

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Economic Development and Trade
Ordinary Expenditure — Vote 19

Item 1 (continued)

Mr. Goodale: — Thank you very much, Mr. Chairman. First of all, I would like to thank the member for Riversdale for allowing me to interrupt the flow of questioning that he started this afternoon. I have a scheduling difficulty later on this evening and the member was kind enough to allow me to proceed for a few moments at this hour, and I'm grateful for his courtesy in allowing me to do that.

Mr. Minister, I have three or four areas that I would like to examine with you this evening, and if I could, I would like to start on the matter of tax reform and the discussion that is presently going on at the federal level with a series of committee hearings being held across the country and so forth, apparently aiming for some implementation of some tax reform measures as early as January 1. And the one that I am particularly concerned with has to do with agricultural in Saskatchewan, and of course that bears very heavily upon our economic development in this province.

The proposal has been made that, at least in some respects, the system of accounting for farmers should be, according to tax reform, switched from the present cash system of accounting to a modified form of accrual accounting for farmers. I understand that at the hearings of the parliamentary committee in Regina recently that virtually all of the major farm organizations in Saskatchewan expressed their profound reservations about the proposed change, in particular, the Western Canadian Wheat Growers Association and the Saskatchewan Wheat Pool indicated that they would not want to see that particular aspect of tax reform proceed. It is an important economic development issue in Saskatchewan. It could have profound implications in the long term for many farmers in our province.

And I wonder if you could tell me whether the Government of Saskatchewan supports the position taken by the Western Canadian Wheat Growers Association and the Saskatchewan Wheat Pool in opposing this modified accrual form of income tax accounting for farmers. And if the Saskatchewan government does support the farm organizations in this respect, could the minister indicate what plans the Saskatchewan government would have to lobby directly with the federal government to try to have that particular aspect of the tax reform package substantially amended to the satisfaction of Saskatchewan farmers.

Hon. Mr. Andrew: — I believe — and I could stand to be corrected here — that the Minister of Finance appeared before I think it was the Blenkarn Finance Committee of the House of Commons on various issues that relates to agriculture. One was the shift from what was normally

referred to as the cost accounting system to accrual accounting system that was brought in, I guess, following the Carter commission whenever it was, back some time ago.

Farmers were exempted at that time. We made a representation both at the Blenkarn meeting, I think as I understand, but we've also made government to government representations that the shift to accrual accounting, difficult at any time, is not something that is terribly, terribly wise at this time. And we strongly recommended against moving in an accrual system of accounting — leave well enough alone for the farmer. Given the present state of farm markets, etc., to have to take that wheat inventory into income, quite frankly, I think, is stupid. I could put other words on it, but that one probably explains it the best.

As I understand, the proposal also questioned the whole concept of the block averaging for farmers, and our comment on that was equally the same — leave it alone. Why would you change block averaging when farmers are now likely not making any money, in which case they can get some back if they contribute over a period of time?

There was a series of other ones that I just don't recall for memory. I think there was some concern with regard to whether or not any value-added tax or some form of value-added tax or consumption tax, if used, would be applied to farmers, and they would then become tax collectors which, I think, is equally stupid.

So the three that have come to my mind, I would class them as wrong-headed. One had the sense that it was still the same bureaucrats that were in Finance 10 and 15 and 20 years ago in Ottawa, still trying to drum up their same old programs.

Mr. Goodale: — I appreciate the strength of the words that the minister has used in describing some of the most recent tax reform proposals, and I trust that's indicative of a continuing lobbying effort on the part of the Saskatchewan government to head off some of the aspects of tax reform that could be adverse to the farming community in Saskatchewan.

And I wonder if the minister would make the brief presented by the Finance minister generally available to the House — I presume that is a public document — and it would be helpful, I think, to have that officially on the record in terms of the position taken by the Saskatchewan government.

I'd like to move to another area quickly, Mr. Minister, having to do with the status of our various trade offices around the world. Saskatchewan, as I understand it, maintains a number of offices in other countries in respect of trade matters, and I wonder if I could ask the minister first of all, with respect to the office located in London, known as Saskatchewan House in London — I understand located on Pall Mall — could the minister indicate the status of that location at the present time, and are any plans in the works that would affect the status of that particular office in London.

I raise the question because there have been certain suggestions, at least in the category of rumour at this stage, that in fact the present Saskatchewan House office in London may be in the process of being closed and that our representative in London might indeed be operating out of his home as opposed to an official office there. Could the minister just bring us up to date on the exact status of that office in London and any changes that might be in the mill with respect to it?

Hon. Mr. Andrew: — On your first question, the Minister of Finance advises that he appeared privately with the committee as those chose to operate that way, as often they do, with provincial ministers, and he had met with them privately for about an hour and a half. He did raise the concerns that you have raised through, as our government has in the past.

With regard to the Saskatchewan House, or the agent-general office in London, that office does not fall under the budget of ED&T (Economic Development and Trade), so we spend no money with regards to that office. The money is expended through Executive Council or intergovernmental affairs, I believe, so it doesn't come out of this particular budget. So I would not be . . . We're not that familiar with exactly what is happening there. I believe the lease went up on the building in Pall Mall, though, and of course the government owns the flat that's over there and has for a number of years — 15, 20 years, I believe. So that would be better directed towards the Premier when his estimates come forward.

The offices that we do have as a government would be in London, which is the agent-general office. There is an office in Vienna but that is under Agdevco (agricultural development corporation), which is under the responsibility of the Deputy Premier. Primarily that office, just in a broad sense, is used primarily for access into the eastern European market, and most of the work there is related to into the Soviet Union, into various Eastern Bloc countries, plus some of the south part of Europe. The government has offices in Hong Kong, and we had an office in Minot and that has been shut down.

Mr. Goodale: — Mr. Minister, do I take it that while the Vienna office is specifically under Agdevco and, therefore, the responsibility of the Deputy Premier, that the others that you've referred to — London, Hong Kong, and the former office in Minot — would they all come under the jurisdiction of the Premier, or which one of these fall within the jurisdiction of Economic Development and Trade?

Hon. Mr. Andrew: — Minot and Hong Kong.

Mr. Goodale: — Thank you, Mr. Minister.

With respect to Minot, you indicated that it had closed. Do I take it that there are, then, no Saskatchewan offices in the United States with the closure of the Minot office? And if that is correct, do you have plans to reopen an American location?

Hon. Mr. Andrew: — Yes, the decision taken on Minot — it was closed down through this budget cycle, and it had

primarily been involved in servicing the small-line manufacturers of farm equipment into that North Dakota, South Dakota market, into the Minnesota market, but primarily the North Dakota market. We felt that perhaps that could be adequately handled from Saskatchewan because of its proximity.

Clearly we are looking in the next budget cycle to probably picking one or two or three offices into the United States, given the fact that United States has . . . about half of all exports out of province go into the United States, given the fact that most provinces tended to be into what we call the international market excluding the United States, but their offices tend to be in the international market not in the United States market.

Now, because potash is one of our big markets there — and clearly the potash industry is very tied into that, uranium as well — we have a trade officer in New York that serves the East Coast. We have been discussing with the federal government so that we wouldn't have to put our own office and the costs of our own office, perhaps to locate a trade officer from our province in either a consul or it would be a federal office anyway, in perhaps, Minneapolis, which would be more appropriate to this region, and then perhaps on the West Coast. Those decisions have not been taken other than on the East Coast, there's a trade office on the East Coast, in New York city responsible to our department.

Mr. Goodale: — Mr. Minister, is the office in New York operated exclusively by the Government of Saskatchewan and therefore is not a part of a federal consular office? I would like a little bit of clarification on that, whether it stands on its own as a provincial office or as an offshoot of a Canadian federal government office in New York city. And I wonder if the minister could indicate the location of that office in New York and roughly the cost involved in maintaining that office in New York city.

Hon. Mr. Andrew: — A couple of things. I'll get that information for you. You have to bear in mind that we're just in the process of . . . We've had the trade officer working out of his house on his own for a while. We're just in the process of confirming that, and that's why I don't have the final figures as to what it costs, but I certainly will undertake to get that information and give it to you.

A number of provinces have located trade officers in the East Coast in New York city for a couple of reasons. Number one, they are not involved with the federal government either by trade or in a political realm, number one. Number two, provinces are discouraged from being in Washington. So if you have somebody in New York, you have a better view of the lie of the land in Washington because of its proximity to Washington. So it can serve two-fold purposes, both as a trade office and as an intelligence gathering as to what's happening in Washington.

(1915)

Mr. Goodale: — Mr. Minister, with respect to the information I asked in connection with the New York

office, I wonder if I could ask you to expand the detail that you could provide at a later stage with respect to all of the trade offices outside of Canada operated under the auspices of your department. I wonder if you could give us the detailed breakdown of exactly where they are and how much they cost to maintain.

I wonder if you could also indicate in your statement a basic cost-benefit analysis of those offices. They have been functioning for some period of time, at least some of them have been, and I think it would be useful to the House to know exactly what we're paying to maintain those offices and what the government can identify as benefits flowing back to Saskatchewan as a result of those offices being maintained outside of Canada.

Hon. Mr. Andrew: — I will undertake to provide you the information of the two offices that we fund out of this department — one is the New York trade officer and the other is the office in Hong Kong.

How you assess an office in Hong Kong becomes somewhat difficult in this sense, that Hong Kong was chosen as . . . and other provinces have chosen Hong Kong as well. Number one, it gives us access into the PRC (Pacific Rim countries) where you don't have perhaps a trade officer in the People's Republic of China. So it can be accessed from Hong Kong. It can also deal in Japan plus into that Asia-Pacific region. If you put it into Japan only, then there's some little more diplomatic difficulties with regard to the PRC. So our main focus over there, I think it would be fair to say, is to protect the very valuable trade into the PRC, number one.

Number two, to look for the approach towards trade with the other Asia-Pacific region; and three, to look for entrepreneurial immigration out of that region, as there is a lot of people in Asia-Pacific interested in immigrating to North American and immigrating with a fair degree of capital that they'd be prepared to invest in this particular country.

So how you assess that, I suppose we, at the end of the day, come back at the end of the year and say, what have we — what have you done; show me your logs, that type of thing, and then assess (a) do you need the office; and (b) is the guy that's there the right guy.

I think it's probably fair to say that most provinces believe that you have to have a presence in Asia-Pacific. The problem is you can't afford to have one in Japan and one in Hong Kong and maybe one in China and one some place else. Alberta, perhaps, is a leading province with trade offices. Manitoba and Saskatchewan both have one in Hong Kong. Manitoba just recently opened one in Amsterdam, I believe, in that European region.

Each looks at it, I think, if you talk to some of the exporters from within the province, and they speak fairly highly of the Hong Kong office. That's a difficult one to gauge. I think all I could say is this: is that the times have changed significantly to where the province, and certainly companies within the province, are now travelling the world and probably could use some assistance in travelling the world dealing with these particular countries.

So I think that foreign offices are a fact of life, quite frankly. I would hope that perhaps we could maybe work together, perhaps closer with some of the other provinces — Alberta, Saskatchewan, Manitoba, B.C. — type of thing, to work a deal so we have some economies of scale.

Mr. Goodale: — I thank the minister for his answer, and I'll look forward to the information that he has agreed to file with the House with respect to our trade offices.

Mr. Minister, there's just one final area that I wish to raise with you this evening, and that has to do with a critical item from the point of view of the Saskatchewan economy and Saskatchewan trade, and that is the grain trade in the world, which we all know is under severe distress at the present time, and our farmers are feeling the painful consequences of that.

Last December in the brief sitting of this House before Christmas, I raised an idea with the Premier on a couple of occasions which had to do with the pursuit of the Government of Canada, with the encouragement of the Government of Saskatchewan, of an International Grains Agreement as an alternative to some of the insanity that is presently going along in world grain markets today. At that time in his answer, if I recall it correctly, the Premier indicated that Saskatchewan was more interested in pursuing the overall, bilateral, free trade discussion with the United States and that he did not see a lot of merit in pursuing the specific idea of an International Grains Agreement.

Since, Mr. Minister, the world and the grain trade has toughened a lot since last December — things have grown progressively worse rather than better — and because the free trade initiative now seems to be at least potentially in some considerable difficulty, I would like to raise my suggestion again with the government about an International Grains Agreement which, of course, the Government of Canada would have to pursue, but I believe the Government of Saskatchewan should be one of its most vigorous advocates.

What I am basically suggesting is an exercise, a very concerted exercise, in exporter co-operation involving Canada, the United States, Australia, and probably Argentina — at least those four major world grain exporting countries. Between the four of us — I use the "us" in relation to those countries — I think it can be said, with considerable accuracy, that we account for perhaps 65 per cent, or even better, of the world's grain trade. That's a very substantial portion of the market, and with that portion of the market, one might have some reasonable expectation that exporter co-operation could, in fact, achieve something useful.

It would seem to me that an agreement among those four countries would have to include four elements. One would be some understanding about market shares.

The second element would be clearly an understanding about price and probably a price range rather than a single price — but a price range none the less that would be substantially better than the price that our farmers are

being forced to accept today.

The third element would be some understanding about levels of production and inventory in the various countries participating in the agreement.

And the fourth element would be some kind of strategy vis-à-vis the European common market countries and how these four grain exporting countries outside of the common market would deal with what is obviously sometimes vicious practices on the part of the EEC (European Economic Community) in dealing with the grain trade.

