

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

ORAL QUESTIONS

Free Trade Negotiations

Mr. Romanow: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Premier, and it has to do with the free trade talks and, in particular, with the announcement in today's papers and media that there is an attempt to return to the talks by virtue of the appearance in the United States by the Hon. Pat Carney and the Hon. Michael Wilson.

Mr. Premier, as you know, the Prime Minister has indicated that there would be no return after the announced suspension of last week unless and until the Americans made significant concessions. Would you be kind enough to advise the House, sir, what kinds of concessions the United States has made in order to justify the resumption of these negotiations at this stage?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, as far as I know, there are no negotiations. Nobody's back to the table; no formal negotiations, but cabinet ministers are speaking to cabinet ministers on both sides of the border. So they are examining the possibility of whether it's worth going back to the table in a formal way.

The President of the United States knows our bottom line with respect to several points. The most important would be the whole question of subsidies and a trade dispute settlement mechanism. I'm sure, as my hon. friend knows, that the Americans are doing some real soul-searching these days in public — as usual for Americans. And it's not easy for them; it's not an easy topic to negotiate to a final settlement.

But as far as I know, nobody's at the table; that there's cabinet ministers talking to cabinet ministers exploring the possibilities that may be there.

Mr. Romanow: — Mr. Speaker, a supplementary. I would agree with respect to the Premier's observation that the negotiations have not been resumed in the sense of Mr. Reisman and Mr. Murphy, but I would submit to the Hon. Premier that there is a resumption of discussions, if not negotiation, by virtue of the cabinet ministers' contacts.

And my question to you, sir, is this: why is it, from your communications with the Prime Minister, that Canada is taking the initiative to get back at these negotiations when Canada has already, seemingly, at least by my judgement, given up so much in advance in the negotiations? Why is it that Canada is in the United States pleading the United States for the resumption, when in fact the reverse is what the Prime Minister indicated would be the position before there was an resumption?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — With all respect, you have it backwards. The United States knows that we pulled away from the table, and the United States is asking us what might get the negotiations going, and they're talking to cabinet ministers, both by telephone and in person. And as well, I believe that there are monetary meetings that are going on in Washington that involve six or seven countries, and the Minister of Finance, as I understand it, has been there as a result of those. And there's certainly nothing wrong with cabinet ministers talking to cabinet ministers about the whole process.

Now I understand that you're against the whole concept of trade with the United States and the free trade negotiations. You've said so. You've even introduced a resolution here, but I don't want you to take that stand and confuse it with reality in terms of what's going on between the two countries. The negotiations are important. I know the NDP would not have initiated them. They revel in the joys of protectionism. And I . . .

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

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, a new question to the Premier. These questions have been offered to the Premier in the spirit of actually getting some information and answers to the questions which have been put. And with the greatest of respect, I think rhetoric doesn't help the dialogue any.

My question to you, Mr. Premier, is this. It is the Canadian ministers who are in the United States; it is the Canadian government that is pushing for the resumption, by all of the public information that we have. In view of the fact that you are in consultation with the Prime Minister and are Mr. Mulroney's biggest booster of these free trade negotiations, will the Premier advise whether or not there is an agreement to push back the deadline that the Congress has set in the United States for a deal, namely October 5; and if so, whether or not the Prime Minister has advised you what further concessions the Canadian government is prepared to make in what I would say is their indecent haste to get the Americans to resume the discussions?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Speaker, in all respect to the hon. member, the public of Canada needs to know quite clearly what the NDP position is on trade. I think that's fair, to know what your position is. I mean, you're an opposition member; you're sitting in the legislature; the same applies across Canada. That's only fair to know what their position is. So I stated the position; if it's different than that, then I'm sure that you could make it clear.

Secondly, with respect to the negotiations that are going on: Canadians pulled back from the negotiations and said, here's the bottom line. Americans have been responding since that time. I don't know whether there will ever be negotiations, formal negotiations, again. But

Americans are taking another hard look at what the bottom line is, and I don't think it's anything that Canadians would have to do; it's what Americans will have to do to decide.

If I could, Mr. Speaker, if you recall the words of Senator Bentsen, who is head of the finance committee in the Senate — a lot to do with the trade stuff — said something to the effect: well how can we cut a deal with Canada when we trade with people all over the world and we'd have to have the same arrangement.

Well it seems to me, Mr. Speaker, what Americans have to decide is if they want an example for the rest of the world. And that's what Senator Bentsen has to come to in his heart of heart and his soul to decide: do they want to show the rest of the world precisely that. Here is how you should trade, with less tariffs and less subsidies and a new mechanism. That's the question Americans have to decide, and there's really nothing else that is on their mind except their own political analysis and temperament these days, and that's what we're watching.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Premier. The facts are that the Prime Minister has said that there will be no resumption of negotiations — I will use the word "discussions"; I think they're in the same category — unless there are concessions made by the Americans in the light of Mr. Reisman's walkout of a few days ago.

The Premier today says that it is the Americans who are seeking to have the talks resumed. My question to you is very simple. That being the case, in the light of the dictum of the Prime Minister that the Americans must be making concessions, what has the Prime Minister told you about what concessions they are making? Or is it the fact that we continue to make concessions to the Americans and put all of our trading eggs in one basket to the detriment of Canada? Is that the situation?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, again with all respect, the opposition member has it backwards. And I'll just lay it very clearly: we said, here is the bottom line. They didn't say that. Let's get the facts straight. We said, here's the bottom line; either live up to these expectations or it's done. And we said that very clearly. We said, there's no more to even talk about until you can live up to at least this. Now Americans are reviewing that, Mr. Speaker, seeing if they can live up to that.

And let's make very clear: there's a difference between negotiations and discussions. So I won't let you off the hook on that one. There are no formal negotiations going on; we closed them down. Americans are talking to us to find out whether they might be able to have negotiations opened again. And we're saying, without a relook at trade-remedy law, there isn't any point.

So they are reviewing that, reviewing their own political problems in the United States, whether they're going to be free traders or protectionist. They have to resolve that

themselves, internally, and if they can bring a solution to the table that fits ours, then there's a possibility we could have negotiations started again.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, a new question to the Premier. I'm having a little difficulty understanding exactly how it is that the Canadian minister in charge of the free trade negotiations, the Hon. Pat Carney, is in Washington, presumably discussing, but not negotiating. It is correct that she may not be negotiating the details of a free trade deal, but would you not agree with me, Mr. Premier, that what she is doing there is negotiating how those free trade talks can get back on the rails?

And that seems to be precisely contrary to what the Prime Minister and you have assured the people of Canada, namely that it wouldn't be our ministers taking the initiative, it would be the American ministers taking the initiative. And I want to know: what is it that we're giving up some more in order to get these talks resumed?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, I can only reiterate to the hon. member what I've already said and what the facts are. The Americans are reviewing the negotiating mechanism because we decided to close it down. And they are talking to cabinet ministers, and the message that's going back to their cabinet ministers, Mr. Speaker, is the very same thing that the Prime Minister said: we have a bottom line, and if you're not prepared to deal with that bottom line, then there's no point in even thinking about coming back to the table. And that's precisely what's going on.

And I may make the final point, Mr. Speaker. It is in the best interest of both countries to have a new trade arrangement that would be fairly designed for both sides. That's the objective, and I believe it's extremely important. If the two largest trading countries in the world could have a satisfactory — mutually satisfactory arrangement in trade — we wouldn't be into the potash problems we have today or the hog problems or the steel problems or many others that affect people at IPSCO, affect people at Intercontinental Packers, affect our oil and gas industry, affect our uranium industry. Thousands and tens of thousands of jobs across the country could be secure knowing you have access to each other's markets. That's what it's for.

Now some political parties wouldn't even try, and we know you're one of them, but that's fair ball. We have tried, and I believe history will report, Mr. Speaker, whether this works or not, that at least somebody had the courage to try to make it better and not leave their head stuck in the sand.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — Mr. Speaker, supplementary to the Premier. Based upon the information you have received from the Prime Minister and from his officials and colleagues at Ottawa, would it be your judgement that Canada, in the last 48 hours, has begun the process of

abandoning what was our number one priority, our essential requirement of an impartial, binding way of settling disputes? Would you say that that's what's going on in the last 48 hours?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, it's interesting to watch. The opposition has finally figured out there's trade negotiations going on. I mean, they wouldn't ask a question about it for months and months . . . (inaudible interjection) . . . I'll say. Let me reiterate for the two members sitting there opposite.

The negotiations broke down because Canadians and Americans were not coming to the table. They've laid out clearly what has to be there by Americans to make it worthwhile for Canadians, or we'll just take them on, as miserable as they are, under the protectionist mood that they're in. Now they, presumably, were a little bit surprised that we would finally pull back and say, that's it, no sense talking. So they're re-examining their whole approach and they're talking cabinet ministers to cabinet ministers.

Now it may not come to pass — and if Americans can't pull together the courage to deal with a partner, their best trading partner, and a \$200 billion a year potential two-way trade future, if they can't resolve that, then they'll go down in history as the people that wouldn't come to the table. Because we've said, here is the bottom line and here are the things that we have to have, because there's no sense signing a deal and have the same rules we have today — clearly. So they are trying to decide internally in the United States whether, in fact, they really do have the courage to face Canadians eyeball to eyeball and trade fairly back and forth with a mutually designed set of rules, new rules.

They are trying to do that, Mr. Speaker. We're watching them in their agony going through this. And if they come to the appropriate place where they say, yes, I can deal with that, then we'll be negotiating . . .

Mr. Speaker: — Order, please.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — Supplementary, and this will be a short and simple question. So far as you're aware, Mr. Premier, is it part of the Canadian bottom-line position that there be not a new set of dispute-resolution mechanism — not a mutually designed one; however many euphemisms may be used for a back-off — but what Mr. Mulroney has consistently said, an impartial binding way of settling disputes. Is that still part of the position, or are we now hearing mutually designed ones and other euphemisms for a back-off?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, Friday in the House I passed to the opposition the five fundamental elements of the Canadian position. And I can read the last one which clearly lays it out, and you have it; so I'll just make a point.

Finally, the rules governing the disciplines apply to fair and unfair trade, i.e., subsidies and countervailing duties, dumping and anti-dumping duties, import surges, and safeguard actions, and other trade remedies must be spelled out in the agreement in the clearest possible terms. And the application of these rules must, in the event of unresolved disagreement between the parties, be subject to impartial, bi-national, and definitive resolution.

Now, Mr. Speaker, that's about as clear as you can cover, and the hon. member has it. They go on to talk about four others linked to agriculture and several other things, but the opposition has that, Mr. Speaker, and it lays out as clearly as you can what the bottom line is. And so the Americans are reviewing this to find out whether, in fact, they have the courage to meet these rules and fundamental elements laid down by Canadians.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Mr. Speaker, I think no country would have very much difficulty dealing with a dispute resolution mechanism which was impartial, bi-national, and definitive but not binding. And it is the word "binding" that I want you to say yes or no as to whether or not that's the position of the Government of Canada as far as you're aware.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — I mean, see . . . I don't . . . what sure the textbook definition of definitive is, but to me it sounds fairly final. Okay, definitive is final — definitive resolution. Mr. Speaker, let's just make it very, very clear. These people are asking about this mechanism: one, they . . . knowing that they wouldn't even try it, and secondly, the major question, if I could point it out, Mr. Speaker, is the question of their fear of American investment. American investment, that's what their fear is. Americans might invest here.

Well, Mr. Speaker, let me just point out from a Saskatchewan point of view: if Saskatchewan people could just have the same amount, Mr. Speaker, the same amount of American investment that Mr. Broadbent has in his riding, Mr. Speaker, I promise Ontario people we won't take any more for at least 20 years after that. If we can just have the same amount of American investment that the NDP will let Ontario have but won't stand in this legislature . . .

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

Some Hon. Members: Hear, hear!

