central Canada Potash and Cigol, whose decisions restricted the rights of provincial governments to deal with resources. The restrictions didn't apply effectively to minerals owned by the Crown. Where the mineral was owned by the Crown, the Crown could regulate its rate of production and even set its price. And that is the situation with respect to the great bulk of the mineral rights in Alberta.

It was provinces like Saskatchewan where there are significant amounts of freehold minerals where this interpretation of the constitution restricted the rights of the provinces. And it was to deal with that situation which section 92(a) was drafted and passed.

I can assure you that it was of great interest to our province and of peripheral interest to Alberta. Under those circumstances, it will not surprise you we took a lead in the matter. I mention that, not because I want to be difficult or abrasive, but just to recall that bit of history.

I recall one other bit of history. I'm not aware of any potash mine which has even been expropriated by any government of Saskatchewan. Not yet.

But I want now to deal with another little bit of history, and to ask the minister whether she is aware of when some of the potash mines came into production in this province, and are you aware that IMC sunk its shaft and reached its deposit in 1962? And I'll stop with that question.

Hon. Mrs. Smith: — I appreciate the Leader of the Opposition's history lesson. I'm not sure how your member from Saskatoon South is going to grade you, but I suspect, given his track record, not very well.

Yes, Mr. Chairman, I'm aware. I think I went over the history of potash in Saskatchewan when I introduced the Bill, and that included IMC in 1962, and I went back even a littler further to the first finding of a core, which I believe was in the '40s, in fact, the year that I was born and which was a good year for Saskatchewan. Not everyone would think so, but some would.

I also, with respect to the Leader of the Opposition, have recognized that, in fact, the government of the day in 1982, yourself namely, was very instrumental in the changes that came to the constitution, but I also recognized and gave credit where I thought it was due, and that was to your counterpart at the time, Premier Lougheed, from the province of Alberta.

Hon. Mr. Blakeney: — Yes, I want to underline the comments the member for Swift Current in that regard . . . We worked very closely with Premier Lougheed, and I have no wish to derogate in any way from the work which he did with respect to amending the constitution, and particularly with respect to 92(a).

I want simply to underline what the minister has said about the fact that IMC came into production in 1962, and that, as she knows, IM came into production because of some technology which came to this country

brought here by a German firm, the metal lining of shafts called tubbing, which was brought here by a firm called Heinel Leug as a matter of fact, who incorporated a Canadian company and retained lawyers in Regina to do that. And the lawyers were . . .

An Hon. Member: — Is this a history lesson?

Hon. Mr. Blakeney: — Yes, a history lesson. And the lawyers were Davidson Davidson and Blakeney. And it was in the years 1959 - '58 and '59 . . . (inaudible interjection) . . . That's right.

And all I want to say, Madam Minister, is that anybody, particularly any minister of the Crown who alleges that these events of the coming of German technology and the sinking of the IMC shaft happened when Premier Ross Thatcher was the Premier, displays a woeful ignorance of the history of Saskatchewan.

Now you wouldn't, you'd hardly think that a minister of the Crown wouldn't know when Premier Thatcher became Premier. But evidently we have a minister of the Crown who believes that Mr. Thatcher was Premier in 1962. I'm not surprised with respect to that, Minister, but I simply want to underline the fact that some of the comments made in *Hansard* on page 2477 would disgrace a grade 10 student.

Mr. Chairman, the member for Kindersley is desperately trying to introduce every subject into this debate other than potash. I want to talk about the Bill and some of the comments that have been made with respect to the potash industry, and I will tell the minister that any suggestion that Premier Thatcher was the Premier of this province in 1962 displays a level of ignorance on the part of the member for Melville which is even more than his ordinary level of ignorance, and I say that is a very high standard to me.

Mr. Chairman: — Order. Order. Allow the member to make his comments.

Hon. Mr. Blakeney: — Madam Minister, I want to attempt to summarize what you have said, and I want to attempt to do it in as fair a way as possible, about the background of this Bill.

(2145)

Madam Minister, would it be fair to say — and I'm attempting to do it as fairly as I can — that because of too much production or too little consumption, a surplus of supply arose; that this oversupply put pressure on the U.S. industry, and this pressure almost certainly led to the petition which was placed before the U.S. Department of Commerce; and that that is what this Bill is dealing with, the oversupply and possibly the effect of the oversupply causing pressure on the U.S. industry and the application of the U.S. Department of Commerce; and that is all the Bill deals with. Is that a fair estimate, a fair summary of what you said, Madam Minister?