The idea, Mr. Minister, has been debated in world grain circles for many years. Sometimes an initiative has been undertaken; sometimes it has succeeded. It seems to me in our present circumstances, the idea is at least worth pursuing on the part of the Government of Saskatchewan and the Government of Canada, and it seems to me that in this particular case of grain, we have a rather compelling argument that we can advance to the United States which they may be more interested in than they apparently seem to be in relation to the overall free trade talks.

And the one specific argument that we could advance in relation to grain that would be attractive, I think, from the American point of view is that if we were able to put together an effective exercise in exporter co-operation with the various elements that I've mentioned here, it would have the basic bottom line advantage from the American point of view of saving them some billions of dollars a year in agricultural subsidies that they would no longer have to pay because their farmers, along with our farmers, would be getting a far better return out of world grain markets as opposed to coming out of the treasuries of respective subsidizing countries.

Mr. Minister, the situation, as you know, in grain is critically painful. Many of our farmers are in desperate circumstances. With the change in circumstances, unfortunately for the worse now compared to nine or ten months ago when I first asked the Premier the question, I wonder if you could indicate if the opinion of the Government of Saskatchewan has changed at all on this idea of this particular initiative. And if it has, and I hope it has, could the minister indicate what planning, if any, is going forward on the part of the Saskatchewan government to try to get the ball rolling on this particular initiative which it could be, if it succeeds, tremendously advantageous to our farmers.

Hon. Mr. Andrew: — Well let me try to get at that in a couple of ways. Number one, the concept is not new, it's been tried before, and I think it would be fair to say it didn't work before. And I think if you really look seriously at the problem in agriculture and the grain agricultural problem world-wide today, the problem is not can a cartel fix it as much as the problem is subsidies and how do you get at subsidies.

Now we have advanced the theory of world wheat agreement, a variety of things, grains only agreement, fast track grains only agreement at the GATT (General Agreement on Tariffs and Trade). I think the consensus of certainly the Sask Wheat Pool, the United Grain Growers,

the western wheat growers, is that GATT is the proper forum to really try to get at the question you're dealing with.

Perhaps that wasn't so in the past because in the past I think we dealt mostly with tariffs and reductions of tariffs at the GATT, at the last two rounds prior to the Uruguay round that's on now. The Uruguay round that's on now would bring grains under GATT — that's the proposal — and therefore you deal with the question of subsidies. I think that we have to come to grips with that.

That view is also strongly held by Sylvia Ostry from the fed who is one of their leading economists with regard to the grain question, and clearly I think have come to grips now or come to realize that, in fact, agriculture is probably the most important trading dimension that the world has to deal with. That's something coming from somebody from central Canada that sometimes we heap scorn on.

I can say that we have been actively involved with the Cairns' Group — Cairns' Group being formed in Australia about a year ago, consisting of all agriculture-producing countries with the exception of . . . or major agriculture-producing countries with the exception of the United States, the EEC (European Economic Community), and the Japanese. There doesn't appear to be a great deal of movement by the Americans, who seem to be locked in war with the Europeans, for a way out other than to the strongest belongings of this Boyle's theory. And of course the Japanese are the most protectionist country in the world as it comes to agriculture, as you are full-well aware.

So I think the Cairns' Group really has a . . . Certainly from the Argentinas, the Brazils, Canada, Australia, that type of thing — or maybe that's not going to solve the problem — collectively, they become a fairly significant player in the world market in terms of total volume. But I think, what they have to . . . that they are of the view as well . . . Each of those countries are of the view as well that GATT is the answer.

This round, it being almost exclusively dealing with grains, can you get an agreement on it, and if so, will it take for ever in a day to get it? And that really becomes the question. My guess is that the solution under GATT is going to take some time if it's going to be successful. And I can sympathize with the views of the hon. member that a lot of farmers might not have five years or ten years waiting for GATT to come to some kind of resolve. Without the Americans into this so-called cartel, I don't think it can work.

The other thing is the Europeans now are producing far more grain than perhaps they did 10 and 15 years ago. And, of course, every other country is producing more grain, so that we're down almost now to the point where the Soviet Union is the only really large grain market left in the world. And many fear that if Gorbachev gets his way with the Soviet bureaucracy, that that might turn around, too, in 10 years. And so by the time GATT gets to its resolve, the Soviet market might not even be there.

So the problem is clearly very, very significant. It

preoccupies the time certainly, of our Premier, I know that. Can we get an agreement? The problem is that I would see at this point in time the Americans, the Europeans, and the Japanese are prepared because of their size, I think, to play hard ball and let the chips fall out yet for awhile. And I think that's probably as close to reality as you see in the world's grain market.

It's in terrible disarray. Without being fixed, it could bring on significant world-wide economic problems.

(1930)

Mr. Goodale: — Well I agree with the minister's assessment that the risks here are enormous, and unfortunately, it's the rural economy of Saskatchewan that could have the heaviest penalty to pay if the situation is allowed to get worse. I appreciate the initiatives that have been taken in respect of GATT. My concern, as the minister has just stated, is that the GATT process is ponderously slow, and I wonder how many of our farmers might be around to benefit from an eventual GATT agreement in five or ten years.

And I would simply like to leave this point by asking the minister, and through him the government, not to rule out the idea of a specific International Grains Agreement negotiated between Canada, the United States, Australia, and Argentina, perhaps on a parallel track with what may be happening at the GATT. It's an idea from which I have heard, from certain comments, emanating from the United States Congress, is an idea that perhaps is growing a little bit in favour in the Congress. And I would hope that the minister wouldn't simply rule it out as something that it's not worth trying to do, because I feel very strongly that it's an initiative that we should at least make an attempt at.

Hon. Mr. Andrew: — I make the following observation: Canada will be presenting to GATT its position as it relates to agriculture subsidies at the end of October of this year. And each of the United States and the EEC will be presenting their position as it relates to GATT in the grains question, or the wider question, but specifically will deal with grains by the end of this year. So that assuming that we could get some movement in GATT early, perhaps it would be appropriate rather than maybe talking about a grains only agreement, to argue for a fast tracking on grains which we have pushed the federal government to deal with at the GATT table in Geneva.

So one would maybe hope — given the American signal from the President whether he can deliver on it or not, by saying I'll eliminate all American subsidies — there could be some movement given the fact that the European Economic Community is running into the similar budgetary problems with regard to the agricultural subsidies. So perhaps our position being advanced at Geneva, the other positions being advanced at Geneva, whether or not there is a chance for success, earlier rather than later, on grains and whether we could see a fast-tracking at GATT on the grains question.

So I think it would be probably proper and most of the advice we have from the various grain groups, various economists and other government people fairly

experienced in this, is that this is probably the right course to pursue at this point in time, at least to the end of this year.

Mr. Koenker: — Thank you, Mr. Chairperson. I'm wondering if the minister could provide me with an accounting of Aid to Trade program grants under \$2,000?

Hon. Mr. Andrew: — Okay.

Mr. Koenker: — Could that be within a week or so? Is that reasonable? Thank you very much.

How about providing an accounting of the world business show-case — the companies that were present at the world business show-case at Expo '86, along with the grants given in conjunction with that or the costs incurred, depending on circumstances? Is that also possible to receive?

Hon. Mr. Andrew: — We can get you the people that were there. There was not very many grants to that type of thing: it tended to be the other way around. So what we will do is undertake to get you the people that appeared there.

Mr. Koenker: — That would be good, along with, you know, with any costs incurred in conjunction with the program. I'd appreciate that very much. Could the minister tell me, just briefly, which firms were represented at the Canadian high technology show in Ottawa last year?

Hon. Mr. Andrew: — Are you asking on that question — do I know of who all was there from Saskatchewan from high tech?

Mr. Koenker: — Yes.

Hon. Mr. Andrew: — We'll try to find that out. A lot of them would be more appropriate and we could consult with the Science and Technology department and find out as well. I mean they might know some that we didn't know. Bear in mind that they tend to be more specific into that field and us perhaps a little more general in that field.

Mr. Koenker: — The only reason I ask is that I know that in your annual report it's mentioned: "For the first time the province's high-tech industry was represented at the Canadian high technology show in Ottawa." And I presume that your department then facilitated or enabled that rather than Science and Technology. So if you could provide that information too, I'd be appreciative.

Can the minister tell me if a Mr. Ian Angell was employed by the department within the last year or two?

Hon. Mr. Andrew: — He worked in my office.

Mr. Koenker: — Can you tell me what his position was?

Hon. Mr. Andrew: — He was a ministerial assistant.

Mr. Koenker: — At what level?

Hon. Mr. Andrew: — Level? What do you mean level?

Mr. Koenker: — What level of ministerial assistant was he?

Hon. Mr. Andrew: — I'll find that out for you. I don't know. He was probably mid-range, whatever that means, and I'll find that out and get it for you.

Mr. Koenker: — What qualifications did he have for the position of ministerial assistant?

Hon. Mr. Andrew: — Well he's the ministerial assistant. He had graduated from College of Commerce, University of Saskatchewan, I believe, came to work and worked in several departments and moved up into the Department of Economic Development and Trade. He worked in my office.

From a political point of view, as you realize, any ministerial assistants tend to be political in every government. And he was, well, from a family of NDP. He had saw the light when he got into university, and he switched over and became a Conservative. So from that point of view, because he deals with political events on a daily basis working in the minister's office, he was obviously somebody I thought was quite, quite good and quite capable.

Mr. Koenker: — And when did his employment cease with your department?

Hon. Mr. Andrew: — I think about June 10, June 10 of this year.

Mr. Koenker: — Could the minister tell us what Mr. Angell is doing now?

Hon. Mr. Andrew: — He is attending university.

Mr. Koenker: — Can the minister tell us where he's attending university?

Hon. Mr. Andrew: — University of Singapore.

Mr. Koenker: — Is his attendance at the University of Singapore in any way funded by the provincial government?

Hon. Mr. Andrew: — You mean, has he got a contract with the government, or do we pay him a salary? The answer is no.

Mr. Koenker: — Is he receiving any funds from the provincial government to enable his studies in Singapore?

Hon. Mr. Andrew: — No. He resigned.

Mr. Koenker: — So he's receiving absolutely no funding from the provincial government whatsoever for his course of studies in Singapore?

An Hon. Member: — Correct.

Mr. Tchorzewski: — Thank you, Mr. Chairman. I have just a few brief questions of the minister.

Mr. Minister, I know that the government has a trade office in Hong Kong. There's a trade office in Vienna, and there's trade office in London.

An Hon. Member: — The government doesn't have a trade office in Vienna.

Mr. Tchorzewski: — Well, you used to, or somewhere in that vicinity of the world there is a trade office.

Mr. Chairman, I want to ask the minister: is there also a trade office anywhere in the United States, and more specifically, is there a trade office or some kind of an office that operates on behalf of this government in New York city?

Hon. Mr. Andrew: — Well the hon. member, the member from Assiniboia-Gravelbourg just went through that series of questions for 15 minutes, so read *Hansard*. I indicated to you that there was a trade officer in New York city, and we are about to set up an office in New York city.

Mr. Tchorzewski: — I'm sorry if I didn't quite get all of the answers. The member for Assiniboia-Gravelbourg did not spend a great deal of time on this. What is the nature of this office, and what is its purpose intended to be, and what do you anticipate will be the cost of this operation?

Hon. Mr. Andrew: — Can I have that question again, Ed?

Mr. Tchorzewski: — What is the nature of this office, what is it intended to do, and how much is its cost going to be to the people of Saskatchewan?

Hon. Mr. Andrew: — I had the same question from the member from Assiniboia-Gravelbourg and I undertook to provide that information as we're in start-up time. We haven't got the cost fully identified, but we will have this for you.

As far as working for Economic Development and Trade, he is trying to help in the marketing of product in the United States and the East Coast.

I'm going to give you an example of the Sweeprite machines manufactured in the city of Regina for cleaning streets. The city of Regina don't buy them. I guess maybe they're built in Saskatchewan, but he was successful in selling a number of those to the city of New York and has a couple of other contracts. He is also dealing with some of the smaller food processors in helping to market processed food into that East Coast market.

Mr. Tchorzewski: — Mr. Minister, is it true that you intend to open this office on October 5 or 6?

Hon. Mr. Andrew: — That decision hasn't been taken yet.

Mr. Tchorzewski: — When do you intend to make that decision?

Hon. Mr. Andrew: — Soon.

Mr. Tchorzewski: — Mr. Minister, I'm sure since you have made a commitment to have a trade office which you can describe quite adequately — you know what its

intention is and what its purpose is — why aren't you able to inform the House when you intend to open this office?

Hon. Mr. Andrew: — Because the decision has not been taken yet.

Mr. Tchorzewski: — Mr. Minister, is it true that this trade office is to be located in the Rockefeller Centre which is probably one of the most expensive locations for space in the city of New York?

Hon. Mr. Andrew: — The office space, etc., is done by the property management people, and we simply get a bill from them.

Mr. Tchorzewski: — Come on, Mr. Minister, what are you trying to hide here? I fully know that its space is provided by the property management people. Are you telling me that your officials who are seated with you are not able to tell you where this space will be located when they're in the process of lining up personnel? They know exactly, and so do you, what the purpose of the office will be, and you're not prepared to tell this House where the office will be located. You're telling me that your department is not informed about the location of the office?