Overcrowding at Saskatoon Correctional Centre

Mr. Mitchell: — Thank you, Mr. Speaker. My question is for the Minister of Justice, and it concerns the Saskatoon Correctional Centre. That's an overcrowded facility, Mr. Speaker, and the minister knows that. It was built for 132 inmates and it has frequently up to 270 inmates located in it — more than twice its rated capacity. And people are sleeping in class-rooms, and in the gymnasium, and in rec rooms.

The correctional workers went public last week, Mr. Minister, and through press releases and through a demonstration tried to publicize this overcrowding and their staff shortages and the security risks that result to the people who work there, and indeed to the general public.

Now my question to you is: do you agree with the argument; do you recognize the argument that this kind of overcrowding presents a serious security risk, not only to the prison guards working inside those institutions, but indeed to the general public?

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: — I think the hon. member in directing his question tried to leave the impression that the facility could only handle 132 people. And I think he knows full well that since the construction time that there has been significant modifications in order to accommodate many more prisoners than the original plans for 132. We dealt with that in estimates.

With regards to the SGEU demonstrations last week in Saskatoon, I think the basis and the underlying purpose of the demonstrations was to indicate somehow that — and as you know it's been an ongoing thing — these particular facilities are not safe for the employee.

To a degree they tend to want to superimpose standards for all government employees for those working in correction centres. And I think that it's only reasonable to suggest somehow that the person working in the correction centre is going to face perhaps more potential danger than someone working in a day care centre, or someone working in an office building. That's clearly a fact.

Clearly what we want to do is ensure the safety of the people, of the guards working at those particular institutions. That has been a problem throughout this country for a long period of time, and I would suggest that the facilities in Saskatchewan are — while you have to judge it by a standard — are as safe as institutions in any other place in this country.

Some Hon. Members: Hear, hear!

Mr. Mitchell: — Supplementary, Mr. Speaker, following from that answer. My information is that your department has failed to fill a number of positions in the Saskatoon correctional facility, and these are correction worker positions. And indeed, it seems clear that further staff cuts are being planned.

Now in light of this overcrowding that you must know has taken place, is taking place very day, and in this time of high unemployment, why not give work to some of the unemployed people in Saskatchewan by training them to do the work of a correction centre, and get a decent number of correction workers in there to look after this very large number of prisoners?

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: — Well I think it would be unfair to

say, as you do, that there's going to be in fact further lay-offs in correction workers in the province of Saskatchewan, because the hon. member knows that in fact facilities or . . . for the particular facilities are going to be expanded with the further construction in Regina and further development across the province.

So I suppose when you come down to it you could say, well, should we have twice as many guards in our correction centres as we have today. And that you have to, as you full well know, perhaps trade off with . . . if you're going to spend more and more dollars in the correction area or in the justice area, and the Justice budget is increasing some 17 per cent this year, then we all know that that has to come from some place.

Do you take it away from Health? Do you take it away from Social Services? Do you take it away from the farmers? So I think that on the whole, the correction workers and the budget for corrections has in fact been as good as any other budget in the sense that they have as much or more than they had last year. And I think all people in society have to, given the trouble in agriculture . . .

Mr. Speaker: — Order, please. Order, please. I think the minister has made his point.

Mr. Mitchell: — Supplementary, Mr. Speaker. No matter how you say it, Mr. Minister, you come down to the plain, simple fact that you got twice as many prisoners there as you should have, and you're trying to do that work with the same number of correctional guards.

Let's put it this way: in light of the fact that you and the correction workers are at odds about what is the situation out there, would you at least agree to deal directly with them and not just stand here and try and rationalize the problem away? Will you agree to meet with these people, sit down, discuss their concerns, and attempt to hammer out some kind of an agreement?

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: — Well as the hon. member knows that they are a group within SGEU (Saskatchewan Government Employees' Union), and as the member also further knows that SGEU is negotiating with regard to salary, etc., with the provincial government . . . And I would hope that the hon. member is not somehow suggesting that I should go deal with a particular little group to negotiate what they want to see with regard to their contract in this particular year. That clearly, I would think, would be an improper way to go.

There is negotiations going on between Mr. Thompson, a long-time civil servant in this province, worked for your government as well as ours, and that negotiation is continuing, and I think that's the proper way by which negotiations should be conducted. They've been conducted for a long time that way, and they should continue to be conducted that way.

Federal Government to Monitor Legal Aid Fees

Mr. Hagel: — Thank you, Mr. Speaker. A question to the

Minister of Social Services, and it has to do with the federal government's announcement that it intends to monitor the introduction of legal aid fees in Saskatchewan to protect the right of poor people to their right to counsel in this province.

And I ask, Mr. Minister, if you can confirm that, in spite of the fact that legal aid is a cost-shared program funded almost equally by the federal government and by the Government of Saskatchewan, that as a matter of fact you failed to consult with the federal government before introducing your unfair legal aid fees.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, I'm not so sure that was a question at all. However, I'm pleased to see the federal government is monitoring legal aid, and I would hope that if they think more money should be spent, that the federal government will agree to pay more money.

In the meantime we are providing a fair and adequate service to the poor and to those people who can't afford to pay the full fare for legal aid. And some people are paying a little towards their legal aid, and that seems fair. And we will have to see how it goes.

Some Hon. Members: Hear, hear!

TABLING OF DOCUMENTS

Ms. Simard: — Before orders of the day, Mr. Speaker, I have another 339 signatures to file here to add to the 1,300 that have already been filed. And they aren't formal petitions, Mr. Speaker, but they're documentations that say, and I'll just read from the top one. There are a number of them, but I'll read from the top. It says:

We, the undersigned, request retaining (and it names the pharmacy) as a collection agent for Sask Power utility bills.

And that's what these pertain to. Thank you.

Some Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Motions for Interim Supply

Hon. Mr. Lane: — Thank you, Mr. Chairman.

Resolved that a sum not exceeding \$289,033,400 be granted to Her Majesty on account for the 12 months ending March 31, 1988.

Mr. Tchorzewski: — Thank you, Mr. Chairman. I want to make a few remarks on this interim supply Bill. I draw it to your attention first of all, Mr. Chairman, that this is the fourth interim supply Bill in this session. That is the first time, as far as I'm able to determine, that a legislature in Saskatchewan has had to pass four interim supply Bills

because of the lack of a budget.

Mr. Speaker, I think that that tells us something, and it tells the public of Saskatchewan something. It tells the public of Saskatchewan how badly this government has mismanaged and how unable and incapable this government has been in getting its house in order so that the affairs of the people of this province can be handled adequately and in terms of the kind of efficiency that the public in Saskatchewan has grown to expect.

As I have said on previous resolutions of this motion, there obviously is a recognition that an interim supply Bill is something that has to be passed. In order for the bills to be paid and in order for people's wages to be paid who work for the Government of Saskatchewan, an interim supply Bill is required. But I want to say without any uncertainty, Mr. Chairman, that it is becoming increasingly more difficult for the members of the opposition to deal with this kind of a motion. And although we feel we have to pass it, we are growing increasingly more reluctant to do so every day.

And the reason for that, Mr. Chairman, is that every day, almost without fail, there is information showing how badly this government has mismanaged the money that it is supplied. Almost on a daily basis there is wasteful expenditures; there is patronage at previously unknown levels; there is political advertising; for example, in September of 1986 for one single month, for one program called the home program, which cost \$250,000 in that month.

Now surely, Mr. Chairman, that is unacceptable. And that is an example of the grossest type of wastage of taxpayers' money — \$250,000 in one month to advertise one program because the government wanted to do some political advertising and it didn't want the Conservative Party to pay for it; it insisted that the taxpayers of Saskatchewan pay for it. That's just another example.

Other examples, Mr. Speaker, are that while we are passing interim supply resolutions and interim supply Bills, we still have hospital beds that remain closed. The government opposite asks for millions of dollars every month to pay the bills, but hospital beds are being closed. The numbers of people on the waiting lists keeps growing.

Taxes are collected; the government asks for those taxes; the legislature provides it, but there seems to be very little result that will benefit the taxpayers of Saskatchewan for the money that they have to shell out.

And so I simply say that although the government is spending more money and collecting more taxes, the people who pay those taxes are getting less. But some people aren't getting less. The Minister of Economic Development and Trade thinks nothing of spending \$2,500 to jump on a government airplane and fly to a family wedding in Calgary. Those are the kinds of ridiculous expenditures that this government is making when taxpayers supply them with the money, as this resolution and this Bill which we are going to deal with today does.

And while the Minister of Economic Development and Trade thinks nothing of flying off to Calgary at taxpayers' expense to attend a wedding in his family, many families in a community that I'm familiar with, of Arran, Saskatchewan, now find, since the school has begun, that they have to drive their children 60 miles to see a dentist because the children's dental program has been eliminated.

Now those are the kinds of priorities, Mr. Chairman, that I say make it much more difficult for us to deal with this resolution every time it comes before this House. People are paying more, but friends of cabinet ministers and cabinet ministers themselves and PC Party members are paying less. That's another example I want to draw to your attention.

I invite you, Mr. Chairman, and other members of the House to look at the Estimates for 1987-88 which the Minister of Finance tabled in this legislature back on June 17 of this year. I invite you also, Mr. Chairman, to consider that in 1986-87 it was estimated that corporation income tax would bring to the treasury of Saskatchewan \$162 million. But for 1987-88, the Minister of Finance tells us that he's only asking the corporations under the corporations income tax to provide \$130 million, a reduction of some \$32 million, while at the same time, Mr. Chairman, we are being asked through his budget to pass that individual income taxes should increase from \$698,800,000 in 1986-87 to \$751,500,000 in 1987-88.

And the same applies when you deal with the question of sales tax. The increase in the amount of sales tax collected is equally as huge. I point out to you, sir, that this is for only half of this year. In 1986-87 the amount of money that this government collected in sales tax was estimated to be \$386 million, but with the increase of 40 per cent in the sales tax, this government for six months will collect \$467,300,000 — a huge increase.

Now I just want to say, Mr. Chairman, that there is a double standard here. The corporate sector and the wealthy sector are asked in this year to pay less taxes than they paid last year, but people who have to buy things for the children, who have to pay rent and mortgages for their homes, who have to go to work every day to be able to feed their families, are being asked to increase the amount of tax contribution they make, dramatically, in their individual income tax and in their sales tax.

I say, Mr. Chairman, that the waste, the corruption, the patronage, the dishonesty, and the mismanagement of this government has reached scandal proportions. There is no doubt about that, and I can tell you that that is the view that is, in growing numbers, being shared by the people in Saskatchewan who see their taxes going up, but their services going down.

Now many times the Minister of Finance has said, and another minister of Finance has said, the one before him, oh, but we've had such difficult times. And I say, Mr. Chairman, to them, it's got nothing to do with difficult times, because while they were making some of the most wasteful expenditures that this province has ever seen, and the piling up of a deficit, which now they claim to be

accumulated to be \$3.4 billion, the revenues that they had, particularly from resources, were not going down.

In 1981-82 the resource revenues for this government were \$760 million. Did they decrease in 1982-83? Of course not. Resource revenue increased in 1982-83 to \$770 million. And in 1983-84 there was a modest decline, but not below what they got in 1981-82 — it was \$760 million. And what about 1984-85; did resource revenues go down? Of course not. They increased to \$865 million.

And while those revenues were going up in that kind of magnitude, this government was running ever a brighter and greater deficit, so that today when the minister stands up and moves a motion for interim supply, he is asking for money to pay for the interest that this government has to pay for the debt which this government has incurred through its mismanagement.

This year through this interim supply Bill and the final passage of this budget, the taxpayers of Saskatchewan are going to have to pay in excess of \$300 million in interest charges on the debt that this government has accumulated because it did not pay attention to good management. In spite of the fact that it had increasing resource revenues and, over the longer period of time, stable resource revenues, it still accumulated a huge deficit.