Hon. Mrs. Smith: — Thank you for the history lesson. In looking at my second reading speech . . . Because I know very well who was Premier in 1962, who was Premier in

1964, '68, '71, and on we go. In my speech, at least a copy of the second reading speech that I have, I don't find that, but I will review *Hansard*, and I assure you that I would not want to confuse your party with the Liberal Party at that time of the day. However, there are times when I admit I sometimes cannot tell much difference. But in that particular case I did know.

Yes, in response to your main question as to the interpretation of what I said, I have stated that the larger issue and the main issue is one of oversupply. I have also stated, yes, that that did indeed put pressure on the producers in the United States. I think that oversupply, you could safely say, has put pressure on all producers, world-wide, for the most part. And we believe that this Bill will in fact enable our own producers to be able to deal in a better manner with the anti-dumping charges.

Hon. Mr. Blakeney: — Thank you, Madam Minister. Mr. Chairman, and Madam Minister, I obviously owe you an apology. If you thought any of those remarks were directed to you, I most assuredly do owe you an apology. I well understand that you know something about when governments changed in this province, and I regret that I confused the ... may have given the impression that you didn't. It was not you who were lacking that knowledge ... (inaudible interjection) ...

That's right. It is the member for Melville, and I referred to the page in *Hansard*, and for those who want to check it up ... no, well ... If Madam — Mr. Chairman, Mr. Chairman, the member for Meadow Lake is suggesting that the member for Melville was a member of the NDP at that time or the CCF, whatever.

All I can say is that we've heard that story from the member for Melville many times. It gives a good deal of indication of the credibility of that story when this alleged member of the CCF doesn't even know that Mr. Lloyd was the premier of the province in 1962. And if he is alleging, if he is alleging that he didn't know that but he is a good solid CCF-er, we, I don't think, we know that we put no credence in this story that he trots out during every speech about how he used to be a member of the party. I think we now know, we now know that he has no knowledge of the history of this province and couldn't remember what party he belonged to at that time.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — Mr. Chairman, I want to direct my attention to the member for Swift Current, because we are discussing some serious business.

Madam Minister, my question is a serious question, and I put it to you this way: if, in fact, our problems arose because of oversupply; and if, in fact, that oversupply put pressure on the U.S. industry; and if, in fact, in due course that caused the members of the U.S. industry to petition the Department of Commerce, would there not have been merit in acting, in the way you now are, some months ago after the pressure was evident, but before the U.S. industry had made applications to the Department of Commerce? Wouldn't it have been a good idea to move then to bring about the changes which you say will bring some markets to build in, which we all hope you're right.

Wouldn't it have been a good idea to move then, rather than waiting for the adjudication by the Department of Commerce?

Hon. Mrs. Smith: — Mr. Chairman, it's a fair question, and it's been asked several times over by various people over the last month. And I can only tell you what I've told other people when it comes to that question, and that was that in looking at the industry, in talking to the industry before those preliminary figures came down, it was felt by the industry, and in turn by myself, that at that time, given their self-discipline, they had the capabilities of addressing this issue themselves without government intervention.

Now you know, we had estimated and ... on the 43 per cent figure as being a high that would come down on the preliminaries, obviously we were very far off when the high turned to be 85 per cent, and there was 77, and 52, and onward down.

And given that, it became very evident very quickly that some of them would not be able to manage on their own. And when we took a look at that issue, and along with the issue of the productive capacity, or the oversupply, it became one of having to ask ourselves; do we do the intervention? Should we do it?

And when you look at the industry and what it means for Saskatchewan, we could only conclude that, yes, we had to do this in order to try and maintain that industry there.

Hon. Mr. Blakeney: — Yes, yes. Yes, Mr. Chairman, and Madam Minister, I know that the members will not want to prolong this because I don't think we're going to finish it tonight. Madam Minister, I appreciated that answer. And in effect you are saying that you did not want to intervene in the way you're doing any sooner than the situation might require it. And that's fully understandable because it is, in some sense of the word, Draconian legislation, and I don't use that as a — it is legislation which is certainly very powerful in the powers given — and I'm not suggesting that it wouldn't need to be to do the job; I'm not suggesting that.

Is it fair, then, to say that both the size, the numbers revealed by the Department of Commerce adjudication and the logic came as something of a surprise both to the Saskatchewan industry and to the Government of Saskatchewan? Is that a fair summation of what you have said?

Hon. Mrs. Smith: — Mr. Chairman, I think it's fair to say that the industry was as surprised, or perhaps even the word "shock" would more ably describe everyone's reaction to it and, in fact, I think it was almost incomprehensible lack of logic, not logic, and certainly the degree of the duties.

The committee reported progress.

The Assembly adjourned at 9:59 p.m.