Hon. Mr. Andrew: — You indicated that it was the most expensive office space. I don't know whether it's the most expensive office space in New York; I don't even know how it compares to something else. I simply indicate that we have a trade officer in New York city. It is our view that we should pursue that into an office, and we contact the appropriate people in property management to arrange the appropriate space, and that's exactly what they're doing.

Mr. Tchorzewski: — Mr. Minister, when you want to communicate with your trade officer and when your officials want to communicate with your trade officer, where will you be writing?

Hon. Mr. Andrew: — I've done mostly telephone. I wouldn't know where to write to him.

Mr. Tchorzewski: — Now, Mr. Chairman, this is about as arrogant as any minister of the Crown could possibly be. Don't say to the people of Saskatchewan, who are going to have to pay for another expensive trade office so that you could plug in some other relative or friend of someone in your government, that you don't know where the office is located, Mr. Minister. If your officials phone your agent there, surely they must know where he is located. Now will you tell this House where this trade office is going to be located in New York city?

(1945)

Hon. Mr. Andrew: — The address is: 630 — 5th Avenue. He was operating prior to looking at the new space ... he was operating out of a back ... He's been operating and still is operating out of a back room of Gerber and Company. The particular trade officer is a guy by the name of Michael Cohen.

An Hon. Member: — Mickey, for short.

Hon. Mr. Andrew: — No, it's not Mickey. From 1961 to 1977 he worked for Gerber and Company in New York, dealing with selling oils, ores to the U.S., food products and steel to Africa; 1970 to '75 he was with Gerber and Company, London, England, managing director of soft goods and foods from the U.S., Far East, Middle East, Africa into Europe; '75 and '76 Gerber and Company, director of sales, world-wide in steel, automobiles, farm equipment, and textiles; from '76 to '78, Gerber Far East in Kowloon, Hong Kong, president of import export sales, world-wide; 1978 to '84, Tradepower (UK) Ltd. of London, England, managing director, controlling overall operations of sales of hardware and soft goods to importers and manufacturers and wholesale of merchandise imports in the Far East; 1984 to '86, E & B Giftware Inc., Mount Vernon, New York, vice-president of sales, wholesale giftware catalogue. He has a B.A. in French literature, in history and languages from the U.K. He is fluent in French, German, Cantonese, and Japanese.

I think as far as being a friend of anybody in the government, I would doubt that virtually anybody in the government has ever met the guy. He is a professional dealer in international marketing, and we thought that would be of value to us.

Mr. Tchorzewski: — I'm sure that his B.A. in English is going to help him a great deal in the marketing, Mr. Chairman. Mr. Minister, you have confirmed that the individual that you are speaking of is one Michael Cohen. That's clear. Can I ask you, then, how long has this individual been in the employ of the government in this job? Is it one month, 12 months, 18 months? What's the period of time in which you have had this secret employee in the city of New York, unannounced to the public of Saskatchewan?

Hon. Mr. Andrew: — He's been working for the government since 1986 as a trade officer working out of a back room in New York city. And to say that he has been a secret thing, you might talk to Sweeprite in Regina who've been dealing with him for the last eight or nine months, assisting, selling their street sweepers that they have trouble selling to the city of Regina for some strange reason. Yet the city of New York, and I think recently the city of Philadelphia, through the efforts of Michael Cohen, have been able to make those sales.

He also has been fairly instrumental in introducing wild rice from northern Saskatchewan into the East Coast markets in the United States, which as you know, is a very large market. And the people in northern Saskatchewan have a tough time finding access to those kind of markets.

So I think the hon. member to say that somehow this is a phantom guy and some political friends of ours, I think would be a very, very unfortunate thing to say. The guy has worked in international trade for 20 years. He brings that experience to the market. And while the hon. member might suggest that the English language is not a good education, I think some would take exception with that.

Mr. Tchorzewski: — Well, Mr. Chairman, the minister may play on the words all he wants, but he's the one who

said that this gentleman was one of the people working in the back room. We didn't say that.

I want to ask the minister: since this person has been in employee of the government for those many months, how many staff does this individual employ in the city of New York for which we pay and knew nothing about?

Hon. Mr. Andrew: — He works by himself.

Mr. Tchorzewski: — I see. Well, Mr. Minister, can you confirm that this individual working by himself has been getting paid something in the area of \$10,000 a month — and I don't know whether that's all salary or some other payments, but is that the kind of figure that we're looking at here? — this individual that no one seemed to know about except maybe one or two cabinet ministers?

Hon. Mr. Andrew: — He makes \$6,250 a month.

Mr. Tchorzewski: — Mr. Minister, is that his salary and then is there expenses on top of that, or is that the full amount of remuneration which this individual receives a month?

Hon. Mr. Andrew: — That's his salary and he gets the S-4 that he would submit like any other government employee does.

Mr. Romanow: — Thank you, Mr. Chairman. I'd like to return if I can to a discussion on free trade. We were asking some questions and getting some answers before the break for the dinner hour.

At the break at 5 o'clock, Mr. Chairman, I had asked the question about provincial government input, or the lack thereof, into the negotiations from the Canadian side. I don't wish to put words into the minister's mouth, but the essence of his reply was that the provincial governments were pleased with the communication of information, and then they were also worried that if there was a demand to have 10 provinces sitting beside the federal government — making 11 governments on the Canadian side — that there might be some sort of a demand on the American side. Heaven knows why we'd want to be worried about who they would like sitting on their side of the fence — it's up to them — but apparently some concern that the Americans would have all of their states sitting beside the federal government.

Of course the hon. minister knows full well, as well as anybody does in this House, that the one major difference between the Canadian and the American systems being the congressional system and the power of Congress to be truly a representative of the regions and the fact that Congress itself does approve any of the treaties of the United States, and that's not the case in the Canadian context. In the Canadian context our Senate is virtually next to useless, as everybody agrees, and therefore regional input is dependent upon the effectiveness of the provincial voices.

That being the case, the lack of a provincial voice with respect to the entire hearings is a matter of, I think, grave concern for Canadians. In fact, the very example that the minister gave about the possibility of central Canadian

benefits being negotiated to the detriment of the outer regions of Canada, I think, are a strong argument for direct provincial representation at that bargaining table when Mr. Reisman sat down, or might again sit down, with the American counterparts to negotiate this deal.

But be that as it may, Mr. Chairman, I guess what I'm really trying to get at is the larger picture with respect to these free trade negotiations, which is a picture that emerges in my mind of one which really has limited provincial input. It's a picture of virtually no consultation or input from the public at large. The public itself knows very little about the objectives, knows very little about the progress of the free trade talks. It's extremely difficult to get any hard answers out of question period or in hurried press conferences from the key actors on the Canadian side.

Much of the systems to guarantee that the lesser-strengthened regions of the country are, in fact, protected in their concerns of free trade are very much unclear and not yet finalized. I say this is a relevant consideration, particularly now that there's some last minute, deathbed attempt, I guess, to try to get them resurrected, that is to say the talks.

The question of the ratification process, I think, Mr. Chairman, is extremely important. For example, not only is there no provincial input into the negotiations directly, there seems to be, and I'll ask the minister this question, no agreed upon mechanism for ratification if an agreement should be adopted. We know it happens on the American side; the American side, eventually it will go to Congress for acceptance or rejection. But we don't know what happens on the Canadian side.

We know that under constitutional law if a part of an international agreement in Canada should impinge on provincial jurisdiction, then it looks as though the province must have some say in ratifying it, but that's not totally clear. And we don't know what would happen, for example, if a free trade deal had been negotiated which would, to use the minister's "worse case" scenario, benefit another part of Canada to the detriment, say, of this part of Canada, western Canada, or Saskatchewan. What would be the ratification process?

And I guess my question specifically, therefore, to the minister is as follows: would he be kind enough to explain to me clearly what it is that the process for ratification is that has been agreed to amongst the first ministers in the eventuality of a successfully negotiated free trade arrangement between Canada and the United States?

Hon. Mr. Andrew: — The hon. member raised perhaps three questions with regard to input. I think it's not . . . it would not be fair to say, as the hon. member would tend to lay out, that somehow we just meet with Reisman and Reisman gives us a report. We also advanced to Ambassador Reisman the particular concerns that we would have.

In our case it's the uranium embargo, for example, would be something that we would raise and say: how do we overcome that particular problem — or the anti-dumping

in potash or various agricultural components, that type of thing. And so I think it would not be fair to say that provinces, and certainly our province, have not made and had input into Ambassador Reisman's negotiating forum.

With regard to consultation, clearly our province consulted on the wider principle of trade arrangement with United States, and I think we're the only province to do that. Most provinces have, as I understand, undertaken to . . . if a deal comes down on the 4th or 5th of October, then it takes a period of three months, as I understand, for the ratification process to go through Congress; and Congress at that point in time can say yea or nay to the agreement negotiated primarily by the administration people.

Here is Canada most provinces are of the view that should there be a deal, then a similar public consultation process would take place as well in various provinces. That's certainly something that we would entertain in the province of Saskatchewan.

With regard to the ratification formula. Now that was resolved by the first ministers and resolved — you might say resolved — I think for the most part, it preoccupied their discussions early on in the game, if you like. But they tend to be of the view that rather than going to a seven out of ten and 50 per cent rule, that they would go by consensus that any agreement that was struck by the Canadians would have to be acceptable to all regions of the country — the western region, Ontario, Quebec, and the Maritime region — and through consensus. And without consensus from each of the regions, the deal would not be acceptable.

(2000)

Any all-encompassing deal, comprehensive trade deal, obviously would involve some jurisdiction, or jurisdiction related to the provinces. And the federal government know full well that without the support of the provinces on those major issues like that — on questions of procurement if that became the case — then clearly they wouldn't have the wherewithal to impose that upon the provinces.

So that's why the consensus forum was developed by the premiers. And I think a consensus forum in this country, if we can govern by consensus at the federal-provincial level, that is all well and good. So that is the decision taken by the ten premiers, and I think, as I understand, all ten premiers have accepted that we proceed down that road.

Mr. Romanow: — Mr. Chairman, I view this question of ratification to be a very important matter in this whole free trade discussion, because it is clear that any deal which may be negotiated which turns out to be detrimental, say to western Canadians or to Saskatchewan, without the safeguard of a ratification mechanism to make sure that those regions with lesser political and economic clout, without a safeguard to make sure that they are heard is indeed very potentially unhappy and dangerous.

The example that I use, which the minister denies — and

I'm glad to hear his denials although I still remain sceptical — is the question of agriculture. Take for example, the Canadian Wheat Board. It as a trade-off the auto pact is protected because of the strong political will in eastern and central Canada to do the same, and the Americans should give in on that, but they demanded and attained a quid pro quo or a trade-off — let's use this as an example; whether it's realistic or not is a matter of debate — something which would lessen if not the Canadian Wheat Board, say would lessen the supply management policies of dairy farming or the price setting of the milk control board under dairy farming — something which is peculiar to Canada.

How would Saskatchewan people, how would western Canadian people be able to say yes or no to that kind of an arrangement? The consensus model that the minister talks about is by the very nature of the word just that — it's consensus. Is the minister saying that there is an agreed-to formula when we talk about consensus which would permit what, one province out of the western region? Is it a western region of three by the way, and British Columbia is the Pacific region, as it always wants itself to be, a fifth region?

What specific formula is required when we talk about consensus? Seven out of ten may not be the exact formula, but at least we know that there's a threshold point upon which approval or rejection of the agreement would have to stand or fall. Consensus is certainly a very generalized notion — unless the minister can clarify this for me — one which in effect involves some goodwill as amongst the first ministers, but precious little guarantee.

And so I want to ask you specifically, when you talked about consensus as between and amongst the regions, let's take the western Canadian region specifically. Will you tell me what embraces the western Canadian region, what four provinces, or three provinces, or other combination thereof? And in specific terms, when is the consensus not met with respect to the western Canadian region? Let's use my example, the question of the Canadian Wheat Board being sacrificed in the talks.

Hon. Mr. Andrew: — Let me respond to the hon. member in a couple of ways. First of all he raises, as he has raised in question period, the question of the Canadian Wheat Board. Now the Canadian Wheat Board really doesn't sell wheat into the United States. The Canadian Wheat Board is used as a marketing arm to sell wheat to the rest of the world.

Now he has raised that point on several occasions. The wheat board is a poor example because that's really nothing to do with bilateral trade negotiations or bilateral relations between Canada and the United States. And as a result the Canadian Wheat Board has never been subject to negotiations at the free trade negotiations or the bilateral negotiations because their job is to deal in the international markets. We don't sell wheat to the United States; we compete against the United States for the selling of wheat to various other markets. So that's nothing to do with it.

With regard to dairy, I think it would be not fair to say that dairy is peculiar to western Canada or to the prairie

region. Every province of this country has a dairy industry — some smaller, some larger — but for the most part the dairy industry supplies milk to a given province. That is not different than exists in United States. The dairy industry in United States is more heavily subsidized than it is in Canada. In fact, one would argue that their subsidies are greater than ours as it relates to the dairy industry. And so the whole question of dairy has been something that all sides have skirted around because all sides basically run their dairy industry much the same as we do. So I don't think that those two examples are probably very good examples.

Now consensus, I suppose, means consensus as opposed to taking a head count. The alternative to a consensus is do we have seven out of ten? And are we standing in any better stead with a seven out of ten, for a 50 per cent rule? Or do you advocate unanimity on it? And those are the alternatives to it. The premiers, in their judgement, have decided that — and that's premiers from all political parties, from four different political parties — have decided that they can live with this particular process that in order for it to be acceptable, it has to be positively received by the majority of the people in each region. And I suspect from that point of view, the premiers are able to determine what that is.