But what is so wrong, Mr. Chairman, as we are asked to provide this money is that while there have been massive increases on citizens who work in our cities and in our towns, and who farm in our rural areas to the extent that, since this government was elected, a family of four has seen a tax increase of \$2,160 while their incomes have either stayed about the same or in many cases have been reducing — while that was going up, this government tells those people who pay those additional taxes that urban capital grants are going to be eliminated; that the education development fund is going to be cut in half; that school grants are cut; that urban revenue sharing is cut; that the farm fuel rebate program was cut by more than 50 per cent — so much for these great spokesmen for rural Saskatchewan — that there were savage cuts to technical institutes. Youth employment programs, while our unemployment among youth is growing rapidly, youth employment programs are being cut.

We now have a net out-migration of people from this province to the extent of 14,000 in 1986 and even more in 1987. And whereas the Minister of Finance should be standing here today and saying, I need some money in this interim supply to pay for youth employment programs, his Minister of Social Services, or whatever the new title of that massive department is, says, we don't think that jobs are important for our young people. The deficit is more important.

Those are the kinds of priorities, Mr. Chairman, that make it more difficult for the opposition to pass this interim supply Bill. While the government is saying to those people that I have mentioned in those municipalities and those school boards, if you want to be able to operate, you go and get more money out of the property taxes, are they treating some of their friends in the same way? No,

they're not.

If you look at the list of friends of the politicians opposite and of the Conservative Party who've been appointed to lucrative positions, the list is almost endless. And this interim supply resolution and Bill which we're dealing with today is asking for money to pay for some of that. I give you the example of one Mr. Paul Schoenhals, the chairman of the potash corporation. We're asked to find money so that he can live in great comfort — defeated cabinet minister. There is one George Hill, who is the former president of the Conservative Party. He, too, is not having to sacrifice. A former cabinet minister, Tim Embury, is part of an organization which we estimate is now receiving somewhere in the area of \$3 million to instruct the government on how to down-size government, but he's already done that with this budget. Mr. Embury is doing very well, while everybody else is being asked to pay more in their taxes.

(1445)

There's another MLA who was defeated in the October 1986 election, one Keith Parker, from Moose Jaw North, who's now living very comfortably as an executive assistant in Saskatchewan Liquor Board. Another cabinet minister, Paul Rousseau, off in London, England, as the agent-general. Mr. Dutchak, who was for a while the acting president of the Saskatchewan Housing Corporation.

Why, Mr. Chairman, do the taxpayers of Saskatchewan have to pay more and more taxation and get fewer and fewer services, and therefore sacrifice, but these people who are close to the Conservative government cabinet don't have to do the same? Why do we have to have this double standard, where some can get all they want whereas the vast majority of people have to pay more so that those some can get what they want?

Now, Mr. Chairman, I won't pursue the full list here, but I could just quickly draw to your attention the way in which the new Ombudsman was appointed. And I'm not critical of him as an individual, but this legislature was never asked in the appropriate way with consultation among the leaders of the parties on who the Ombudsman should be. This interim supply Bill is going to pay part of his salary. We have the new property management corporation, and there's in that corporation a Buy Saskatchewan agency. It's headed by one Ron Dedman. I don't know Mr. Dedman, but I do know that he was the former ministerial assistant to the economic and development minister, the member from Kindersley. He's moved along very well.

Mr. Chairman, there is a former federal Conservative candidate by the name of Gordon Dobrowolsky. He's earning something like \$40,000 a year as an assistant to the Premier. One Gordon Currie, who's been named chairman of the board governing the drug and alcohol treatment centre in Yorkton; there's a part-time chairman of the Labour Relations Board who, I'm told, in 1985-86 — part-time chairman — was paid \$122,000. Now is it so difficult to understand why Saskatchewan taxpayers would be concerned about paying more taxes when the Minister of Finance will ask for money in this House, as

he's asking today, to pay for these kinds of patronage appointments. I share that concern of the Saskatchewan taxpayer. They have a right to expect fairness on the part of their government. They don't have a right to expect otherwise.

Now the other concern I have here, Mr. Chairman, is the lack of accountability. We have seen over time this government ask for money, spend the money, and then refuse to inform the Saskatchewan taxpayer how they're spending that money — example being — one example being the *Public Accounts* for 1985-1986 which did not get tabled till July of 1987, 17 months after the close of the year for which those *Public Accounts* are supposed to be reporting.

We have a case of a deficit now, as reported in this budget by the Minister of Finance, where he was out in his deficit prediction by \$800 million. I suggest to you that the Minister of Finance and the government knew, when they presented the budget over a year ago, that their deficit was going to be greater than what they told the Saskatchewan public. But the Minister of Finance and the government denied it even in as late as August of 1986. They misled the public. And now we have the case of a budget which was not shown to the legislature or the people until June 17, the latest period of time ever in the history of the province.

Another example of this lack of accountability is the whole issue of SaskPen, which was raised in this legislature. That involves the expenditures of taxpayers' money through their pension funds. But we have received a report in the Public Accounts Committee — and I read it for accuracy purposes — in which a senior officer in the Department of Finance has reported that SaskPen audited financial statements for the years ended 1984 and 1985 are now being finalized, and I say 1983, 1984 and 1985. And it goes on to say:

The delay in their finalization has been due to concerns expressed by the Provincial Auditor about the valuation of certain real estate properties.

Now the minister has stood in the House and said, oh, that's quite normal. Well it certainly may be normal that investments have been made in property in the past, but it's not normal for financial statements to be three years late. That's lack of accountability. That's taking people's money and either spending it or investing it and then refusing to tell them where you spent it, how you spent it, or where you invested it.

That kind of lack of accountability is unacceptable in this legislature. It's unacceptable to the taxpayers of Saskatchewan who today are being asked to approve another one-twelfth of the budget of this government to spend on their behalf. If they thought that this expenditure was going to be done correctly and in their best interests, I think they would mind less. But they know by experience and by the refusal of this government to account for those expenditures, that they're not being asked, they're not being spent correctly, and they're not being reported to them.

And the final point I want to make, Mr. Chairman, is the matter dealing with the Provincial Auditor. Now here is the one key officer of this legislature who oversees the expenditure of government. The Provincial Auditor is an officer of this Legislative Assembly, not an officer of the government, not an officer of the opposition. He answers to neither of us individually; he answers to this Assembly.

All throughout his report, the latest report which we have, he reports of inappropriate expenditure of money. He expresses concern that the government is proposing to amend The Provincial Auditor Act, which will even reduce more his power to oversee the expenditures of the government and report to this Assembly, which means reporting to the Saskatchewan citizens.

Now I object to the fact that the minister was not being accurate the other day. When questioned on this issue, he said that the Provincial Auditor had asked for the proposals submitted by the private sector audit companies to be able to do the audits of the Crown.

And yes, he had asked for that, but the minister did not finish. He stopped and used selective information in order, I suggest to you, to mislead, because the Provincial Auditor was not requesting only that. The Provincial Auditor, and I quote him, was requesting, I quote:

... requested from Crown Management Board copies of their communication to private sector auditors in which I want to know the content of those communications to private sector auditors to make sure that the private sector auditor has been told that he will be doing the same thing as I was doing.

In other words, it is important that the private sector auditors — and it's not the issue of whether the private sector auditors or the Provincial Auditor — the issue is to assure that the private sector auditors will do the work that the Provincial Auditor has prescribed, because of the legislation that puts him into place, the work that must be done.

And this government has instructed . . . And the Premier and the Minister of Finance and the Deputy Premier are all on the board of the Crown Management Board. And that board, that group of politicians, has instructed the officers of the Crown Management Board not to provide the Provincial Auditor this information.

Now, Mr. Chairman, that's lack of accountability. That is saying to Saskatchewan people that on September 28, today, we are going to ask you for one-twelfth of the budget so we can spend those hard-earned tax dollars which you give to this government. But if you ask us how we spend it, we'll decide whether we will tell you how we spend it. That's the kind of attitude this government is having with regard to accountability.

And I say, Mr. Chairman, they will rue the day for treating — or I should better say mistreating — the Saskatchewan public in this way. No elected government in a democratic state or a democratic legislature should have the right, or even the nerve, to refuse to account for how it handles the public money.

This government has refused on many occasions, or has delayed on even more occasions, and because of that its accountability is questionable. And for that we are very reluctant to approve this resolution which will be followed with a Bill of interim supply, asking for one-twelfth of the money for the government to spend in this year's budget.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Thank you, Mr. Chairman. I would like to participate in this debate this afternoon and really try and express my frustration to the Assembly and to the people of Saskatchewan, as they have expressed their frustrations to me with regard to the Conservative government.

We have seen a government come forward in 1982 and get elected on a number of promises that they made with respect to fiscal responsibility. They made promises about good management and how good management of government should be undertaken. They made promises of better health care services, and of course they made the famous promises — or infamous promises, as we see now — of lower taxes.

And, Mr. Chairman, I feel a sense of frustration because up until about 1980, '81, '82, people had some sense of understanding that government would be fair in its dealings with people; that if an individual, whether it be a business man, or a lawyer, or a person who works at IPSCO, or a farmer, who got involved in politics and got elected on the basis of their word was their bond, that if they became elected to the government, that things that they said during the course of an election campaign would be real; that things that candidates who became elected officials and members of a government, saying things during an election campaign and prior to, that they were going to do, that once they got elected that those things would become real; that they were actual, sincere thoughts and sincere words.

And what we've seen, Mr. Chairman, is that kind of understanding that most people in this province had of their elected politicians at the municipal and provincial and federal levels has been destroyed. People no longer accept the words of Conservative politicians when they say we're going to (a), (b), (c), or (d). They don't accept any more the word of the member of Finance who says in all of his forecasts and deficits that this is what we're going to undertake to provide in terms of a deficit, and he's way off base. They can accept a 4 or 5 or even a 10 per cent error in judgement or forecast because that's what forecasting is all about. It's a ballpark figure; it's not a precise figure.

What this government has done, is introduced into our society and to Saskatchewan, and even the Mulroney government federally has introduced into our country, is no ballpark forecasts and no credibility in terms of what people say and that they mean what they say. They have, on the other hand, Mr. Chairman, introduced a sense of incredibility, that you cannot believe the words of Conservative politicians.

The member for Qu'Appelle-Lumsden, the Minister of Finance, very clearly made a forecast of a deficit for the '86-87 fiscal year that was 205 per cent off the mark. And now what he is doing in this Assembly through his budget, and now asking for some money again with no real sense of commitment, is for more money to provide money to pay for debt and pay for services that people in this province feel a bit concerned about.

We see the minister making a forecast of \$557 million for this year alone, and that's more than a half a billion dollars in a deficit forecast for this fiscal year, which is a jump of 48 per cent over the previous deficit forecast for '86-87. And when you look at the forecasts, Mr. Chairman, you see that in 1982 to '83, the forecast for the Minister of Finance was about \$219 million deficit. That was the forecast for that fiscal year. The actual was \$227 million, which was about 4 per cent higher. That's not a bad, bad forecast.

(1500)

In '83-84, there was a deficit forecast of \$316 million which was a 50 per cent jump over the previous year's forecast. But the actual expenditure was only 5 per cent higher than the forecast, so it's still not bad. But the 50 per cent increase was an alarming precedent, Mr. Chairman. In '84-85 the forecast was \$267 million, and the actual deficit expenditure was \$379 million, which was a 42 per cent error — a 42 per cent error in terms of the forecast of the deficit.

The 1985-86 fiscal year, which was the year that many Conservatives believed that we would have an election campaign, there was a forecast of \$291 million which was a 10 per cent increase from the previous year's forecast, but the actual expenditure was \$584 million, or 101 per cent off the mark. That's almost as bad as black and white, or yes and no. It's not even within the realm of a forecast. It's way off the mark. And of course we're seeing the reasons for that incredible forecasting job of the Minister of Finance.

The 1986-87 forecast deficit was \$389 million, which is 30 per cent higher than the previous year's forecast. But this was the year, Mr. Chairman, of the famous forecast, the incompetent fiscal irresponsible expenditure of the Minister of Finance, which was 217 per cent greater than what they had forecasted — 217 per cent off base.