Clearly, if the deal was struck, as the hon. member would suggest, that it was only for the betterment of the auto industry and traded off some agriculture or some potash or some uranium interest of western Canada, I think you would see four premiers standing up in western Canada and saying, nay to the whole deal. Clearly that will be the case. Consensus is consensus. While it's perhaps not as definitive as the constitutional lawyer would like to see it, the premiers have decided, in their wisdom and in their judgement, that this is an acceptable way to deal with this particular question.

Mr. Romanow: — Well, Mr. Chairman, I want to tell the hon. member opposite from my point of view, it's certainly not the way that, with the greatest of respect, that I'd proceed. I just don't think when you start talking about fundamental trading relationships — the prospect of which might very well be, if not in the short run certainly medium term to long run, a fundamental realignment of relationships between two great countries, Canada and the United States, ranging from social to cultural programs to let alone economic trading patterns — that that kind of an amorphous, ill-defined concept of consensus of something that I would want to stand for in terms of protecting Saskatchewan's interests — far from it.

I think it's the duty of the Premier and, if I may say so, yourself, the government, to take the position that Saskatchewan interests are going to be protected, not in the sense of stating that they're going to be protected — we all want to say that, and I suppose we all believe that it will be — but I mean in sense of legal power to back the protection and the methods of protecting and securing Saskatchewan's interests. It's not good enough if Saskatchewan is the odd person out if the majority in the region, British Columbia, Alberta — and you didn't answer whether British Columbia is in the region or not, but let's assume for the moment that it is — British Columbia, Alberta, and Manitoba should agree and

Saskatchewan is out to something which clearly is contrary to our interest. The idea that the old boy's club, the premier's network, would get together and somehow negotiate a situation which wouldn't alienate one of the other members of the old boy's club, quite frankly, I think, might work in some circumstances, constitutional or other matters, but I wouldn't take a chance on it when it comes to the life and death issues as I see them with respect to free trade and with respect to the relationships that exist between Canada and the United States.

I want to move to another area if I can, and this is the area which troubles me equally as much, perhaps even more, than the question of process, ratification. There is no ratification process, I would argue, in place other than the consensus model, which is essentially no process. And that's this area, Mr. Minister. Where has it been made out by your government — I can't question the Government of Canada here — but by your government that the economic advantages of free trade clearly outweigh the status quo or outweigh some other variation thereof?

I don't think I've seen — and I definitely here stand to be corrected, and if I do I'd like to have a copy of this — I don't think I've seen any internal Government of Saskatchewan study. I've seen lots of briefs with varying opinions, some for, some against, about the economic benefits and detriments of free trade, during the Wakabayashi hearings — got those coming out of my ears. But I don't think I've seen, apart from expressions of opinion and some studies, the kinds of documentation which identifies the economic winners and the economic losers and how those economic winners and losers pertain to the province of Saskatchewan, what the job situation's all about, what the future 10 years from now is going to look like in the Saskatchewan context, or for that matter, the Canadian context.

And so I want to ask you, Mr. Minister, what studies does the Government of Saskatchewan have that you've conducted, which you can share with us publicly, which will demonstrate to the people of our province and to me and to the opposition that there is an economic, more or less proven economic advantage, if the current initiative should be successfully completed?

Mr. Trew: — Thank you, Mr. Chairman. With leave of the Assembly I would like to introduce some guests in the Speaker's gallery.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Trew: — Thank you, Mr. Chairman, and all members of the Legislative Assembly. Seated in the Speaker's gallery and on the main floor, we have members of the 81st Regina Cub Pack. These people are ages 7-9, with the exception of a number of leaders that I'd like to introduce to you.

Armand Audette is the Akela, or for those of us who are not Cubs, Akela means old wolf. Joining Mr. Audette is Henry Sobchyshyn, Kenn Sunley, Don Ruel, Serena Tong, Dave Reddekop, Bob McCutcheon and the gentleman on the main floor is Joel. Please join me in

welcoming this 81st Regina Cub Pack to the Legislature, and I'll be joining them for drinks shortly in the member's lounge, and I look forward to doing that and answering any questions they may have at that time about what's going on here. So please join me in welcoming the Cubs.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Hon. Mr. Andrew: — Let me deal with two . . . I take the hon. members has been a strong advocate of the seven out of ten and 50 per cent rule — seven out of ten provinces, 50 per cent rule, with regard to constitutional changes, constitutional amendment. And while he didn't say specifically, I took from his comments that that's the type of formula that he would like to have, which in law would, in effect, render us helpless in the event of a deal that we did not like. In this particular situation, if we don't like the deal, we walk away from the table and we so indicate and carry on accordingly. So I think the seven and ten rule, I would argue as perhaps less stringent — or more stringent on a province like Saskatchewan than is consensus.

(2015)

Let me go to the other question with regard to the economic pros and cons of a trade deal. As you go through a process of negotiations, the target is always a moving target, and so you determine what is going to be the economic benefit, or lack thereof, or positives and negatives, given a given deal that has not yet been determined or negotiated. I think once — or if there is an agreement arrived at between the two countries — then it will be a more meaningful . . . and one could argue your assumptions are better taken given that you know the parameters of what the deal is going to be. Is it going to deal with agriculture or is it not going to deal with agriculture? And if it deals with agriculture, how much of agriculture is it going to deal with? Questions like that. And so there is a — to get a defined work — certainly that's something that we work on on a constant ongoing basis with economists in government, but that is something that we are internal to government, and as you appreciate internal workings of government, those are kept confidential under after the fact.

With regard to the overall economics of bilateral trade negotiations, I think if you look at reports coming out of the Economic Council of Canada, the C.D. Howe, the Canadian West Foundation, to name two or three, and you can accept those or not accept those as being quality work or quality people in those particular institutions. I think if you look at some of the work of Paul Wonnacott or people like that, you can take the view that collectively if the deal is done the right way, and the deal is fair, then it's a benefit to both sides and certainly a benefit to our country.

I think if you look at a trade agreement with the United States, you have to look at the trading numbers between Canada and the United States. Canada for good or ill, because of logic or not, we trade 77 per cent of everything that we export to the United States market — 77 per cent. In the case of Saskatchewan that number is only 50 per cent, so we only rely half upon the U.S. market where the rest of Canada is 77 per cent. In the case of Ontario, it is 90 per cent. Ninety per cent of everything Ontario exports goes to United States. Now that is a terrific amount of trade; that's the largest amount of trade between two countries in the world.

The problem now is as follows: Canada has to date this year, I think, a surplus in merchandise trade with United States of in excess of \$10 billion. Last year, I think, it was in the \$10 billion for the year, but two years ago, three years ago, it was 25 billion to Canadian's advantage.

Now clearly what you see in United States today is the American Congress, in particular, but I think the American people are saying: we no longer want to have trade imbalance like we have now. Their trade imbalance is almost \$200 billion, and I think that you and I, if we were in United States or if we were Canadians and had that kind of imbalance, we'd probably start to be asking questions as well. And as a result of this imbalance, the Americans are starting to take protectionist moves on a daily basis.

Now if we look at it from Saskatchewan's point of view, what do we export primarily to the United States? Number one, we export oil — 60 per cent of all the oil produced in Saskatchewan goes to the United States and that's our biggest export. And that has been the case for some period of time. Now that is hopefully going to be changed a bit as we get the heavy oil upgrader in Regina on stream because now we can process that oil here in Saskatchewan and not have to export into the United States.

Americans are a very large market for our potash; the Americans are a very large market for our uranium; the Americans are a very large market for our pulp and paper and any softwood lumber that we would have; and the Americans can be, are now, but can be a much greater market for our red meat industry. And if anybody is familiar with what's going on in agriculture with the instability in grain prices and grain markets throughout the world, there is a need to go into, significantly go into, the area of red meat. So we would look for access to the U.S. market for those types of commodities.

If we are going to be shut out of those markets, then it becomes very difficult for us to say: who will pick up the 50 per cent of our exports that the United States takes today in uranium? Because as you know Canada, and Saskatchewan in particular, sells to many of the world markets or uranium at as low a price as you can find. Who is going to buy the excess potash if the Americans were to shut us out of that? Who is going to buy the oil that's produced in the Kindersley fields and the Lloydminster fields if we were to say or the Americans are to move on a 201 against Canadian oil and make that . . . trying in other ways to make that almost permanent?

And if the Americans are going to shut our market down for red meat, where are we going to take that red meat to compete? Because of transportation costs to take red meat to Japan, which is very, very protectionist, you can't go in there. You would have to have, I won't say . . . To get into the European Economic Community with red meat, it's almost impossible. And so the market of United States, the economy of Canada has built upon that market, and to have access to that market becomes very, very important, certainly in the short term. Perhaps in the long term, we can diversify away from it, but that diversifying away from that U.S. market as Canadians is going to take us some time.

So if American protectionism is allowed to continue and allowed to even get uglier than it is now, we are going to find ourselves with a lot of product that we cannot sell. My view of the best example is this: the largest of the three largest items that we sell to the United States are automobiles, automobile parts and trucks — the three largest items. If the Americans don't buy our automobiles, I wonder who will, because I doubt that we can sell our automobiles into Europe, or into Japan, or into Korea, or into Australia, or any place else in the world. And as a result, if the Americans were to close that down, they've in effect closed us down as Canadians.

Now should we have got ourselves into that over-reliant position on the U.S. market? I guess historians can argue that. The reality is we're there. How do we preserve that market now? And that's what the economists are looking at and that's why the economists say that we have to have a trade arrangement that guarantees us access to the U.S. market at least for a foreseeable period of time.

Mr. Romanow: — Mr. Chairman, I suppose all of life is fraught with ironies, some humorous, and some bitter, and some a little bit humorous and bitter. I listen to the minister talking just most latterly in his remarks about the situation that Canadians find themselves in with so much trade — 77 per cent, I think, was his figure — of Canada going to the United States and then raising the, I would say, rather alarmist concerns about what the United States is likely to do in the further period of this so-called protectionist mood, something which, by the way, the United States has done sporadically and spasmodically from time to time throughout our entire history and will do so again.

The irony that I refer to, of course, is the old Progressive Conservative Party of the old great prime minister, the chief, John Diefenbaker. In 1956, I was a very young boy, a student yet in high school, and I remember — you'll remember this, Mr. Chairman — the great leader, Mr. Diefenbaker, campaigning on one of his planks, which was to divert 15 per cent of trade from Canada to the United States to Canada over to Great Britain. And some of us thought that was a great act of nationalism. We quite didn't figure out how it was that. We'd be more nationalistic changing our dependency from the United States to the United Kingdom, but we felt that that was probably a pretty good way to go.

And here one of the ironies is that in 1987 these people who are the heirs to the legacy of the great Mr. Diefenbaker now argue that 90 per cent dependency has

got to be locked in to be absolutely guaranteed, and the way to do that is through a free trade deal. And they also argue somehow logically that by doing so, our future will be secure, although we'll place all of — in the proverbial statement of that old cliché, but its' true none the less — all our eggs in one basket.

To me it is, in any event, strangely ironic that the history of this great Conservative Party has gone through these twists and turns to the point now where these people opposite and their counterparts federally are continentalists — locked-in continentalists — and of course free market zealots to such a point that even Mr. Diefenbaker in his day never way, for the very good reason of the threat to Canadian independence and the Canadian institutions that any such arrangement of free trade might entail.

Perhaps the hon. minister doesn't share the same sense of history or interpretation of the irony that I do, but I certainly do see that as an ironic situation and one fraught with a lot of dangers for our country.

But I do want to make one point about this question of studies, Mr. Chairman, and that is somehow we as Canadians have gotten off on the beginning of these free trade negotiations assuming — at least some Canadians have; we haven't on this side — that free trade will mean this kind of economic security of access to markets, which by the way I don't believe for one moment, pursuant to our earlier discussion about the dispute-resolving mechanism which will not be able to cover off all the variations and access will not be guaranteed.

Somehow we've gotten off to assume that it's going to be economically efficient. Somehow we've gotten off in the belief that there'll be more jobs, and we've done it without any kind of authoritative or definitive studies, apart from the ones that he's mentioned, some of which I know — the Canada-West one I happen to know because I served on the Canada-West board of directors for a couple of years before begin re-elected in 1986 — apart from reference to a couple of those studies, nothing else which is definitive or the question of who the economic winners and losers are going to be.

There is an assumption which for the life of me I don't know how it got started and I don't know how it's gotten its own life. It's propagated very ably by the Premier and very ably by the Minister of Economic Development that free trade equals some form of prosperity without any kind of economic studies.

I have a small little point that I wish to make in terms of the small legislature here in Saskatchewan on the issue of studies. Mr. Chairman, way back in this session, somewhere in and around July 8, 1987, I asked in question period whether or not the government would provide for me copies of studies pertaining to the question of what the economic benefits are going to be of the question of free trade. And the Premier answered on July 8, at page 1024, the following:

I'll also say, Mr. Speaker, we have no end of studies that are available, and the hon. member

can, if he wants, I'll send them to him.

Then he said:

We have, and our negotiators have now, a stack of research . . . And all those that we have, Mr. Speaker, we'll turn over to the opposition.

I want to repeat these words.

We have, and our negotiators have now, a stack of research . . . And all those that we have, Mr. Speaker, we'll turn over to the opposition.

So in pursuance of that commitment, Mr. Chairman, what I got was two or three boxes of every brief that the Wakabayashi commission received and a couple of others that they perhaps didn't receive — all public documentation — but not what the Premier undertook to submit to me and to the members of the legislature.

So I write again on or about September 16, and I say, look, Mr. Premier, I thank you for all these studies, but I'd like these expected detailed cost-benefit studies pertaining to free trade.

On September 23 the Premier's office writes, very nicely:

Dear Mr. Romanow: I'm writing on behalf of Premier Grant Devine to acknowledge your recent letter. Your correspondence will be brought promptly to the Premier's attention. Yours sincerely.

Dated September 23, and here we are, Mr. Chairman, from July 8 to August to September to now approaching October 8 — three months — and the free trade negotiations are either in their critical moment of acceptance or in their critical moment of death.

We have got the minister again articulating his view, and I welcome it very much, as to how we are going to prosper economically. He tells me we have internal studies, but I, of course, can't get those because those are for internal consumption, notwithstanding what the Premier says. Not one detailed cost-benefit analysis which can back up the statements and the assumptions that free trade, in fact, is going to mean more jobs for Canadian people — let's forget about Canadian people — for Saskatchewan people. In fact, the minister himself has undergone a number of metamorphoses, if I may describe it that way, as to what the benefits or the detriments of free trade are going to be.

(2030)

I have an article — there are many from this minister, and I don't condemn him in this regard. He is a minister who likes to talk out his ideas publicly, and I think that's a good thing, if I may say so, Mr. Minister. Sometimes it will land you into political difficulty, but I think it's a good thing. He does a lot of that.

And I have one article, one of many, dated August 28, 1985. And this was to an address that the minister was making to the International Association for Students of

Economics and Commerce. I think they wanted to chat about how the budget making process takes place in Saskatchewan. I don't know whether the member was the Minister of Finance at that time or not, but he chose to not talk on the budget making process of Saskatchewan. If I may be permitted to say parenthetically, Mr. Chairman, that was a very wise move on the part of the minister.

He instead decided to give a speech on free trade, and he says the following in the free trade speech:

Andrew said free trade with the United States is really of less importance to Saskatchewan because its major commodities either already enjoy free access (get those words) or are sold off the continent. In fact, he said Saskatchewan's growing markets for export tend to be in the Pacific Rim.

That is as late or as early as two years ago — 1985 to 1987. Now the minister may very well get up and say there has been a big change in the United States Congress, and I would grant him that there has been a change all right. But the truth of the matter is that fully 90 per cent of Canada's products to the United States go now tariff free, or with 5 per cent or less of the tariffs; that's the truth of the matter. The truth of the matter is that since 1980 I think there have only been, if my memory serves me correctly, 13 countervail kinds of actions of the kind that we're seeing in potash, five of which were ultimately fixed and determined against Canadian interest, two of which were negotiated out, and the others just simply fell by the wayside since 1980.

The fact is that noted American economists and experts of North American trade argue that the Canadian position on free trade is flawed for two reasons. The first reason is that the Canadians don't understand the nature of the American congressional system — with the greatest of respect, the line of questioning that I pursued of the minister this afternoon.

And the second argument they advance is: because those proponents of free trade in Canada are alarmists. The studies say in today's *Globe and Mail*, in fact, I have a copy of *The Globe and Mail*, I don't say it with last word, but I think that it's a study which it is not the last word, but the studies which are reported in *The Globe and Mail*, I think, are very much worthy of examination by the minister. Dealing with United States trade experts, here's the headline: "Canada misreading U.S. on trade, observers say" — the American interest.

The say the second reason is because they're alarmists of the countervail duties since 1918, there were 13, five of which ended up being mitigated from the original action, the potash one will be mitigated, I hope. I suspect it will be, notwithstanding the potash Bill, regardless of free trade. Thirteen will be mitigated because we are alarmists. And here's the minister, and this sounds like I'm making a political speech, I'm trying hard not to, but I think the minister is falling into that second trap of sounding the Chicken Little, the sky is falling, argument about free trade.

The very thing that these American analysts in today's

Globe and Mail caution us and say is the very reason why our talks have gone off the rails. The sky is not going to fall down, the United States has been protectionist, the United States will be protectionist; the Canadian economy dealing with United States has survived protectionism in the United States; it will likely survive protectionism in the United States. It's not a question of it falling to the end of the earths, and the most important this about this, Mr. Chairman, that I submit to you, sir, and to the other members of the committee is the absence of any kind of solid, documented, economic proof which can be tabled to rebut my proposition.

In a sense I am also guilty of what I accused the minister of making a rhetorical speech, mainly because I don't have those studies, all that I can do is review the public documentations and others that are around from John Hopkins University and other Canadian institutions. But studies which this government presumably has to show that the alarmist theory is wrong, that it is a serious crisis. Now I don't think the minister should hide behind the argument that these are internal studies. If the evidence is so blindingly clear that Saskatchewan is going to be hurt, contrary to his view in 1985, if the evidence is so blindingly clear that we're going to lose our jobs and our economic efficiency, and his own internal study shows that presumably being the catalyst for the initiative that the government has undertaken, what could be the harm in tabling those studies? What could be the harm in tabling the definitive in the words of the five conditions of the free trade deal — the definitive word as to the impact of Saskatchewan and free trade? What would be so harmful to prove the economic case?

I can only conclude, Mr. Chairman, that I haven't received the studies for one very good reason — not because they're used for internal documentation, because there are no studies which prove conclusively that there is an economic benefit to Canada or to Saskatchewan for free trade. I can only conclude that this Premier and this minister, if they had that evidence, would dearly love to table it and to show the people of Saskatchewan and Canada overwhelmingly, blindingly, convincing truth of the economic winners of free trade, but they're not doing that. And they're not doing that because they don't have it. I'm not saying there's not a legitimate argument to advocate for free trade if you're a continentalist, if you're not in the John Diefenbaker school of politics in the view of Canada. If you are some form of modern-day, latter-day resurrected Liberal who heretofore have been the continentalists in our system, if you are not the Conservatives who are really Liberals, that's good enough if you have that ideology.

But please, Mr. Chairman, what I am saying to the minister opposite, please, and I say this with very much genuine conviction and commitment, why is it that you will not table or cannot table those kinds of economic studies which will either sustain or rebut the proposition which I think Canadians — some Canadians — have fallen into: the myth which it has taken upon itself now, propagated perhaps by the journalists, that free trade equals prosperity. Where is the evidence? That's what I want to see from the minister? Where is the evidence?

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: — The hon. member has raised several points, and let me try to deal with them in order.

He makes the observation that John Diefenbaker tried to divert 15 per cent additional trade in the U.K. Let's look at the number that I just gave to the hon. member in my last response. Ontario relies on the U.S. for 90 per cent of its trade, Canada for 77 per cent, but Saskatchewan for 50 per cent. And I indicated and our government has indicated, that we would not want to have a higher reliance than 50 per cent on the U.S. market.

We believe that the U.S. market at 50 per cent, the rest of the world at 50 per cent, would be a proper balance. And I'm sure if John Diefenbaker was alive today, he would be standing on our side with regard to that question. The problem is not Saskatchewan with regard to that, and clearly we rely on the international market more than the Canadian average by a long way; the problem is: the Canadian economy does rely upon that U.S. market and particularly the Ontario economy.

Now, the hon. member as a student of history might further observe that following John Diefenbaker came Lester Pearson. Lester Pearson moved towards more reliance upon the U.S. trade. But his friend, the past prime minister, Trudeau, who he had so much to do with and had so many kind words and entered into many alliances with, was the guy that said: we're going to go to the third option — new foreign policy — the third option. And what did he do? He was the guy who said: we have to trade now with the European Economic Community now that it's been formed, and we are going to move away from United States, move into the European Economic Community, and try to get a balance not unlike what Saskatchewan has, 50-50.

And what was the success of Pierre Trudeau, your friend? And you should not use Mr. Diefenbaker in vain from people on this side of the House. What was the results, what was the results of your friend, Mr. Trudeau? Mr. Trudeau, during his long reign in office, in effect reduced the amount of trade — not reduced, but during his reign the amount of trade with the European Economic Community actually went down. At the same time, the trade with United States increased and increased significantly. So the architect of the imbalance, if you like, was Pierre Trudeau.

I think our balance is 50-50. That's a balance that many countries that we would call as successful trading countries, countries like Japan, try to get a 50-50 balance and that's exactly where we are today.

The hon. member also likes to down play that don't be alarmist, don't be concerned with what's happening in the United States. Well I say to the member opposite: it's fine to say don't be alarmist, but look what we face. We face a potential 201 action on oil and gas. As he knows, we face an anti-dumping problem in potash. We have been totally banned from sales of uranium into the United States. Our forests and lumber has had a CVD (countervailing duties); our agriculture and livestock has had a CVD. There's threatening sounds that there could

be a CVD against our oilseeds. There's a threatening sound there could be a CVD against processed meat. There's sounds that there could be a threatening CVD against oil-seed crushers and actions against steel. And if you read the same *Globe and Mail* this morning, there is great concern by pulp and paper producers that they could face a CVD action by the Americans.

If the hon. member took the time to read the omnibus trade Bill presently winding its way through Congress, which most analysts in the United States say will be adopted by Congress in some form, and probably will be ratified by the President because he does not have the strength to veto that particular trade bill because it would be sent back with a two-thirds majority.

The Americans have pending today 670 trade bills before Congress — 670 — and for the hon. member to somehow say that it's no different than it was last year, I think, is unfair or unwise or ill-informed because the American protectionism is growing.

And surely I know the hon. member does read many journals, not just the Saskatoon *Star-Phoenix* or the Toronto *Globe and Mail*, reading many journals, whether it's *The Economist*, *Foreign Affairs*, very credible magazines and publications. I think the world is concerned, and I think rightly concerned about the wrong-headedness of the Americans, that somehow they can solve a \$200 billion annual fiscal deficit and a \$200 billion trade deficit by simply saying everybody else is not fair and we are.

The mentality sweeping the United States today is very reminiscent of the same mentality of 1929, and very similar to the mentality at the turn of the century in Great Britain as the great British Empire started to wane in its strength and power throughout the world.

If we're to look at the Americans and try to analyze it by the experts down there: the Americans felt that they somehow were the power of the world militarily and economically. Militarily I think that came to an end with their failure at the Vietnam War, that no longer could they simply tell the world what was going to happen. And now Japan is starting to rival the United States as an economic power of the world and, collectively, the European Economic Community is starting to rival the United States. And that's what is bothering the United States, no different than it bothered the British Empire so many years ago.

Now, with regards to the hon. member saying that somehow 90 per cent of the trade between Canada and the United States is tariff free — but the member now conveniently shifts from tariff free to his concern about non-tariff barriers. This afternoon he dealt in great length with some very credible questions on non-tariff barriers and he knows full well that non-tariff barriers do not fit into that category.

If we look at Saskatchewan and go through the lists of those that are now subject to trade actions or pending trade actions of what we trade with United States, it's far more than simply an insignificant passing whim. I think the member opposite should come to the realization of

that. And for him somehow to say, we should not be alarmists; we should not be running around saying the sky is falling, the sky is falling. Clearly if there is no trade deal, then we have to face up to that as a province and as a nation, and find other options and other places that can buy our product or be more sophisticated as it relates to how politics or trade in United States takes place.

But I don't think it's fair for him to somehow stand up and say, you should not be an alarmist, because who is the alarmist if he stands up and says the Americans are going to make us take medicare away, that's not been us. And he knows full well that's not the case in the trade negotiations; or somehow it says that the wheat board is going to have to go and that's not the case in trade negotiations with the Americans, and he knows full well about that.

(2045)

The next dimension with access to the U.S. market is if you look at diversifying your economy here. When you look at how you diversify your economy, clearly the U.S. market spells a big dimension to who that market might be. The problem that happens in United States today, without a sense of security of access, is that there's instability, and do people then want to invest in Canada or would they take their dollars and invest it in United States. That is a real question for economic diversification.

Let me close by talking about the . . . Two more points. One, when the hon. member read his question in the House that he had asked the Premier in question period, he never read the Premier's full statement. Let me read what that statement was. The Premier says:

We have, and our negotiators have now, a stack of research . . . (That's where he ended) . . . And all of those we have, Mr. Speaker, we'll turn over to you.

But what he didn't read was the full text which went as follows:

We have, and our negotiators have now, a stack of research from universities, from universities, from the academic community, (and) from businesses. And all of those that we have, Mr. Speaker, we'll turn over to the opposition.

And all the stuff that we had from the universities and from business we turned over to him. What he's asking us for is internal documents that we use and people that work for us. He knows full well that that is not provided as one that has been through negotiations on the constitution.

I used to ask exactly the same question; didn't make much sense to ask it because why would he provide his negotiating ploys as they dealt through the constitutional debate. He didn't provide that and well he shouldn't have provided it. And the same applies here.

Let me say one further thing which is a part of this debate that too often does not get reported in the media and, I think, deserves reporting, is the way tariffs work in this

country today. Every man, woman, and child in this province pays \$1,200 in support of tariffs in this country, restricting entry of products into this country — \$1,200. That's the consumer cost in this country to protect industry that's primarily in central Canada. And that dimension of the debate on open trading throughout the world never gets taken.