And now we're seeing in this fiscal year, Mr. Chairman, an increase over the 389 of 48 per cent or up to \$577 million deficit. And that, Mr. Speaker, is very alarming. We have the fastest-growing deficit in all of North America. We have, for every individual that is living in this province — whether they are born five minutes ago, or whether they will be born tomorrow, or whether they are adults — an outstanding, long-term debt of \$3,400, which is about \$13,200 per family of four. And that's just the debt; that doesn't count the interest payments that we have to raise, or the government now has to raise through taxes and other means.

Rather than looking at becoming a little more efficient and following the philosophy of the Conservative Party to reduce red tape and to have less government, what they

have done is created a massive amount of red tape, and not just for businesses, but they've now passed on their incompetence of red tape and bureaucratic handling of paper to the registered vehicle operators of this province. Rather than having a few thousand businesses with some red tape, they've expanded that to about 461,000 vehicle licensed operators in this province who are now involved with the red tape, plus all the gas stations that are in business in this province and the operators that are working therein.

We've seen the members opposite, the Conservative Party, talk about in 1982 eliminating the gas tax. And we went through the speeches in this House about their false meanings, that they promise one thing and they mean the opposite; that they say one thing — whether it's in writing or whether it's right here in the House on their feet, it's always the opposite, or they deny having said it.

And I think what we have here, Mr. Chairman, is a government and a party which has lost so much credibility because of its incompetence, because of its betrayal of its own philosophy to the people of this province in its own programs, that people just disregard anything that they say or do. Or if they do, have the Premier or a cabinet minister get up and say, we're going to do a, b, and c; the people of this province know that's not going to happen because they've broken every other major commitment they've ever made as a government and a party.

We heard about the promises of less taxes, Mr. Chairman. They made commitments to eliminate the sales tax. We don't see an elimination; we see an increase of 40 per cent — from 5 per cent to 7 per cent. They promised a 10 per cent decrease in person income tax. We have seen a 24 per cent increase in person income tax — not a 10 per cent decrease but a 24 per cent increase — with the introduction of the flat tax. And that is money that is being used to attack or to pay for their deficit problem, but not to attack the reasons for the deficit.

What have they done with regard to their mismanagement? What have they done with regard to the patronage appointments? They have done nothing at this point other than to accelerate the amount of money that they commit to patronage appointments and to their mismanagement of the government services.

We've seen, Mr. Chairman, not only a cut in the . . . or an increase of 24 per cent in the personal income tax rate, but we have seen as well a total disregard for — and a misleading, I might add — but disregard for their commitment to provide a government that is managed; that we have a balanced budget.

They promised that they would balance the budget. The Premier, before he was Premier, was travelling around the province saying that even if you were incompetent you could balance budgets. By definition, by the theorem, the axiom of equality, if an incompetence could balance a budget, what does that make the Premier of this province? Surely, it's not even at a level of incompetence. He's below that, by his own definition, by his own words, and I think the people of this province recognize that, Mr. Chairman.

But whether it's the promise of balanced budgets, or the promise to never reimpose the gas tax, the promise to eliminate, to cut the provincial . . . eliminate the sales tax, or the promise to cut income taxes by 10 per cent, or the promise to introduce the farm purchase program and keep it going, or the promise to protect our health care system — the PC provincial government has in every instance betrayed the people of this province on those commitments, every single instance.

Whatever they say, whatever the Minister of Finance says, or his government says about a commitment to the people of this province, they do the opposite. Whatever they promise, they betray; they betray the promises; they double-cross people with promises they've made, and of course whatever they suggest in terms of things that a government might do they deny, deny ever having suggested those things.

But on every major commitment to the people of this province, Mr. Chairman, the Progressive Conservative government under the Premier have betrayed their trust, and I think that that is something that will not go unnoticed for a very long time.

The government has indicated today that they want to introduce this interim supply Bill, and it's, as my colleague from Regina North East has indicated, the fourth such interim supply motion that we're undertaking to approve in this Assembly.

What has not been said today is that \$928 million of government expenditure, which is almost a billion dollars, was undertaken prior to the approval of interim supply in June. And that was done by cabinet order. It was not done with any kind of accountability to the people of this province. It was done without any accountability to the members of this Legislative Assembly. The cabinet opposite believes that the money that the taxpayers pay for taxes in this province is money of the cabinet, not money of a Government of Saskatchewan, and they showed that very clearly back in June.

But what they are saying is that rather than attack their incompetence and prove their incompetence, rather than improve their mismanagement, rather than make choices that will protect and help people, they have made choices to increase taxes to the families of this province. Two thousand, one hundred and sixty dollars in provincial taxes have been levied on a family of four by this provincial government in the last four years — \$2,160. A family earning \$15,000 a year has had a tax increase on top of that by the federal government, by the federal Mulroney Tories, of a 92 per cent increase. They've had an increase of 92 per cent. A family of four earning \$100,000 has only had a tax increase of 4 per cent in the last four years under Mr. Mulroney, under the last three years.

And so we've seen not only a massive tax grab, provincially and federally, but we have seen who their targets are. Tax cuts for their corporate friends, tax increases for ordinary people, and not only provincially but federally. And I think, Mr. Chairman, that that is . . . I believe very sincerely that that is not going to sit very well

with the people of this province.

If they were able to receive some services for the increased taxation, if they were to receive a clear accounting of their dollars in terms of job creation, if there was money spent to create jobs, if there was money spent to improve health services, I think many people would undertake to accept the tax increases. But that has not happened.

We've paid more money for taxes and we've received less. We've paid more money . . . we're paying more money for some services, but the services aren't helping the people. What is happening is that they have privatized the drug plan; they're increasing taxes here. But what does that mean? What does the privatization of the drug plan mean to the people of this province? It doesn't mean that they pay less. It means that they pay more.

What does the privatization of the dental plan mean to families? It doesn't mean that they're going to have a better service and they're going to have a cheaper service. It means they're going to have less service and it's going to cost them more, because now parents are going to have to take time off work to take their children to the dentist if they can afford to do that, plus they're going to have to pay their travel costs. In the city, travel costs aren't that great, but you still have to pay your parking costs. In the rural areas you have to pay significant costs, in terms of travelling, in distance and time.

We've seen the Tories gutting the health programs. We won't even talk about the others. What does all of this mean? What does the government opposite plan to do for the people of this province with the increase in taxes? Well all they really do with the increase in taxes, Mr. Chairman, is that they provide more revenues to fuel their patronage machines; and they provide more money to cover up their mismanagement; and they provide more money to their friends, the oil companies — Texaco and Exxon and Shell, and those small, small, starving local companies.

But they have forced out hundreds of dental therapists who have provided the children of this province with years of dedicated and competent service. And there's 411 of them, to our count, that are out of work now. And they say, by their own accounting, that's going to save around \$500,000, which is about two years salary of one patronage appointment, Mr. George Hill, who is the chairman of the Saskatchewan Power Corporation — 411 people out of work because of that decision.

That just has not a negative impact on the families of those people who are working, but what it also does in terms of our economy is that it means less business for our businesses. For every dollar the government spends, whether it's through salaries or other job creation activities, the economic multiplier generates another three times that amount. So rather than having all of these dollars being spent in our local economy in the small towns and cities of this province, that money is going to pay interest payments to our international bond dealers and bankers.

And of course the government has also provided less services than they promised. They promised more nursing staff; we've received less. They promised to increase grants to the Saskatchewan ambulance boards, and that has not been done. And of course they've even cut the number of visits a person can make to chiropractors when they require them.

There's even talk by some optometrists that the government is now investigating the possibility of eliminating insured services for adults, which means — the chairman and I wear glasses, and we have to go for a check-up once every two years, which is covered by our medical plan. The optometrists are saying there's speculation in the Health department that they are considering even eliminating that. And it's very important for people who do not have 20-20 vision to have their eyesight checked on a regular basis. Even people with 20-20 vision, it's important that they have regular check-ups.

An Hon. Member: — There's none over there with 20-20.

Mr. Solomon: — And my colleague from Prince Albert-Duck Lake says that no government members have 20-20 vision. And I think he means they can't see beyond their noses when it comes to running a government with some competence and some clear administrative objectives. They just don't have those kinds of things in their minds.

I guess the final thing I'd like to say, Mr. Chairman, is that we see here today in this interim supply Bill a reminder of what this government has done. They have promised that they would, if elected, provide responsible, fiscal management; that they would have some fiscal responsibility; they would look after the tax dollars in a very cautious and objective way.

(1515)

And what do we have now, Mr. Chairman? We have the fastest growing deficit in North America, and we have services being cut daily to the people of this province. They've preached fiscal restraint time after time, but they practise unrestrained spending time after time.

They promised as well, Mr. Chairman, good management. They promised that in writing. And you, Mr. Chairman, in your own literature have promised good management along with these other things. But what do we see? We see the list of patronage appointments that my colleague from the constituency of Regina North East read out. The Paul Schoenhals appointment at potash corporation, the George Hill, Embury appointment. The \$3 million study on the taxpayers; Mr. Dutchak who was a part-time adviser to the Minister of Urban Affairs for \$7,000 a month. And the list goes on.

We also have seen a commitment broken of lower taxes. They promised lower taxes. They promised to eliminate the E&H tax. We've seen a 40 per cent increase from 5 per cent to 7 per cent. They've promised a 10 per cent reduction in person income tax. We've seen a 24 per cent increase in personal income tax. And they've

promised never ever to reimpose the gas tax, and we've seen that one out the window with the imposition of the great bureaucratic red-tape-laden gas tax before this province.

And finally, Mr. Chairman, we have seen this government opposite make commitment after commitment with handwritten pledges and sealed pledges with the leader of the Conservative Party's name on it, and the Minister of Finance's name on it as well, saying that we will protect medicare, and we will never ever injure the program as it is now set up. And the people of this province feel double-crossed as a result of that.

So on those four areas I think the government's record is coming forward before the people of this province loud and clear one more time — that you cannot trust a Conservative minister for what he says or she says, and you certainly cannot trust the Premier for what he says because in almost every case what they say is the opposite. Thank you.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Chairman, the budget in the spring raised a question of fundamental trust for the people of Saskatchewan, as does the interim supply Bill before us. Ultimately trust is an important ingredient of any budget or any government strategy designed to lead us in difficult times, and these are difficult times. A government must have the trust of the people if its programs are to succeed. If there is trust, there will be understanding, and with understanding and trust there will come support of the government's programs. Government programs will have an opportunity to succeed — succeed when the government is in office, and continue after their time. This budget, or the budget of the spring and the interim supply Bill which flows from that budget, do not generate trust. Indeed, the budget and the government's actions have created distrust.

Mr. Chairman, Saskatchewan people are tough and resilient people. They are not strangers to hard times. They've survived depressions, droughts, and depressed grain markets. They know that they're in touch times now. They know because they're intelligent, and they are aware of global economic conditions. And I would say that perhaps they are more aware of most people of any jurisdiction in Canada, and that is because they have always had to contend with the fluctuations in the grain markets in a very direct way.

They've come to understand the precariousness of our resource economy. Given our history, it's understandable then that they are sensitive to the circumstances in which we find ourselves today. In these difficult times Saskatchewan people want strong leadership. They want strong leadership so that we can all come together in a co-operative way to make the best of a bad situation. People expect, they know, that difficult choices will have to be made by their government, given our circumstances.

And if there is a sense that the burden of dealing with difficult decisions is shared equally, Saskatchewan people are prepared to sacrifice, and that's their proud

and very strong tradition. People are prepared to pitch in when there is a problem. People are prepared to help out if they perceive to be a challenge. People are prepared to help out if they perceive that help is needed by those who are less able to help themselves.

We see plenty of examples of that in our Saskatchewan history and even in a very contemporary sense. I don't think we have to look much further than the history of the Saskatchewan Roughriders, even in this year, to understand that Saskatchewan people, in the face of challenges, in the face of a crisis — it's the type of crisis we have now in our economy — that people are prepared to help out. Saskatchewan people have shown that they're prepared to help out, say an institution such as the Saskatchewan Roughriders, to make sure that something like that survives, and are prepared to put out because they have a pride in that type of institution.