Unfortunately today what we see is the people that are driving trade and driving protectionism are the producers and not the consumers, and it's always been the consumer throughout history that ultimately brought the world to its sanity again. And I would think in this debate we should think about that as well. The world operates in an open trading market far better than it does in protectionism.

I would commend the hon. member perhaps one of the better speeches that I have heard on the reason for free trade by the Hon. Bob Hawke, who is the Prime Minister of Australia, a socialist, and a very informed guy. And he as eloquent as anyone I've ever heard said or spoke on the question of open trading to the world, and Australia not unlike Canada is very reliant on international markets for its well-being and its economy. And what Bob Hawke said and perhaps in the far more eloquent way than I can — he's a great debater and a great speaker — that when products cease to cross borders, armies do. And he attributed the last war in a large part and the First World War in a large part, to the fact of this narrow-minded "put the blinkers on and let's not trade with each other" mentality.

And that's what is concerning many people in the world today, and not simply politicians and alarmists, many informed, informed people — that the American trading actions now, the American mentality now, is not only problematic for our country, it's problematic for the world trading order. And I think the world should come to a legitimate debate on open trade throughout the world, and that's what our Premier supports and that's what our Prime Minister supports and, I believe, that's what most Canadian and Australians and those type of people support as well. Without it we're going the wrong direction, and without it we're heading straight towards disaster.

Now can we get a bilateral agreement with the United States? One would hope, one that's acceptable and fair. Can we then look for a trading arrangement with Japan? One would hope so. Or with the European Economic Community? One would hope so. And move in that way through agreement, through understanding — that is the only way the world will function properly. Without it, it is the survival of the fittest. And as we see and as our farmers see today the survival of the fittest is the U.S. farmer or the EEC farmer, it's not the Canadian farmer.

And we all know there's not enough money in the country to support our farmers like they do in Europe or they do in United States, but the farmer pays the price for that bone-headed economics which is protectionism and subsidies that we see now so evident in the agriculture question between Europe and the United States.

I think the hon. member honestly believes in open trade

and free trade throughout the world. I can't believe of a member coming from this province that doesn't support that. One might argue: should you cross the T or dot the I or deal with it this way or that way; but I think at the end of the day, we rely upon trade in this province and in this country, but in this province, we do. And we all must find ways by which to better equip ourselves and better deal with that trade.

And so, I think sometimes we sit here and argue back and forth because of our political stripe, when at the end of the day we all support how we must move towards better trade in the world and how we secure that better trade in the world, whether it's a Soviet wheat market or the United States potash market or the Japanese uranium market. That is our task, it seems to me, is to ensure that market so there is stability in the work-force and there's stability in everything else in our province and in our economy. Without that stability, you have instability and you know what happens in instability in any economy.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Well, Mr. Chairman, with the greatest of respect to the minister, I think he's misplaced the argument, his argument, if I may be so bold as to suggest how his argument should go. No one here is against the need to have trade and more trade and open up more trade — you're right on that. That's not my proposition. But I think some can be legitimately against an argument which, in effect, handcuffs Canada to the United States for trade.

The corner-stone of your economic development strategy, since so high a percentage on the Canadian side — 50 per cent Saskatchewan, 90 per cent or 77 per cent — the corner-stone of your strategy has been partly, if not mainly, this idea of open access to the United States, notwithstanding the fact that there's lots of evidence around that we don't need it in a Saskatchewan context, lots of evidence to do that. And not only that, in spite of the argument which I think ultimately comes up to rebut that and that is, that all that you do is you lock yourself in with one of the other great blocs — trading blocs of the world, the United States — but you do little to lessen the protectionists' forces which come, not necessarily from Canada — in a minor way they might — but come as a result of a combination of European and other factors that the United States is facing that has nothing to do with little old Saskatchewan, including the debt, the smokestack industries and the fact that it's the largest debtor nation in the world and the fact that the third-world debt has crippled its banking system and goodness knows what else goes on to it, that compels the United States.

And what you want to do, what you want to do is you want to handcuff us with them irrevocably; you do it on the argument that it means access. That's what we're going to do; we're going to be handcuffed to them. Now, we get not only Detroit television and Detroit culture and Detroit attitudes, now we're going to be tied in, not the old Diefenbaker vision — I don't malign him, I say this in a sense, in a kind of a noble sense — a Diefenbaker vision of being able to balance off the United States and the U.K. and other interests of the world. Not so now with Mr. Mulroney: Mr. Mulroney has got some sort of an

argument which handcuffs us. But again, I suppose we'll agree to disagree on that. The fact that in my judgement, you have a blinkered — not you, well you personally, but your government; I don't mean to argue in a personal basis — your government has a blinkered approach of this United States-Canada free trade thing.

The thing that I think, Mr. Chairman, which is most damning is the fact that there is no clear-cut study here which bases the case for the government with respect to the economic winners and losers of this free-trade gambit. And negotiations in secret, trade-offs in secret, studies either in secret or non-existent, well I just don't think that's good enough, with the greatest of respect to the minister and to the Premier.

I think that the Saskatchewan farmer has a right to know how free trade's going to help him or her. I think the dairy farmer's got a right to know. I think the egg and the feather industries have got a right to know. I think they should know that the government itself has concluded are likely to be the difficulties economically. I'm not asking for negotiating stances. I'm not asking for papers with respect for trade-offs. I'm asking that there ought to be those kinds of studies to tell the people of our province from farm to worker to business exactly who wins and who loses.

Now if they're doing their job, they've got those kinds of studies. If they want to make the case out as they're making it out to me today in political debate, which is what this Chamber's about, good enough, but it's not the whole story. The way to make out that case is to make those documents open and tabled for this legislature and for the people of this province to see.

I don't think they've got them, Mr. Chairman. I honestly don't think they've got them, because if they did, they would destroy our arguments and they would be able to advance their cause and assist their brethren in Ottawa, Mr. Mulroney, in that situation.

And there, Mr. Chairman, because I believe this failure to produce these studies is so critical as an underpinning to the whole arguments, the rational and political arguments which have flown from this discussion tonight and today, and therefore case in doubt the entire process, I can only do but one thing. And I move, seconded by my colleague, the member from Regina Centre, that given the gravity of this talks, my motion goes like this:

That the amount to be voted in item 1 be reduced to \$1 because the government has refused to table its own studies and analyses of the impact of free trade on Saskatchewan.

I will move this, Mr. Chairman, and in so doing, conclude by saying that the failure of the government to do this, the failure of the government to prove the case is in fact, in my judgement, speaking louder than any of the statements that I might be able to make, or anybody on this side might be able to make, that what this Premier and what this minister and what this government has launched us on, in concert with their colleagues in Ottawa, is a dangerous, dangerous gambit both economically, socially, and culturally, which could speak to the

independence of our great country and our great province. I so move.

Some Hon. Members: Hear, hear!

Mr. Chairman: — The amendment is in order. Moved by the member for Saskatoon Riversdale and seconded by the member for Regina Centre. Will the members take it as read.

Hon. Mr. Andrew: — Just a minute. I'd like to speak on it. I hope the hon. member from Riversdale understands what this motion means and the members opposite understand what this motion means.

What this would mean is if we were to accept the hon. members motion, that we would have to terminate all administrative staff at the department. Now how does that deal with the . . . how does that (a) deal with assisting in the economic development and trade initiatives of the province? What is the benefit of simply terminating all of the employees sitting around us? That's what he's asking us to do. That's what he's asking us to do.

Now we have sat here and listened to the hon. member from Riversdale and many of his colleagues saying: why did you terminate this particular person? The member from Saskatoon Sutherland there is the most constant. And now his colleague is saying . . .

An Hon. Member: — No, University.

(2100)

Hon. Mr. Andrew: — Or University — that's what it is — University. Now the member from Riversdale is saying, well, let's move a motion here; let's move an amendment here that would basically say, let's terminate all these people. That's exactly what he's saying. And how does that benefit his cause?

I thought the hon. member was doing well in the debate today. He raised some very credible questions, quite frankly. But now to come down and say that we should terminate all these people, and he should look at them in the eye and tell them that, because they've got kids at home and they've got wives at home, and that's the basis of what he is saying to these people: let's vote these guys out; let's terminate them.

So you people all over here will stand and say: terminate these people, terminate these people; put them out on the street; put them out of a job. That's exactly what this motion is going to be, and I would advocate even members . . . I would advocate members opposite, even, not to support this particular motion, or I don't think that's a proper way and I think that somewhat belittles, I think, the nature of the debate that we have in this particular legislature.

Mr. Speaker, I've indicated to the hon. member, we've sent him documents that deep, as I understand, that deep to peruse through, and I wonder if the hon. member has read them all. He said he read them all, finished last week. There were 4 to 5,000 folios there that he had to read.

As he knows, there's many articles written on this, many, many studies, and he would have us . . . And what he's really asking us for is for our internal studies to government. He served in government for 11 years and he was subject to many internal studies and he understands the parliamentary system and the cabinet system of government very, very well. Surely in his heart of hearts he does not expect the government — any government — to take internal documents and make them available to the members opposite. Certainly even any . . . even the most open of all information, freedom of information legislation exempts that particular and those types of documents from being made public, made access to the public. The hon. member know that as well.

Let me close from the questions he asked this round with regard to the access to the U.S. market. The U.S. market is an important market to our country and it's an important market to our province — half of what we export goes to the United States. Now should we rely upon that, and he would sort of have us believe that we should not rely upon that U.S. market and that we should go take our product and sell it some place else. Well I can assure the hon. member, we and governments before us have sought international markets for potash, and we sell a lot of potash in the international market. We have perhaps 80 per cent of the market in most of the Pacific Rim countries in potash. We sell much uranium into the international market, but you're restricted as to which countries you can sell it to. Perhaps we could sell more there and if you want us to, instead of selling it to United States, perhaps the hon. member from Saskatoon University would have us sell it to some other countries. I wonder how the hon. member would support that.

Red meat industry. I can tell the hon. member, go talk to the Cattlemen's Association. Go talk to the Cattlemen's Association of the province of Saskatchewan and ask him whether or not the U.S. market for red meat is an important market to go to. You go ask those persons, go ask that person.

Now I talked about the dairy industry before. The dairy industry in Saskatchewan is run no different than the dairy industry in every other province. And for the most part, it's run no different than it is in the United States and every other state. That's the reality of it. There is supply management in Canada in the dairy industry, and there is supply management in United States in the dairy industry. That's a fact; that's a reality. And my guess is you're going to see no movement on that.

An Hon. Member: — So why are we talking about agriculture and free trade?

Hon. Mr. Andrew: — You were the one that raised the question on this. You talk about access to the red meat into United States; that is very, very important.

The member opposite makes no mention of the red meat industry which, next to the grain industry, is the largest number of farmers. And he should ask the cattle producers in this province what they think about access to the U.S. market and whether they should sell to the

United States or try to sell to Argentina or Australia or Japan or EEC.

Mr. Speaker, let me close by saying this. I caution the members opposite, if they want to maintain their credibility, do they maintain their credibility by moving this amendment and voting on this amendment, the net effect of which is to fire every person sitting behind me.

(2128)

Amendment negated on the following recorded division.

Yeas — 20

Prebble	Brockelbank
Shillington	Romanow
Tchorzewski	Thompson
Rolfes	Mitchell
Simard	Solomon
Kowalsky	Atkinson
Anguish	Goulet
Hagel	Lautermilch
Trew	Smart
Van Mulligen	Koenker

Nays — 26

Devine	Duncan
McLeod	Andrew
Berntson	Lane
Smith	Swan
Muirhead	Maxwell
Schmidt	Hodgins
Gerich	Hardy
Klein	Pickering
Martin	Toth
Johnson	McLaren
Hopfner	Martens
Baker	Gardner
Kopelchuk	Britton

Mr. Romanow: — Thank you, Mr. Chairman. Mr. Chairman, I guess what I'd like to ask the Minister of Economic Development and Trade now in the light of the developments with respect to the free trade negotiations and in view of the fact that this government, this Premier, and he himself have put so much faith — not so much faith — so much of a corner-stone of their policy of economic development is tied to this free trade initiative. What does the government have by way of an alternative plan if on October 5 there is no successful deal? What happens then?

Hon. Mr. Andrew: — Well, Mr. Speaker, as I indicated earlier to the hon. member, Saskatchewan trades and relies a lot on trade, but we trade half with the Americans and half with the rest of the world.

Now will there be a trade deal or will there not be a trade deal? I guess that is still up in the air. And that's still a question, I think an important question, to all Canadians. We would like to think that somehow there could be a

trade deal. It looks very difficult at this point in time.

How will we proceed? This province has relied upon trade, and we will have a much more difficult time if what we see in Washington continues, if the various trade measures that are rumoured or threatened against us. I think it is a difficult time. Clearly we would have to determine how we are going to fight any U.S. protectionism. When it hit us hard in potash, this government responded, our Premier responded, and we dealt with that question.

We will go around the world to see whether or not we can find other markets by which we can trade. We seek to diversify our economy, not simply to buy out existing businesses or existing mines or something else. We seem to want to build. Our Premier has made a great deal of thought on how we build our economy not simply by what is already here.

The NDP stand against, four-square against, number one, trading. They stand four-square against building; they stand four-square against the Americans. Or if we go out into the world to look for markets in the Asian-Pacific region, in Japan or in China, or we go to Europe or we go to South America, go any place in the world, the first to call out is the members opposite; well don't do that — stay home, stay home and somehow the world will come to you.

Well the reality is that's not the way it works, and that is no longer can we rely simply on Saskatchewan sitting here and letting somebody else come to us to buy what we have to sell. We must go out into the world; we must have trade offices out in the world; we must be more knowledgeable at what's going on in United States; and we must diversify our economy so we're no longer just hewers of woods and haulers of water where we rely upon the ups and downs of the world trade.

That is why we build upgraders in the city of Regina; that's why we build paper projects in Prince Albert; that's why we build recreation vehicles plants in North Battleford, or thread fast in Swift Current, or new projects in the city of Regina; that's why we have Marubeni-Hitachi in Saskatoon to build products that we otherwise would buy from the rest of the world.

We have a strategy to deal with the economy of this province, even though it's on troubled times with commodities. We build. We build manufacturing fivefold since we came to government — fivefold increased in expenditures in the field of manufacturing.

We travel the world to look for other markets. We travel into the United States to look for other markets. Our Premier deals with the Americans in a hard-fisted way, and that's the way we should do it. And we build . . . (inaudible interjection) . . . The member opposite asks what we do. I'll tell the member opposite what we don't do: we don't simply look around for the first candidate that we can buy and nationalize. That's your idea of building; that's not our idea.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Well, Mr. Chairman, it must be, certainly even to the members opposite, a tiresome speech. I must commend the Premier, however, that he has trained his ministers fairly well. They at least try to follow the same script. They don't do it with the same verve or the same enthusiasm as the Premier does.

But I tell you, Mr. Minister, and I tell the Premier opposite and the government opposite, that clearly one of your major initiatives here has fallen flat on its face. You have a situation here where the credibility of this provincial government and of this Premier is such now, on this free trade initiative, given where we're at, that surely by any yardstick one has got to say that it's a failure.

It may be that from now until October 5 something in the last moment is salvaged. If it is, Mr. Chairman, Canadians ought to look very carefully at what exactly it is that they salvage. If there is a deal at the last moment, Mr. Chairman, what we have to examine carefully is what Canadian institutions are going to be victimized by a political party in office in Ottawa and in Regina which is determined for its own political purpose to get any kind of a deal, regardless of what it means to Saskatchewan and to Canada if there is a last-minute deal.

Some Hon. Members: Hear, hear!

Mr. Romanow: — We've come a long way, Mr. Chairman, from the days when the Premier of the province of Saskatchewan says in an address to the Canadian Agricultural Marketing Association, quote:

The best thing for somebody like me is to stay close to that Washington politician, keep giving him and hug and say: look it, we're really on the same side.

That was the policy. The headline says that the Premier stresses a personal touch when dealing with the United States. Well I guess the United States really has spurned this moment of affection by our Premier and by the Prime Minister of Canada because here we have now the United States turning its back on the Canadian initiative, and little wonder, Mr. chairman, that should be the case.

How in the world did we get this free-trade initiative started? One day, Mr. Mulroney, the Prime Minister, and the President of the United States get together on a stage in Quebec City. They sing, "When Irish eyes are smiling," and the next thing we know the next day there's a free-trade initiative announced by the Prime minister of Canada. No mandate at all to negotiate free trade. They didn't get elected federally in 1984 on that argument whatsoever.

Not only is there no mandate, there are no objectives defined as to what Canadians would like to achieve from free trade. Not only that, there is no discussion which is open to the public, nothing of any consequence at all; everything is negotiated in secret. There is no provincial input.

The Premier is reduced, Mr. Chairman, reduced to the spectacle of going to Ottawa once every three months for three hours and, in effect, getting a briefing from the

Prime Minister as to what happens and probably what is the most crucial set of negotiations in the history of Canada — a three-hour briefing. We have no input at the bargaining table; we have no input at any of the trade-offs which may be taking place. We don't have a ratification process, Mr. Chairman, none whatsoever.

The net result of all of this is a fiasco which is badly bungled by a set of governments in Ottawa and in Regina which surely, Mr. Chairman, must go down in history as one of the most incompetent set of governments that Canadians will ever have seen anywhere, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And now it's the 11th hour. Now we say, as in question period, the examination of the Premier took place. We're not involved in negotiations; we're involved in discussions. In the 11th hour we're now asked to put our faith in people like Ms. Carney, put our faith in the Prime Minister of this country — ten days or less left to go, and they're going to negotiate a deal which is in the best interest of Canada.

So we are led to believe, Mr. Chairman, without any of the objectives having been defined or any of the process for doing it, without any of the consequences to our culture and to our social programs.

The minister says that the social programs argument is an old bogymen. I say to the hon. member opposite, not so. If there ever should be a free trade deal negotiated, the essence of which is this concept of a level playing field, I guarantee to the minister opposite that some of his big business cronies and others will be the very first to come a few years after a negotiated free trade deal to his government and to the government of Ottawa saying that they can't afford the tax level to support medicare and hospitalization and unemployment insurance in order to match the competition with the United States. And they'll be pressuring the Governments of Canada and Saskatchewan to do away with our social programs. I guarantee you, that will be the next step.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And I also guarantee you that not only will it be the next step, but that our Premier and that our Prime Minister will be willing handmaidens in that process.

The minister opposite talks about building Saskatchewan. What's their record of building Saskatchewan? They have destroyed everything that they have touched, Mr. Chairman, as a part of this policy. As a part of their pursuit, their undying quest for something which is a continentalist free market, free enterprise locking, as I say, a handcuffing of Canada to the United States, the result is a debt of \$3.4 billion, a Crown corporation system which is in disarray and destroyed, a private enterprise sector which is demoralized and has lost its private initiative.

I say if that's the kind of building, to the minister opposite, the people of Saskatchewan are fed up with it, they want no more of it, and they want to be rid of you people for

advocating that.

Some Hon. Members: Hear, hear!

Mr. Romanow: — You know, Mr. Chairman, the gentlemen opposite, and the government opposite, including the women members of the government opposite, like to portray themselves as being on the positive cutting edge of things. They like to think that free trade is something new.

Well you know, some people in this House would know — I'm not so sure that the member from Cut Knife-Lloydminster would know — that this is nothing new. There was a free trade deal negotiated back in the 1850's by the British, not by the Canadians, with the United States. There was a free trade deal negotiated in the 1880's — the hon. member from Cut Knife-Lloydminster is red faced, as he's been told by his front benchers to hush up a bit now. He may not know that, but I tell the hon. member from Cut Knife-Lloydminster, in the 1880's a free trade deal — nothing new.

In 1911, the government of the day, the Liberal government, negotiated a free trade deal. They went to the government, to the people of Canada, thinking that they'd win an election, and we know what the result was in 1911 — they got washed out.

In the 1930's there were limited free trade deals negotiated. In 1940 Mackenzie King had a free trade deal negotiated. In fact, when he looked at the 1911 election results and he saw what the public opinion polls were telling them in the 1940's, he pulled out of those free trade negotiating deals. And he warned the Liberal Party that if ever they should take up the idea of free trade he would come back and he would campaign against them. I guess now we know what it means to be the ghost of Mackenzie King and what that means.

And these people opposite would have you believe that this is something brand-new. This is nothing brand-new, Mr. Chairman. This is the old clarion call of the old line parties, the old bankrupt policies of the old line parties who have nothing new. It's been around since the 1850's. It's the tired old shibboleths of the tired men and women, who are the advocates of a broken down system, who have no solutions and no guts and no ability to get a Saskatchewan going again the way it should.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Free trade, Mr. Chairman, free trade as it's advocated here is the clarion call of men and women of little vision and no faith in Saskatchewan or Canada.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Free trade is the clarion call of those who would simply lock us in, as I've said, to the United States and would turn over Canada and Saskatchewan lock, stock, and barrel to the Weyerhaeusers and all the friends of the Premier and the government opposite.

Free trade is the crux of a policy which says to the little

corner entrepreneur that we don't have any faith in you. Free trade says to the people of Saskatchewan and to the farmers and to every small-business man and every worker that we have given up the very history of what has made Saskatchewan prosperous up until these people took over government, and that is a system of co-operation using private enterprise and a co-operative sector, and on occasion the public sector, because anything that we have gotten in this province we have gotten here working hard together and not thanks to the United States — not thanks to the United States.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And so they put all their eggs in one basket, these people opposite — everything. Not only have they managed to bungle that, they've bungled everything that they've handled. They've turned over a balanced budget, and they've managed to reduce that now to a \$3.4 billion deficit. They've got a Crown corporation deficit of \$10 billion. This is a tired, old government that has no solutions except the old shibboleths of free trade. I say it's time for them to quit. I say it's time for them to be defeated in this operation.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And worse yet, Mr. Chairman, worse yet, they're going to put at risk everybody in the province of Saskatchewan and Canada in what is obviously a last minute, eleventh hour, last ditch stand.

They won't table the documents that I've asked to be produced. They don't have any documents. They won't do that. They won't send their officials or their ministers to sit beside Mr. Reisman. They are prepared to sit down once very three hours in a smoky hotel room in Ottawa and get the briefing from the Prime Minister.

(2145)

They won't fight for Saskatchewan to have a ratification process, not just in law, but in politics and reality, which would give us a say to say no to a ratification process on free trade if it worked against our advantage. They won't do that.

They are satisfied with something called a consensus, Mr. Chairman. They're going to talk it over with their fellow premiers in Canada. They don't know the ground rules; they don't have the power; they don't have the political clout, and more damning of them, Mr. Chairman, they don't have the will to stand up and to fight for Saskatchewan to make sure that our interests on free trade are protected.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And they come to this legislature, they come to this legislature saying that this is, in fact, the way of the future. Well I say to the minister opposite, the Minister of Economic Development and Trade, I say to the hon. Premier and the entire front bench that what you have done here stands as yet another stark testimony to the incompetence of this administration. You can't run a government; you can't run a negotiations.

People don't want you singing the Hallelujah Chorus to Prime Minister Mulroney; people want you to stand up in the interests of the province of Saskatchewan and the people of Saskatchewan. They want you to start talking for the family farmer; they want you to start talking for the worker; they want you to start talking for the local entrepreneur, and to get off this old idea of playing to the big, large, multinational companies of this world, because it's never helped Saskatchewan in the past, and it won't help Saskatchewan in the future, especially under your administration.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Now, Mr. Chairman, this free trade fiasco doesn't give me any particular pleasure. I'm not particularly pleased as a Canadian to see the talks at an impasse. I'm not happy that the circumstances are such that our government is embarrassed. As a Canadian I don't like to see us held up to ransom by the Americans or by anybody else.

I don't think that it gives anybody any happiness to see the circumstances the way they are now. But I'll tell you something else, Mr. Chairman, it gives me no comfort either to see our provincial Premier grovelling to the Prime Minister, and our Prime Minister grovelling to the President of the United States on free trade either. That gives me no pleasure.

Some Hon. Members: Hear, hear!

Mr. Romanow: — What I want to see, Mr. Chairman, is an economic strategy which benefits our province and benefits our country, one which identifies the strengths and the weaknesses of this great nation, one that gets our labouring people working together with our business people and the public sector to set our economic goals and to develop industrial strategy which builds on our strengths.

What I want to see is a policy which guarantees the cultural sovereignty and guarantees the economic independence of our country, that does not put at risk our social programs and our social policies. The members opposite say that we don't have to worry about it, yet we see that Peter Murphy, the American negotiator, says by variety of reports on his negotiations that unemployment insurance is on the table. Why? Because the Canadian fisherman are entitled to it; the Americans aren't. They say that's a hidden subsidy, an unfair advantage. They want to examine social programs inasmuch as they impact on the economic trade between Canada and the United States.

I tell you, Mr. Chairman, if that logic applies to unemployment insurance, that logic applies to every other social program that we've built up in this country and in this province that the United States doesn't have. Where does the logic stop?

If it applies to the unemployment insurance, why would it stop when it comes to medicare or hospitalization? Sure it may not be on the table at the present time; I don't know if it is or isn't; I'm led to believe that it's not to be there, but

how do we know that to be the case.

I guarantee you, Mr. Chairman, that if you get a free trade deal negotiated in the circumstances that we have before us, namely where Canadians have given all of their bargaining chips in advance of the deal, namely where Canadians enter into this kind of a forum, of a dispute resolving mechanism, I guarantee you four, five, six, eight, nine, 10 years afterwards, the next demand will be to start dismantling the social service programs of this country because the business sector will be saying that's the only way they can have the level playing field.

And we're seeing this already taking place, here in Saskatchewan. I don't say that it's part of the free trade negotiations; it's part of the philosophy of these people opposite. We see the dismantling of the denticare program, of the drug care plan — one could go to discuss this, it would be appropriate under the health estimates — but it won't take very much, Mr. Chairman, it won't take very much. And I say to the government opposite that it's tired, that it's lost its vision, that it keeps on trotting out these old statements and these old concerns.

The people of Saskatchewan want something more. They want something more from the Minister of Economic Trade and Development. They want a Saskatchewan-first policy. They want a Canada-first policy. They want one that doesn't put at risk our businesses. They want our ministers to be competent when they negotiate with the United States. They don't want our ministers and our Premier to be on their hands and knees in the negotiating stances; they want our Premier and our Prime Minister developing from a position of strength; they want them to be developing an economic policy and a foreign trading policy which is complementary to the Canadian interests and the Canadian objectives.