They've shown for example, Mr. Chairman, in the case of Brad Hornung, a Regina Pats hockey player who was tragically injured, that they're prepared to put out. They're prepared to lend their support; they're prepared to give their dollars so as to help the family and to help that individual with the kinds of challenges and problems that we will now face for a lifetime.

They've shown through things like the Telemiracle that they're prepared to help out the less fortunate. They've shown that they give more on a per capita basis, through a process such as that, than people anywhere else. They show that they're a generous and they're a giving and caring people, and they're prepared to help out, Mr. Chairman.

We see only a few weeks, or a week ago, that in the case of a farm woman at Theodore, Saskatchewan, which is close to Yorkton, where the woman's husband passed away and she really did not have the means to bring in the crop herself, where the whole community pulled together in a fantastic and warm way. They pulled together to help that woman out of her circumstances. And these are farmers who had crops of their own in the field, who helped out for the day to help someone who was in a less fortunate circumstance. That's the kind of people we have in Saskatchewan. That's their tradition, and that's their history.

A few days ago, Mr. Chairman, I had dinner with some friends who are moving to California, and these people are Americans. They had moved to Saskatchewan because of the kind of opportunities that existed for them here some years ago, and they're now moving to California because the kind of opportunities that they need, in terms of their growth and development, are simply not present here any more.

I asked them to reflect on their time here, what things stood out for them. And they commented on the clean air that we enjoy. They commented on the civilized nature with which we deal with medical care and health care and social services. They say this is unlike the kind of tradition and unlike the kind of system that they have in the United States. They commented on the lack of crowding; but basically they commented on the attitude of the people — a sense to them that Saskatchewan

people were far more hospitable than any group of people that they had had the opportunity to meet elsewhere, a real sense of neighbourliness, a real sense of wanting to help out. And they provided the example, and the thing that impressed them most, was that if your car gets stuck in the winter-time in Saskatchewan, people will automatically come to help us you out of a snow-bank. There's just no question about that, that Saskatchewan people will help out in that way. And that's the thing that impressed them the most about Saskatchewan people.

And so it is, Mr. Chairman, with the people of Saskatchewan, that they are prepared to help out, prepared to put out, prepared to sacrifice. And I would submit to you that so it is with Saskatchewan people when it comes to the government that they have. If people perceive the problem to be stuck in difficult circumstance, I would submit that they are prepared to help out, provided that they feel, firstly that their leaders are being honest at all times in describing the circumstances in which we find ourselves; and secondly, if they perceive that their leaders are being fair and even-handed in apportioning the burden that we must all share if we are to overcome the difficult situation in which we find ourselves.

If a government fails these tests, I would submit, I would submit, then that government will lose the trust of the people that they were elected to serve. And I would submit to you, Mr. Chairman, that this government, this PC government, has failed these tests as evidenced by their budget and by, of course, today this interim supply Bill.

And the question, I guess, that must be put, Mr. Speaker, is how have they failed? And I would say that the government has been less than honest in making a clear statement, in being articulate, in being honest about our circumstances.

Before the election of October in 1986, we did not find the kind of characterization about the situation in which Saskatchewan found itself that we found subsequent to the election in the throne speech. We did not find then the Premier going around the province to elucidate and to throw light on the visions of one Drucker, his economic guru. We did not find the Premier talking realistically, honestly, and completely about the kind of circumstances in which Saskatchewan and its people found themselves. We did not see the Premier doing that.

There was no indication at that time that somehow the deficit, which was projected at that time to be about half a billion dollars, would in fact have ballooned something in excess of \$1 billion. And there is every reason to believe, and Saskatchewan people know this, that the deficit was not as it was projected to be at that time, but was in fact something greater, but that the government was simply not relating the truth, simply was not being forthcoming, simply was not being honest in its appraisal of the situation in which we found ourselves.

After the election, after the election we see a process beginning of the government trying to level with the people of Saskatchewan, or are they? That's another question. But we see some signs of the government

beginning to level.

First there was what must be, perhaps, a more realistic budget projection. There was in the Speech from the Throne a more realistic appraisal. Even if we disagree with some of the specifics, we at least saw some realistic appraisal of the economic circumstances that Saskatchewan people found themselves in by virtue of the grain markets, by virtue of potash prices, by virtue of a number of resource indicators. And even if we disagree with the government — and people might disagree with the government about the particular causes and the structure of the weaknesses in the economy — they choose to believe an economist and a management consultant by the name of Drucker, and we may have different interpretation — surely there can be no disputing that Saskatchewan is in serious times. But we didn't see that appraisal before the election. We didn't see that until after the election.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — And when it comes to the budget this year, the question is, is the government levelling now? And if it's levelling about our deficit this year, then the question is, why is it choosing to exclude certain revenues which should rightfully be in the budget? Why is it choosing to exclude those revenues, because if those revenues were included, it might provide a different picture of the kind of situation that we're in, at least with respect to our fiscal situation, at least with respect to our deficit?

And why is the government choosing to ignore, for example, the fact that there is in excess of \$100 million in accumulated Liquor Board profits which, if those profits were included in the budget, might provide a different picture, might provide a different story, in terms of the deficit, in terms of the fiscal situation, in terms of how we need to respond to our situation. And the question is: will these accumulated Liquor Board profits, will these be hidden until just before the next election?

There is also a question in terms of the projection of resource revenues. We had grossly optimistic projections in last year deficit . . . or in last year's budget to provide a very different indication of what the deficit will be. But of course that was the budget and the deficit leading to the election in 1986. This year we sensed that resource revenues are underestimated, underestimated so as to provide a different picture again of what the deficit will be, trying to show that the deficit is a much worse situation than it actually is.

And the government is not playing its full hand. It's keeping some cards up its sleeves, and I would tell you, Mr. Chairman, that with any dishonest card shark, when you keep cards up your sleeves, the people will find out about it and will treat them in kind. And my question is, if you try to keep people in the dark about the real circumstances, is this any way to earn their trust?

(1530)

If you boast, as the Minister of Finance does, that Saskatchewan people have, as an example, the lowest

level of personal taxes and charges of any province in Canada, but at the same time increase the tax load for the poor and shift the tax burden to people who can least able afford it, is that fair? Is this any way to earn the public's trust? When they get elected on the basis of reducing taxes, but subject people to the most massive tax increases in Saskatchewan history, is that how you earn the people's trust? When government members promised to eliminate the sales tax, but increased that sales tax instead, is that any way to earn the people's trust? No, Mr. Chairman.

When the Premier says one day, in one election campaign, that we're going to be number one in health care in Canada, but now says that we cannot aspire to lead, now says that we must satisfy ourselves with diminished health care resources, that we must satisfy ourselves with being something less than number one, is that any way to earn the trust of Saskatchewan people? No, Mr. Chairman.

When the Minister of Finance says, in one election, that he will expand the prescription drug plan because it's not good enough, and now says that it must be radically altered and radically diminished, is this how you earn the trust of Saskatchewan people? No, Mr. Chairman.

And when the Minister of Health says that the radical alteration of the children's dental program will save us money, and it won't, and that's recognized, and then says it will provide a better level of care, and the people know different, a better level of care than what was conceded to be the very best program of its kind in North America, do the people of Saskatchewan believe him? Is this how you earn their trust? And when the Minister of Urban Affairs says that massive cut-backs to municipalities resulted from consultation with municipal leaders, and this is simply not the case, is this how you earn the trust of Saskatchewan people? No, Mr. Chairman.

And when the government says that because of the difficult situation that we find ourselves in, because of the circumstances that we have and because of the drastic plight of the resource-based industry in Saskatchewan we must lay off thousands of people, we must fire thousands of people, we must do all these things, and then turns around and gives the green light for the chairman of the potash corporation to hire his daughter, is this being fair? Is this how you earn the trust of Saskatchewan people? No, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Chairman, I could go on and on and on about how this government has failed to earn the trust of Saskatchewan people.

A government can earn the trust of its people, and they can do this in difficult times. People will not just simply support a government because times are good. They will not re-elect governments simply because the times are good — everybody's got a job, the economy's booming, and that's their only yardstick for re-electing a government.

People will also support a government if they perceive

that government in light of very difficult circumstances, in light of very difficult circumstances, levelling with them, being honest with them, being realistic with them, being forthcoming with them, being discreet with them about the situation in which we find ourselves, and being straight and being solid and being full and being complete about how we must all come together to pick ourselves out of the problem that we're in.

Mr. Speaker, I spoke earlier about my friends who are moving to California, and the thing that impressed them most about Saskatchewan people was the fact that Saskatchewan people are prepared at any time in the winter-time, if they see a car being stuck in the snow, that they're prepared without question to help push that car out. And I would submit to you, so it is with Saskatchewan people, that they are prepared to help out.

But if those Saskatchewan people perceive a Premier and a cabinet in the front seat saying, the push is out, but at the same time having their friends from the banks and having their friends from the major corporations and having Peter Pocklington and having the chairman of the potash corporation's daughter all sitting in the back seat also saying, push harder, then I would tell you that Saskatchewan people will say, we ain't going to push this car out. We're not going to help in this situation.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — And so it is with this interim supply Bill, that Saskatchewan people are cynical, sceptical, about what it is that the government is doing; cynical and sceptical, because they do not believe that the government is being completely honest in portraying the circumstances that we have before us; that the government is being less than fair and honest in terms of apportioning the burden that we must all share to help get us out of this mess created by the government opposite.

Mr. Chairman, having said that, I just want to say that we understand why it is that government needs interim supply measures. I just want to say that Saskatchewan people are incredulous when it comes to this government. When this government says through its budget, and now through its interim supply Bill, that you must follow us, that you must believe us, that you must come with us in the course that we've chartered before you. I want to say that Saskatchewan people are not prepared to follow under these circumstances; that Saskatchewan people do not believe the budget that has been brought before us; do not believe the words of the Finance minister; do not believe the words of the Premier. Because too many times now, too many times those two members of the House, and other ministers in this cabinet, have simply been less than forthcoming, have simply been less than honest, have simply been less than complete about portraying the picture and the circumstances that Saskatchewan people find themselves in.

I thank you, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Thank you very much, Mr. Chairman. I want to address a few words on the interim supply Bill. They'll be very few, but measured, I say to the Deputy Premier.

Mr. Speaker, as my colleague from Regina North East pointed out, this is the fourth interim supply Bill. That is a record in this legislature. That speaks volumes about the incompetence and the mismanagement to which this government has subjected the province.

Mr. Chairman, this problem goes back to the very beginnings of this government. In 1982 they ran a campaign which was wildly unrealistic, so much so that any one of them who thought about it must have known that it was irresponsible. They came into office, cut taxes, created an immediate deficit. And I think it's fair to say in retrospect, I think most Saskatchewan people would say that they never felt the benefit of those tax cuts. I think in retrospect this government will get very few thanks for the tax cuts it implemented.

The vast bulk of it went to oil companies, to travellers, highway — be they truckers or commercial travellers. And the tax cuts which were the source of the problem, I think, went largely unseen by the public. It was their first mistake.

The second mistake was that they failed to control expenditures. Mr. Chairman, in a period in time in which inflation has increased 30 per cent, this government's expenditures have increased 40 per cent. It's a matter of public record. At a time when this government has been cutting services, their expenditures have gone up considerably faster than inflation. There's a reason for that.

Mr. Chairman, this government from the very beginning has used as one of its corner-stones of public policy — patronage. That's normally a sign of old age in a government. In this government it was a corner-stone of their policy from the very beginning.

Mr. Chairman, we saw from the very beginning, people appointed at exorbitant salaries. This government come into office and right from the start it paid the highest salaries of any provincial government in Canada to executive and ministerial assistants, followed it up with some truly spectacular salaries: 100,000-plus to Dennis Ball; 100,00 to Terry Leier. These \$100,000 figures became common. Now they've moved into the \$200,000 range with the likes of George Hill.

That, Mr. Chairman, patronage has largely soaked up the additional 10 per cent. Once again you'd find very, very few Saskatchewan people who'll say that they believe the level of public services has increased, or that they can see the additional 10 per cent in real growth in spending. In fact very few people would actually ... very few people would believe that government spending has gone up faster than the rate of inflation. Most people would believe it's gone down. It has not.

The third problem which this government created and

which led to the current day, was the purge of the public service. This purge began from the moment they were elected. It was uncaring, unfeeling, unfair, and never-ending. It has made it virtually impossible for this government to develop the kind of smooth working relationship with the public service which is essential if services are to be delivered in an efficient and economical fashion.

What's the result? The result is a deficit which is truly spectacular. One must remember that other deficits, that of Washington, that of Ottawa, or for that matter, that of Winnipeg, which members opposite are fond of referring to — those deficits have accumulated over decades. This government came into office with a substantial surplus. In five years, Mr. Chairman, they have . . . In five years, Mr. Chairman, we have the fastest growing deficit in Canada. We also have a government, Mr. Chairman, which is borrowing a larger percentage of what it spends than any government in North America, and that's an accurate statement. All that has accumulated within five years.

One may say of the federal government, they borrow some 30 per cent of what they spend. That's true, but those problems have developed over a couple of decades. We're borrowing far more than 40 per cent of what they spend and . . . far more than 30 per cent of what we spend, Mr. Chairman, and that's accumulated in five years. As well, as I think was inevitable to anyone who thought about it or cared, interest payments are becoming a very sizeable portion of this budget.

Mr. Chairman, the last budget shows that interest payments are the fourth largest expenditure in government, gone from being a nil item in the budget four years ago, to the fourth largest expenditure. One Health, Education and Social Services, in that order, comprised larger expenditures than interest. Next year it's almost certain that we'll spend more on interest than we will on Social Services, and interest will then go to be the third largest expenditure.

(1545)

I predict, Mr. Chairman, that before this government leaves office, payments on interest will be second only to Health in terms of provincial government expenditures. That means, Mr. Chairman, when you spend more and more on interest, you get into a tighter and tighter strait-jacket. Your room to manoeuvre is less. You're less a master of your own house, less flexibility in developing new policies and new programs which meet the needs of the public, and more and more, you're someone else's serf. More and more, you become a slave to the bankers, the bond dealers, and those with whom you've borrowed the money. We see that in the federal government where they've got less room to manoeuvre; we're fast getting into that position provincially.

One might ask what kinds of things . . . We also see, I might add, less and less accountability as this government gets less and less anxious to talk about it. The mismanagement which comes about from a deficit they can't control, from a public service with whom they cannot work, shows up dramatically in this year's Provincial Auditor's report.

As chairman of the Public Accounts Committee which reviewed this document, I think it's fair to say that we've never had a Provincial Auditor's report like this. The first 12 pages of this document talk about accountability and how this government is not accountable. He asks, is information received on a timely basis? — concludes it isn't. Is the Legislative Assembly auditor able to have the mandate to report to the Assembly? — concludes he doesn't.

Mr. Chairman, instead of pursuing a greater degree of accountability which would assist the government firstly and the public secondly in coming to grips with what is fast becoming a serious problem, we see this government moving in the opposite direction.

I am not enamoured with the notion of having private sector accounting firms audit Crown corporations. There is a sharp and important distinction between private corporations and public corporations. The difference is that . . . (inaudible interjection) . . . If the member from Kindersley would be quiet for a moment, I'll explain to him what the difference is. The difference is that in private sector corporations, there's a real distinction between the shareholders and the directors. The auditors are responsible to and nominated by the shareholders, and they thus have some degree of independence from management. That is completely lacking in the public sector; the management and the shareholders are all the same thing.

I ask you, Mr. Chairman, if you really believe that you'd ever get from any private sector auditor, the sort of comments which form the introduction to this year's Provincial Auditor's report. Of course you wouldn't. Of course you wouldn't.

The only reason . . . I will venture to say, Mr. Chairman, that this government will never give us a reasonable analysis of the difference in the cost between getting the Provincial Auditor to do it and in getting private people to do it, because I don't think such an analysis would ever stand the light of day. They're not doing it because it's cheaper. They're doing it because they don't like what the Provincial Auditor's got to say.

I think, Mr. Chairman, the public should be alarmed when the government (a) doesn't like what the Provincial Auditor's got to say — that in itself would be alarming enough; and (b) decides that it will use a majority of the legislature to muzzle the Provincial Auditor. And that's what's happening with respect to Crown corporations; that is what is happening.

We will, I have no doubt, get accurate financial statements from private sector auditors. We will not from private sector auditors get the kind of analysis and the kind of comments which we have got from the Provincial Auditor's report. And that, Mr. Chairman, is a real shame.

Crown corporations in this province are as important to this economy as this government is. Roughly, very roughly, they're as large, the spend as much. And this legislature has lost an important tool in keeping control of the Crown corporations.

I say, Mr. Chairman, that the government is doing the opposite of what it should. Faced with such massive problems, it should be increasing its accountability so that it has the tools it needs to control this problem, and the public have the tools they need to judge their performance. But instead, what is happening is the exact opposite, Mr. Chairman.

Mr. Chairman, I just want to make one other comment, and that is the — it's been made before so I won't labour on it very long — and that is the lateness of this session. This session was clearly delayed as long as possible in the hope that the public wouldn't be listening during the dog days of summer. In that at least the government has been wrong. The public have been listening to this session. The public are upset with what they've seen, both the policies that this government has introduced and their ability to manage the government. On both scores this government has been found to be sorely lacking.

It makes no sense, Mr. Chairman, to vote against an interim supply Bill since the bills have to be paid. It is a real shame, Mr. Chairman, that there isn't some effective means by which the public of Saskatchewan could register their displeasure.

Indeed, Mr. Chairman, I have an idea, actually. I think there is a means by which the public of Saskatchewan could, in a minor way, pass judgement on this government's misperformance. There is a seat vacant in Saskatoon. And I say to the members opposite, if you don't agree with me, if you think your record will stand the light of day, if you think the policies and programs which you've introduced are saleable, then call that election in Eastview and let's have at 'em.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — Thank you, Mr. Chairman. I have a few comments to make regarding this interim supply Bill, and I would like to if I could, spend a few minutes talking about what's been happening in rural Saskatchewan because of the budget that was introduced — very late, I might add — and the kinds of problems that it's created in the province, in rural Saskatchewan; and the kinds of problems that it will in the future create, and what kind of a change we are going to see in rural Saskatchewan because of this government's incompetence, because of their mismanagement, because of their betrayal of the people of this province.

And I ask where all this money is going, in light of the fact that the grants, the kind of programs that have been cut in rural Saskatchewan are a long, long list. The people in rural Saskatchewan are too asking where this money is going when they see the funding to the travel that the veterinarians were able to pass on, the savings in that funding last year. This government paid out some \$317,000 in travel grants and \$130,000 in operating grants. And now those farmers are asked to pay the mileage that this government was once helping them with.

And there are some changes that are going to change rural Saskatchewan I think in a very negative way. The provincial funding to agricultural fairs and exhibitions

will be phased out over the next four years. And no longer will those boards be able to count on help from the provincial government that they came to expect so that they could keep the prices down, so that rural people could gather and show their wares, and visit with their neighbours and their friends. But that's gone. And I say, Mr. Chairman, it's gone because this government has been incompetent in their spending since 1982 and has created a situation where they've cut back on those kinds of programs.

Funding for the 4-H clubs throughout this province, the regional programs, will drop 25 per cent each year until it disappears in 1990 and '91. And I say on behalf of the young people in rural Saskatchewan who have been involved in the 4-H movement for a number of years, and in some families for generations, I say that they're unhappy with your decision to cut those funds. And I say on behalf of those people that they feel they've been unfairly dealt with. And I think they realize that the reason you're cutting these programs to their communities and to their families is because of your incompetence and the fact that you now have to take money out of the provincial revenue, send it to the bankers who you've borrowed all of this money from.

And I say as well, they're unhappy when they see a situation where you take \$317,000 of travel grants to people involved that used to be able to use that subsidy when they brought a vet to their farms; when they see you paying George Hill and Paul Schoenhals the kind of money that you do. I say they're uncomfortable with your decisions to cut these programs, and I say to you that you'll pay come the election.

I say on behalf of the people of rural Saskatchewan that they're not happy that you've put gas tax on their school buses, and that they know they're going to be paying increased taxes because of that. And I say that they're upset that the rural municipalities now have to pay 7 cents a litre on every vehicle to travel around in the R.M.s. And they know that their increases are going to be because of your incompetence and your mismanagement and the fact that you've had to come back, betray them, put on a fuel tax that you promised would never exist in this province.

And I say that they're unhappy in the decrease in the revenue-sharing grants to the municipalities, the 1 per cent cut, because they know that that money is coming out of their pockets. And I say that they're upset with what you've done to the dental plan and the drug prescription plan.

Funding cuts to PAMI (Prairie Agricultural Machinery Institute), the livestock cash advance program reduced, the hog incentive program reduced, the farm purchase program — and remember, Mr. Chairman, a program that was promised to the people of this province. When they need it more than ever, what happens? You start scrapping it.

The soil testing lab, a cut of \$100,000. And these figures don't mean much unless you put them all together and you understand what kind of a tax grab it is on rural people in this province.

The phasing out of the beef stabilization plan. All of these programs benefited the rural people in this province. But because of your incompetence and because of this government's incompetence, Mr. Chairman, they've had to be reduced and in some cases scrapped.

And I want to go to some of the words that were mentioned by the member from Regina Victoria when he said that Saskatchewan people are willing to share in tough times — and they are; and I know that, having grown up in rural Saskatchewan. We've been through tough times in this province before, although I admit not as bad as under this PC administration. But we've seen tough times and we've banded together, and we've worked to make things better for ourselves. But when there's a perception that the government has betrayed them, they're hesitant to support the kind of cut-backs that this government has thrust upon them.

We all understand the need for the interim supply Bill. But I say, Mr. Chairman, that the people won't follow this government blindly, because they want some responsible government. They want a reasonable administration in this province, as they had once, and as they will have again. But they understand clearly that it won't come from a right wing PC government. And I say to you that they're disappointed.

I said before that they won't follow blindly. They don't believe your budget, and they're not satisfied with the kind of budget that was delivered in this legislature. I've had it said to me on more than one occasion, is there no way, is there no process, is there no way we can get this government out of office? Is there no impeachment process? And I say, if ever there was a need for impeachment and if ever there was a reason to impeach a government, the Premier of this province, his cabinet, and the back-benchers are good reason for that kind of feeling out there.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — In closing, Mr. Chairman, I want to say to you that on behalf of the people of rural Saskatchewan who this government and this Premier has betrayed, we'll be up on our feet, and we'll be speaking for the people in rural Saskatchewan. They know you can no longer be trusted. I think it's a matter of damage control, and I think that that's what they're asking the members on this side of the House to do, to control the damage that you and your government has thrust upon this province. And I make a commitment that the members on this side of the House will do just that for however long it takes.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Thank you, Mr. Chairman. We've been through this debate now four times, and there's only been one new item raised through all of that time. I think one thing that should be clarified, that we're here through this four times not because of the actions of government; it's because the opposition wants to delay and stall and get very tedious about the estimates, and very repetitive.

(1600)

I think that the public has seen that and knows that that's why they can't pass a budget, Mr. Chairman, because they can't make up their minds on different issues. They've had conflicting positions across the board, Mr. Speaker. There's little doubt that the length of this session, because of the delays by the opposition, have cost the taxpayers nearly \$5 million. Mr. Speaker, that's what it costs, and the public knows that's the reason.

But there was something new, and I'd like to respond to it. It's from the last member who participated in the debate.

I suppose it was a shock to everyone to find out the new course of action of the New Democratic Party opposition when he says he's going to start speaking on behalf of people of rural Saskatchewan. We've now been through the fourth time that we've had an appropriation Bill, and for the first time a member of the New Democratic Party has stood up and said, we're going to start fighting for the farmers.