I ask you, sir, is that what you've gotten out of consideration of these estimates? Is that the picture that the Minister of Economic Development and Trade portrays here? I don't blame his officials, who are doing the best that they can under the circumstances. I don't blame Mr. Wakabayashi, who goes around the province for a one month tour to listen to the free trade deals and the submissions of Saskatchewan people. He's asked to do that.

But was that consultation? That wasn't consultation. They invited people on a selected basis, Mr. Chairman, to consider who could make presentations on free trade. They didn't allow the individual members of the public to express their points of view. There was no consideration of a general hearing of public concerns about free trade.

And moreover there is no tabling of any documents to allay those fears, none whatsoever, Mr. Chairman. This is a government which is caught in a fortress Legislative Assembly mentality. This is a government which is afraid to get out and to listen to the people. This is a government which is so old and so tired and so decrepit, and so now holed in to the legislature of Saskatchewan, like the 1930s, that they refuse to listen to the people of Saskatchewan on free trade, and I say, shame on the provincial government for that position.

Some Hon. Members: Hear, hear!

Mr. Romanow: — No, Mr. Chairman, this is perhaps the last straw of a bankrupt government that is dying and on its last political legs, this particular action and failure.

This is the government which is now searching for any kind of a solution that it can, and I say to you, Mr. Chairman, as I close my remarks on this particular subvote, and on this particular important issue of free trade, that far from being satisfied about the concerns that I've raised, the answers of the hon. minister opposite have heightened my anxieties. They've heightened my anxieties because of the failure to produce the evidence, the failure to have the ratification processes, and all the other failures which I have identified. They're heightened by a government which contents itself to play the role of the Hallelujah Chorus choir to a federal government rather than just standing up for provincial interests.

I say it's time to put this sorry episode behind us now and let's get on to building a bright, new future for Saskatchewan people and not look back to the old solutions of an old government and an old group of people who were in government in the Dirty Thirties. Let's go on to build a bright, new Saskatchewan. That's what this is all about.

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: — Mr. Speaker, let me be brief and make three basic comments, three basic comments. Number one, the member opposite, while very eloquent in his delivery, what did he say?

When you come forward in debate, whether in the legislature or wherever else, it's easy to say what am I against, what is wrong, and what do I see wrong, and what am I against, but do we hear alternatives coming forward from the hon. member?

What are the alternatives, Mr. Speaker? What are the alternatives? The alternatives are nothing. The member opposite talks about alternatives. His alternatives are to go back to when he was in government. The hon. member now has logged 20-some years, I think, since you were elected in this legislature, and has seen debate back and forth.

The hon. member knows that after 20 years, after being elected some 20 years, that you don't win simply by saying: I'm against this; and I'm against that, and I'm against this; or you don't win by simply fear mongering — they're going to take away the church, or they're going to take away medicare, or they're take away the wheat board, or they're going to take away this or this or this. I don't know whether they will, but maybe they will, is what he says. Mr. Speaker, you cannot have that type of situation. You don't win with that type of situation; you win by offering alternatives.

And the members opposite somehow think in 1982 we won because they were old and tired. In 1982 we won because, one, they were old and tired, and we offered alternatives and showed a different direction by which we would go, and that's why we won. And in 1986, Mr.

Speaker, in 1986 we won again, Mr. Speaker — in 1986 we won again. The members opposite wish to yell, wish to yell when you're speaking. Mr. Speaker, I would ask the members opposite to be quiet and listen. We won again in 1986 because the Premier went out and said: I want to build this province — not, I want to go back to where we were before, Mr. Speaker — and the people elected us again.

Let me say, Mr. Speaker, to this House and to the people of this province, we believe the access to the U.S. market is very, very important. We believe that for the potash worker living in Rocanville it's important if he can sell his product into the United States unhindered by U.S. trade laws and unfair U.S. trade laws. We think it's important that the person working in the lumber industry in northern Saskatchewan has access to that U.S. market because his job relies on it, Mr. Speaker. And we believe it's important for the person working in the uranium industry in the far North of Saskatchewan. It's important that we can sell our product in the United States because his job relies upon that and depends upon that.

But we're not prepared to go into the United States and into these trade negotiations so it's all one-sided against Saskatchewan. If it's not on balance in our favour, then we say no to the Americans, and we say no to the Prime Minister. And I don't think you have to go beyond the response of this government as it relates to potash, so we're prepared to stand up for our industry and for our people and for the people working in our industry, Mr. Speaker.

But let's do one thing further. Let's look at one thing further that I think these trade negotiations are about, but they're about a wider dimension of our economy. Has Canada and has Saskatchewan grown up enough to go out into the world? That's what really we're talking about. Do we have the resolve and the strength and the confidence in ourselves to build our province and to go out and trade it to the rest of the world and to deal with the rest of the world? And I say we do. And that's really what is at issue in this debate, not only between Canada and the United States, but between Canada and the rest of the countries of the world. Are we prepared to play in the big markets of the world? That's the question. Or will we hover back and say, no, protect me; protect me, somehow; somehow we should stay within ourselves, within our own little cocoon.

The people that built this province had the courage to go forward and look for new frontiers and new opportunities. And that's what the people of today face, exactly the same problem as our forefathers did 50 and 100 years ago. And that's what the members opposite do not understand.

You must have the courage, Mr. Speaker, to deal with the Chinese or with the Japanese or with the Europeans or with South America or with Africa, or with the Soviet Union or with the United States, Mr. Speaker. We think they're all important, Mr. Speaker. We like to maintain access to that trade market, and we believe that we have the courage, and we believe the people of Saskatchewan support a government that has the courage, to come forward and try to turn over new stones, to find new

markets, to build new economies. And that is what this debate is about.

The members opposite want to stay back with the Crown corporation model. We believe it's the right of the individual to take initiative to go forward into the world, to have the courage and the vision to try. And that's what our forefathers did, and that's exactly what we're going to do.

Some Hon. Members: Hear, hear!

Mr. Brockelbank: — Mr. Chairman, I only have two short questions for the minister, and the minister need not provide the information now. All I need is an assurance that he will provide the information in writing as soon as possible. The first one is to provide a list showing the department's space or allocation from the Saskatchewan Property Management, listing: community, building address, and square metreage.

And the second request is with regard to a list of all the departmental consultants paid for in '86-87, showing the name of the consultant, the purpose of the consultant, and the cost; and where the consultants' results were shared with another department, agency or commission, or other government, etc., indicate who, and the total cost of the study, as well as your department's portion of the cost; provide the actual global cost of your department for consultants in '85-86 and the estimated global cost in '87-88?

Hon. Mr. Andrew: — Mr. Chairman, I undertake to provide that information with regard to the space allocation. I will undertake to provide it as the various departments have prior to me the same type of information, the stuff I think is normal stuff for order return; I have no problem providing that.

(2200)

Mr. Prebble: — Just one question to the minister, and this relates to a letter that I wrote him several months ago regarding SED Systems which he would not answer at the time.

At the time I asked the minister if he would provide me with the information to justify his comments, late last year, that when the government share of SED Systems was sold to Fleet Aerospace of Ontario — a sale that we on this side of the House opposed because what it meant was that the Saskatchewan government lost its ability to ensure that SED would continue to be a Saskatchewan-based company in the long term during cyclical periods in the high-tech industry when things are not bright and when operations could be consolidated in such a way that parts of SED Systems would be lost from this province.

At the time, the minister said that he had assurances from Fleet Aerospace of Ontario that SED Systems would continue to operate in this province over the long-term, and that all Saskatchewan jobs in that company would be assured.

And I ask the minister today to table in this Assembly the

written assurance that he received from Fleet Aerospace of Ontario that, in fact, all employee jobs at SED Systems would be protected not just for the next few months or the next couple of years but in the long term in this province. Will the minister now table that written assurance from Fleet Aerospace?

Hon. Mr. Andrew: — Well, Mr. Chairman, I would have to go back and review the undertaking with regard to the assurance. I think Fleet Aerospace is a very small holding company, if I recall, and I'm taking this from memory. They are a very small holding company in Ontario with various branches, and the one being the SED operation in Saskatoon. The member opposite — she might ask the employees of SED who are very happy with the new arrangement. SED is in fact building new facilities in Saskatoon, and that does not sound like the concept of somebody about to pick up and fold their tent and leave the province. In fact, quite the contrary, is that they are in fact building the base of that type of operation in Saskatoon, and the employees are quite pleased with the way things are unfolding.

Now if I indicated to you that I had written assurance from the company that they would never, ever, ever, ever, ever, regardless of what, move from Saskatoon, or that employees would be there for ever, and ever, and ever a day, I don't know whether I undertook that or not — I would doubt it. It would not tend to be what I would say.

If I indicated to the hon. member that they gave their assurance that Saskatoon was big on their plans, I think that's coming forward now. And I'm sure that we will have to talk ten years from now, when we see that it's still there and flourishing, before I could ever convince the hon. member that somehow there's not some devious, sinister mentality to move this to Ontario or Quebec, because clearly that company sees Saskatoon very much, and very big in their future. They've indicated that to the employees; they've made that publicly, and they've put their money where their mouth is, and I think that's exactly what is, in fact, happening.

Mr. Prebble: — A comment to the minister. I asked the minister to provide me in writing whether or not he has written assurance from Fleet Aerospace that over the long-term Saskatchewan jobs will be guaranteed, because the minister said last fall that he had assurance. And I say to him that unless he's got that assurance in writing, it means very little.

I want the minister also to provide me in writing, to give his commitment that he will be providing me in writing, the answers that he refused to provide me before on exactly how much the government received from the shares that you sold — the province of Saskatchewan shares in SED Systems — what the amount was that you received from Fleet Aerospace? You sold those shares for little more than a million dollars, Mr. Minister. For little more than a million dollars you traded away an opportunity for the government of Saskatchewan to ensure in the long term that SED remain a Saskatchewan-based company, because the history of Fleet Aerospace, the minister will acknowledge, is such that there have been numerous examples of other high-tech companies that Fleet Aerospace purchased and

very quickly pared down, consolidated, wound down — lots of examples of employee lay-offs in companies that Fleet Aerospace have purchased in other parts of North America.

The minister says that Fleet Aerospace is building. I say to the minister that Fleet Aerospace inherited a very generous gift from the Government of Saskatchewan in the form of grants and interest-free loans that were originally made to SED Systems to build at the University of Saskatchewan, and Fleet Aerospace has been the lucky recipient of that Saskatchewan government money.

If that's what you call building, I'd say there's been little that Fleet Aerospace has had to put into that new University of Saskatchewan facility.

So I ask the minister again, will he indicate to this House whether he has written assurance from Fleet Aerospace that SED Systems jobs, as they currently exist, will be guaranteed in the long term in this province; and if he doesn't have written assurance, will he explain to this Assembly why he sold the \$1.1 million worth of — approximately; I'm asking for the exact amount from the minister — but why he sold the government's shares in SED Systems to Fleet Aerospace without getting written assurance from Fleet Aerospace that Saskatchewan jobs would be preserved here in the long term.

Hon. Mr. Andrew: — Mr. Speaker, the deal with SED and Fleet Aerospace falls under the jurisdiction of CICII, or the Crown corporations side, and those are the people that negotiated. It was not Economic Development and Trade, and I think the member is more appropriate to ask that question of the minister responsible in Crown Management Board because that's where the whole thing was perpetrated there, and I think the response or the question might be appropriately asked in question period or in there, but not in the estimates of Economic Development and Trade because we haven't been doing it.

But let me leave only the hon. member from Saskatchewan University with this question: what bothers you the most, really, down deep inside? Is it the fact that a company came in and took over and is expanding it? Are you really concerned about the ownership not being in government and in the private sector, or are you concerned about the fact that SED and Fleet Aerospace are now doing military contracts or are bidding on military contracts? Well that creates lots of jobs. Isn't that really what the hon. member is against, is the fact that nobody in this province should bid military contracts? Isn't that that's really what it is all about?

Item 1 agreed.

Item 2 to 8 inclusive agreed to.,

Vote 19 agreed to.

**Consolidated Fund Budgetary Expenditure
Economic Diversification and Investment Fund
Economic Development and Trade
Vote 66**

Items 1 to 4 inclusive agreed to.

Vote 66 agreed to.

**Supplementary Estimates 1988
Consolidated Fund Budgetary Expenditure
Economic Development and Trade
Ordinary Expenditure — Vote 19**

Mr. Chairman: — Any questions?

**Supplementary Estimates 1987
Consolidated Fund Budgetary Expenditure
Economic Development and Trade
Ordinary Expenditure — Vote 19**

Item 1 to 4 inclusive agreed to.

Vote 19 agreed to.

Mr. Chairman: — I'd like to thank the officials.

Hon. Mr. Andrew: — Yes, Mr. Speaker, I'd like to thank my officials. I also would like to acknowledge the member from Riversdale. I quite enjoyed the debate of being wider ranging than simply rhetorical and repetitive. So I quite enjoyed the debate this evening and this afternoon.

The committee reported progress.

MOTIONS

Hours of Sitting

Hon. Mr. Berntson: — Mr. Speaker, by leave of the Assembly, I move, seconded by the Minister of Justice that:

Notwithstanding rule 8(3), the daily order of business for Tuesday, September 29, 1987 shall be the same as Monday, and the daily order of business for Wednesday, September 30, 1987 shall be the same as Tuesday as prescribed in rule 8(3).

I move, seconded by the Minister of Justice.

Leave granted.

Motion agreed to.

The Assembly adjourned at 10:15 p.m.