Where have they been for the last four and a half months, Mr. Chairman? Where have they been when people were going on strike down East and they didn't say anything? Where were they in the budget debate when they refused, their agriculture critic refused to participate in the budget debate — absolutely refused — an historical first where the agricultural critic for a party refused to participate in the budget debate? And now he says he's going to speak on behalf of the farmers.

Well the farmers will be interested to hear, Mr. Speaker, what the hon. member says, because all they've heard to date is a deathly pall of silence as the NDP have repeated over and over again by silence why they were virtually wiped out in rural Saskatchewan.

Mr. Speaker, I can't believe that the hon. member just came to an awareness of the difficulties facing rural Saskatchewan, but if anybody is trying to minimize those, then I think that would be a sorry spectacle for the people of this province to see. Farmers face serious difficulties — very serious difficulties, Mr. Speaker — and this government, and this Premier, have taken more action on behalf of the farmers of Saskatchewan than any other government in the history of this province.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — To hear, Mr. Speaker, there may be one saving grace for this rather prolonged session by the members opposite, Mr. Speaker, that finally a member from the opposition has awakened . . . (inaudible interjection) . . . Now I know he wants to shout me down, Mr. Speaker, because he doesn't want the public record to indicate just how poor he and his members of the opposition have been with regard to agriculture and the farmers, and he doesn't like the fact that he may be the first to finally wake up.

If there's any saving grace in this session, Mr. Speaker, this long, prolonged session of repetition and cost to the taxpayers, is that one — one New Democratic member has awoken and awakened to the difficulties of agriculture and said that he's now going to start fighting

for the people of rural Saskatchewan. Four and a half months it took. Four and a half months it took Mr. Chairman.

And I'm glad that the eyes have opened, that the hon. member somehow over the weekend made his road to Damascus where he had a conversion, Mr. Speaker, and realized that farming wasn't something that just happened outside of Prince Albert, that perhaps it was very important to the people of this province, and that finally he was going to say something about it. He very pointedly didn't say anything, Mr. Chairman.

But you know, conversions sometimes don't come all at once. Sometimes the conversion goes in stages, and the fact that he recognized that rural Saskatchewan is facing some difficulties — the first New Democratic member — I think, may come as the highlight of this session.

Mr. Speaker, we have been through this debate, as I said, four times. There's only been one new item. The hon. member deserved, and I think was expecting me to call attention to it and, Mr. Speaker, I congratulate the hon. member for waking up to a serious situation in rural Saskatchewan.

And I would hope, Mr. Speaker, that . . . and there probably will be more, because there's no indication that the session is winding down. I think the debate today proves that, Mr. Speaker. So when the hon. members say there's 4, 5, 6, 7, 8, 9 Appropriation Bills, whatever it takes, that they recognize that the reason for those number of Appropriation Bills that the members opposite have been delaying and holding up the estimates for the longest period of time and don't want to debate and vote on the budget, Mr. Speaker. We're prepared to do that at any time.

Some Hon. Members: Hear, hear!

Motion agreed to.

Hon. Mr. Lane:

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1988, the sum of \$289,033,400 be granted out of the Consolidated Fund.

Motion agreed to.

Hon. Mr. Lane:

Resolved that a sum not exceeding \$40,397,400 be granted to Her Majesty on account for the 12 months ending March 31, 1988.

Motion agreed to.

Hon. Mr. Lane:

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1988, the sum of \$40,397,400

be granted out of the Saskatchewan Heritage Fund.

Motion agreed to.

The committee reported progress.

FIRST AND SECOND READING OF RESOLUTION

Hon. Mr. Lane: — Mr. Speaker, by leave of the Assembly, I move the resolutions be now read the first and second time.

Motion agreed to and, by leave of the Assembly, the resolutions read a first and second time.

APPROPRIATION BILL

Hon. Mr. Lane: — By leave of the Assembly, I move:

That Bill No. 45, An Act for Granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year Ending on March 31, 1988, be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill read a first time.

Hon. Mr. Lane: — By leave of the Assembly, and under rule 48(2), I move that the Bill be now read a second and third time.

Motion agreed to and, by leave of the Assembly, the Bill read a second and third time and passed under its title.

Hon. Mr. Berntson: — I wonder if I could have leave for the Minister of Energy and Mines to give third reading to Bill No. 21.

Leave granted.

THIRD READINGS

Bill No. 21 — An Act to Amend The Mineral Taxation Act, 1983

Hon. Mrs. Smith: — Thank you, Mr. Speaker. I move that Bill No. 21 be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

(1615)

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Department of Economic Development and Trade

Ordinary Expenditure — Vote 19

Item 1 (continued)

Mr. Romanow: — Mr. Chairman, I wish to direct some questions and some comments, perhaps, to the Minister of Economic Development and Trade pertaining to the subject matter of free trade which, sir, you and members

of this legislature know is probably the corner-stone of, or at least one of the corner-stones of, the policy of this government with respect to economic diversification.

It seems as though the government's approach to free trade is such that with the current status of the discussions being somewhat uncertain, if I may describe it that way, one will have to ask some questions as to what alternative strategies the government would have in the eventuality of an actual final cessation of the discussions, but I'll get to that in a moment. What I really wish to pursue with the minister for the moment are a few questions pertaining to exactly what is going on with these discussions.

I have in front of me, Mr. Chairman, a copy of the Saskatoon Star-Phoenix of a few days ago, dated Thursday, September 24, where the front page story has a picture of our negotiator, Mr. Simon Reisman, and the heading on the story says, "freer-trade talks 'terminated.'" I find that an interesting little journalistic slip that they have fallen into, converting the original "free" trade to the new buzz word of "freer" trader negotiation, but that's an irrelevancy.

But you'll note the word there, Mr. Chairman, is "termination". In fact, from the body of the story of the Canadian Press, Simon Reisman said that:

He has terminated freer-trade talks with United States, saying that "as far as I'm concerned, it's over."

That seems to be, Mr. Chairman, a pretty clear, unequivocal statement that as far as the chief negotiator, the person who's at the table, these free trade talks are over. It seems, however, that the political masters of Mr. Reisman have another view, because the story goes on to say in that very same context in the next paragraph in fact, the following:

Although Prime Minister Brian Mulroney earlier in the day left open the door for more trade talks, officially discussions were merely suspended. His chief negotiator said there would be no more dickering.

So we have this situation — judging by this news report, at least in my assessment of it — the free trade ambassador, Ambassador Reisman, who is doing the negotiating for Canada, says that as far as he's concerned, it's over; it's terminated.

Subsequent to that statement the political boss, the Prime Minister of Canada, says, no, notwithstanding what Ambassador Reisman says, they're not terminated; they're merely suspended.

Now I asked some questions of the Premier a few days ago in this House precisely as to that situation, and question period being the forum that it is, doesn't provide a full discussion of it. I'd like to ask the Minister of Economic Development and trade: what is the Government of Saskatchewan's understanding with respect to the current situation? Is it as Ambassador Reisman indicates, terminated, period; or is it suspended, implying that there are ongoing discussions and/or

negotiations as to how to get these talks going again?

Hon. Mr. Andrew: — Our understanding of the — in response to the specific question of the hon. member — is that . . . The stated position of Mr. Simon Reisman, Ambassador Reisman, is that when he walked away from the negotiations, on last Wednesday I believe it was, he indicated that he was suspending negotiations.

As I understand the gist of what he was saying — and I suppose we can look at various newspaper articles as to what they mean or how much faith we want to put on them — but that Reisman indicated that he was suspending negotiations primarily because the Americans were not being serious in their negotiations; that he had left his bottom line with the Americans, and that he was not prepared to take up negotiations again unless the Americans clearly demonstrated a significant willingness to change their positions and to meet the Canadian bottom line.

As I understand, negotiations have not taken place since that time. The American cabinet, particularly treasury secretary Baker, has, as I understand, made representations to Canadian ministers as to some movement on the American's part. As I understand, what's going on now is not negotiations but rather discussions — and perhaps that's a play on words for the average person — discussions as to whether or not there is room to go back to the negotiating table. If that last effort to find that discussion does not bear fruit, then I think probably we're at the situation where you call "suspensions" become permanent as we run towards the October 4 deadline for an agreement.

So not unlike what the Premier indicated to you in question period today, negotiations have been suspended. The negotiating teams, the teams that have dealt with a whole host of issues on these bilateral trade negotiations — are not meeting. The clock is ticking. Some people are exploring through discussion as to whether or not there is a resolve, and that resolve is primarily whether or not the Americans are prepared to modify their position and seek a way to either bring negotiations back or terminate negotiations altogether.

Mr. Romanow: — Well, Mr. Chairman, I again have to refer to the only documentation that I have — unfortunately the only documentation that Canadians have — that is the documentation provided by our daily journals. It's possible that there can be a journalistic error in the reporting of this matter. I highly doubt that in the case of the Canadian Pacific or Canadian Press. It's possible, but I don't see any contradictions or denials from these stories, and I simply want to refer to this point to elaborate again on this issue to clarify with the hon. minister. I'm still referring to the same article about the story being terminated and it says as follows, Mr. Chairman. Quote, referring to Ambassador Reisman:

Reisman said the only way he'll return to the bargaining table is if Americans were to come and belly up to the bar and do what they need to do to give us a good agreement for Canada.

But, the story says, again and again Reisman emphasized,

“the negotiations are over.”

Now the question that I want to ask the minister, since these words seem to be fairly clear cut — he may wish to answer me by saying that it’s a possible misquote — but the question I want to ask is: was Ambassador Reisman correct? Is it his understanding, his government’s understanding, that the negotiations are over? And I mean over not only at the time of the announcement, but over as of today?

Hon. Mr. Andrew: — Well I think if — and I haven’t read the article — and I take that’s from the *Star-Phoenix*, and I haven’t read the article in the *Star-Phoenix* — but I thought, just listening to what you were reading, Reisman saying that the only way negotiations will start again is for the Americans to belly up to the bar. Now if Reisman is saying the only way we can get negotiations going again is for the Americans to do . . . perhaps we would want to state it better than bellying up the bar, as Reisman chooses to use, but he must anticipate in what he is saying of starting negotiations again. The only way he will return to the bargaining table is if Americans were to come up and belly up to the bar. Now Reisman, if he’s saying at the one time, she’s over, period, why would he then turn around and say the only way he’ll return to the bargaining table? And he can’t return to the bargaining table after the 4th of October. So I take it from that that he leaves out some hope, small as that might be, that there could be renegotiation . . . we could get back into negotiations.

I think what I’ve heard best of Reisman, watching him on television, etc., saying that in his judgement the deal’s over and that we will not go back to the bargaining table, and that she’s over. But I think he does leave this open in this statement. I would take that to be what it means. And I think that his walking away from the table, and his public statements, and the statements of various other Canadian leaders on this particular question, I think has lobbed the ball back to the Americans and say, you know, you guys really aren’t being serious about this, and either you get serious in the next 10 days or forget it. And I would guess that’s really what we’re talking about.

Mr. Romanow: — Well is it the position of your Premier, Mr. Minister, and your position, that as of this day the discussions are terminated or suspended? Which of those two options, as of this moment of examination, are we looking at as far as the Government of Saskatchewan is concerned?

Hon. Mr. Andrew: — Well our view . . . Of course, the only formal meeting has been the last first ministers’ meeting along with the Prime Minister. Following that, Reisman walked from the table. Our view is that the negotiations are suspended with a very, very tight time frame — October 4, which is what, next week? Early next week, I think, and it’s all over.

So my guess is that they’re suspended, and I would say that most thinking right now is that it would probably take a miracle for any negotiations to continue. So that for those looking for an agreement, it looks rather bleak that they would have an agreement.

Mr. Romanow: — I assume, Mr. Chairman, that your

government is being kept abreast of developments, and that being the case, will you advise the House, or are you able to advise the House, what’s the purpose of the current round of discussions now going on in Washington, apparently involving Pat Carney and Mike Smith, on behalf of the Government of Canada, and the American people?

Hon. Mr. Andrew: — We are being advised. Of course, we are being advised in confidence, as all provinces are being advised in confidence, and have been requested, because of the delicate nature of the talks, that if a statement would be coming out, it would be coming out from Mike Wilson, not Mike Smith and Pat Carney.

Those are, as I understand . . . The Canadian officials have been invited to Washington by the Americans to explore whether or not there’s a way to get discussions or get negotiations back on track. And that’s precisely what it is. As to why they’re taking place in Washington as opposed to New York, I am advised, or we are advised, that treasury secretary Baker, the meeting of the IMF (International Money Fund) is presently going on in Washington. He is the point-man from the American . . . the American cabinet minister that is the point-man, and Washington is therefore convenient, as opposed to Ottawa, because of IMF meetings in Washington.

Mr. Romanow: — Well, Mr. Chairman, can the minister advise the House, in general terms in any event — perhaps if you had a document which you could table with us it would be even more helpful — what comprises the bottom line? What comprises the bottom line which resulted in the suspension of the talks, or termination of the talks, and what is that bottom line from which presumably the Canadian government will not vary?

Hon. Mr. Andrew: — As I understand, the Premier sent a copy of that to the hon. member of the six points . . . five points. Does the hon. member have a copy of that? That’s our understanding on what the Canadian government’s bottom line has been. These have to be dealt with in a bilateral agreement before we would be prepared to go back to the table. They have to be acknowledging that they’re prepared to deal with this or come very close to this.

(1630)

Mr. Romanow: — Mr. Chairman, the minister — perhaps it was just a general phrase that one uses — but he did close off his answer by saying: “or (pretty) close to this.” I remind the minister that some several weeks ago in question period in this legislature, members of the opposition asked the government whether or not an arbitration process or a binding dispute settlement mechanism was part of the bottom line. And I use that phrase “the binding dispute settlement” in the context of today’s question period, but more particularly in the context of what point five means.

So I put it to you specifically and directly. Is it still the Government of Saskatchewan’s position that in the absence of a binding dispute settling mechanism, an arbitrator, a body to which the United States Congress presumably has surrendered some of its powers,

constitutionally and from a treaty point of view, that unless that is agreed to, that that is a part of the bottom line that will not have been met, and that there is no further progress in these discussions?

Hon. Mr. Andrew: — Yes, I think that if we wanted to put this in terms, perhaps understandable terms, is number one, we need the clear rules. Even with a body with given power, without a clear set of rules as to what they do and do not do, or what is or is not a countervailable move, or what is a subsidy or not a subsidy, what is an acceptable subsidy, that type of thing, without the rules a dispute settlement mechanism doesn't mean a great deal either.

So you need (a) a clear set of rules; and (b) you need a mechanism, whether it's an arbitrator or some other similar type form. Our view has always been, I think from Saskatchewan's point of view, is number one, you need the rules very clear; and two, you need a referee with authority.

What we have now is a . . . and the referee should be at least one from each side of the border, so that's the only way you're going to arrive at something that's fair — international joint commission, something like that type of a mechanism that deals with it.

So that's what one would look at. So you can get into a whole host, as you know, as to what is an arbitration form. There's a variety of forms for arbitration: which one would be appropriate in this type of situation; how do you choose the people — that type of thing.

But I think (a) the rules must be clear; and (b) there must be a body that interprets those rules. And that body must be how you appoint it, and the recommendations of that board or the decision of that board must carry a dimension that binds the particular issues that were involved.

Mr. Romanow: — I take it, Mr. Chairman, and Mr. Minister, that one of the major problems, of course, is what subject matters, if I may use that term, are subject to the jurisdiction of any such third-party body, arbitration mechanism, whether it involves everything which is in the non-tariff sector or hidden barriers sector, ranging all the way from buy-American policies to health regulations with respect to the importation of Canadian hogs into the United States.

To a large extent this will define, of course, the nature of the dispute settling mechanism where those particular subject matters are to be determined and to be ultimately resolved. If you have a very narrow area of jurisdiction, then I would argue conversely, at the other end of the teeter-totter, there would not be as great an onus to have as finally a binding arbitration mechanism because fewer areas are involved, and in any event there may be variations of the classical arbitration structure that could be acceptable in a limited jurisdictional scope.

So my question to you, sir, is this: what general . . . in general terms, what is the scope of the subject matters which the Canadian government and the Saskatchewan government are urging should be a part of the resolution mechanisms of any such third-party dispute . . . binding

dispute settlement mechanism? Is it everything, or is it like the accordion, squeezing in and out, depending upon the whims of the political bosses from time to time?

Hon. Mr. Andrew: — I think perhaps if I read the final point of the . . . in the Prime Minister's release the other day which is:

The rules governing discipline apply to fair and unfair trade, example, subsidies and countervailable duties, dumping and anti-dumping duties, import surges and safeguard actions, and other trade remedies.

We are, as a province, I suppose, primarily interested in the . . . primarily our concern is directed towards the types of the actions that the Americans have been perpetrating against us and against much of the other trading world — the shingles and shakes type of thing, the softwood lumber countervail, the anti-dump against potash — those types of things.

Now to say, is everything that one could argue to be a subsidy, and how do you define "subsidy", I think is probably an area that requires a fair degree of negotiations before a final deal could be arrived at, and will that be an all encompassing effort? In other words, will the rules be clear enough to cover everything, or will they be refined into something less than sort of everything covered?

And I think that's probably where the negotiations — if you go back to the newspaper — the so-called "big deal" that Reisman talked about — the question is, will there be a big deal with this particular thing at the end of it, if one at all? That is still, I think, significantly up in the air and something that we haven't yet quite frankly heard back from.

Mr. Romanow: — Would the minister agree with me . . .

Mr. Chairman: — Why is the minister on his feet?

Hon. Mr. Schmidt: — I'd like to ask for leave to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Schmidt: — Mr. Chairman, I would like to introduce in the Speaker's gallery two honoured guests who are with us from Ottawa, the Hon. Jean Charest, Minister of State (Youth) for Canada, and his chief of staff, Robert L. Velcrof. And I'd like them to rise please and be recognized.

Hon. Members: Hear, hear!

Mr. Romanow: — Thank you, Mr. Chairman. Perhaps we should on this side say bienvenue to the guests from Ottawa, and wish that you could be on the floor of the House to answer some of these questions for us.

COMMITTEE OF FINANCE

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

Item 1 (continued)

Mr. Romanow: — I want to ask the minister whether or not he would agree with me that, as he has indicated in his last answer, the complexity of the meaning of subsidies in the context of free trade but being one example, that is would be virtually impossible to negotiate a free trade arrangement between the United States and Canada which would prevent, in effect, the United States, either as a nation or collectively as individual states, interpreting some of their laws and their policies under the guise of something other than the spirit of the free trade agreement.

To give you the specific example: when we import Canadian hogs to South Dakota, and if the state of South Dakota says, we are barring the importation of Saskatchewan hogs, not because we can within the context of any free trade deal — the free trade deal say they can come in — but we're barring them because we don't like the medicine that the hogs take, for example, that there are hundreds of not thousands of those kinds of examples which would essentially fall beyond the scope or outside of any reasonable interpretation by any binding dispute settlement mechanism; or if you will, outside of any context of a possible definition of what subsidies or other non-tariff barriers designed to cover by this agreement might embrace. And that as a consequence, to continue my argument to a logical conclusion as I see it, that it is really folly to try to negotiate a free trade deal, given those vaguenesses and uncertainties and potentials for abuse by the American authorities.

Does the minister not find any merit to that argument at all?

Hon. Mr. Andrew: — On the question of technical barriers is the way the negotiators described that particular issue, the chloramphenicol, or whatever it's called, that was used in the hogs that they objected to.

Clearly people that are bent on restricting imports can use their imagination to create any type of guise to get around what people agree to be a rule or a law, no different than people can agree how to get around the Income Tax Act by inventing this, that, or the next thing.

That particular . . . the technical barriers refers to in this statement as well as the subsidies and that type of thing. Clearly that's a valid thing, what we would envisage in those types of situations if they were . . . that would be the type of thing that the offended party would be able to refer to, the so-called dispute settlement mechanism, for a resolve of it.

I would . . . I think the wider question the hon. member asks is: is it realistic to think that any nation would in fact give up that type of power or share that type of power. I would refer the hon. member — and perhaps not to the best example that one could use and doesn't work, perhaps, perfect in all situations — but let's go back and

look at what is the purpose and the function of the GATT, the General Agreement on Tariffs and Trade. Because again, while it might be loose and while it might lack the type of teeth that we would like to see in this particular mechanism, would it not also arguably, for the Americans, who, quite frankly, spearheaded GATT after the last war, one could argue as well with a GATT type arrangement the Americans are in fact giving up some of their power that Congress would otherwise have. And unless we are going to bring some stability to trade in the world through a GATT-type arrangement or a bilateral trade negotiation arrangement, there has to be rules and has to be someone independent to interpret those rules.

So I would throw out the argument being that basically that is the purpose and the function of GATT, and I would think it would be similarly the purpose and the function of a body we would create between our two nations.

(1645)

Mr. Romanow: — Well, Mr. Chairman, the minister is partly correct at what I'm trying to get at. I think there are two aspects to the problem which I frankly can't get my mind around in the sense of accepting the current thrust of the negotiations: one is the one that you've talked about. I don't understand how it is that, either historically or from a constitutional or from a political point of view, the United States Congress could be expected to give up its constitutional mandate to deal with trading matters by referring — and here's the difference between GATT and itself — by referring a whole host of important subject matters and areas between nations to a third, in a sense "congressional" body, a third-party dispute mechanism which is binding, as opposed to meeting on a regular basis internationally and negotiating through the Geneva agreements on trades and tariffs, a range of entries or exits of commodities amongst the nations of the world. I find that to be in an entirely different category.

I think building some order to the world's trading arrangements is obviously something which this world particularly needs desperately. But why it is that anybody would argue that the United States Congress at any time historically — I doubt that that's the case; I stand to be corrected by your advisers or by yourself — would be prepared to in effect, delegate, let alone do constitutionally, that kind of decision making power to a third body struck me as being naivety, with the greatest respect, of the highest order in the initiation of these discussions.

But that's one dimension of the problem, Mr. Minister. The other dimension of the problem — let's leave that aside — what I was really trying to get at is this, talking about naivety; I can't envisage a circumstance where we could, as Canadians, negotiate successfully and with precision those kinds of things which would be the subject of the arbitration of a third body, let alone the mechanisms for the rules of the application of that third body, which could cover the huge array of potential non-tariff, hidden subsidy barriers that the United States now employs which could cover successfully — using my hog example again, or any other example — on an ongoing basis.

I think that there is, with the greatest of respect — I don't mean this necessarily to you, although you and the Premier are very big proponents of free trade — a very naive belief that all of these areas can be covered off. Surely one of the biggest arguments for free trade with the United States is access to the United States market. And I'm saying, how can access to the United States market be guaranteed if at the end of the day, even with the dispute settlement mechanism, even with a jurisdiction defined for that body, there still is, like that accordion, a variety of interpretations as to what is allowed access or what isn't allowed access even under the masquerade that health really isn't health, it's really a trade barrier because South Dakota doesn't want our hogs.

So I think it's a two-pronged problem. Number one, the naivety that we could negotiate such a deal of which there must be hundreds of examples, even ones that you just recited, each one of them is pregnant with various meanings and definitions that we could even do that in the Canadian-U.S. context. And secondly, how it is that your government and the Canadian government — and I don't mean this in any political argumentative terms — would believe what historical or other evidence there is to support the notion that the United States Congress would be prepared to surrender its authority, given their distinctive and separate system of government.

Do you have any studies or any indications or communications from the Prime Minister to the Premier of this province which would allow us to assume that this thing wasn't anything else but a quixotic venture — and you're perhaps saying I'm not being inflammatory — but basically thought up as a last moment response to what, I think, happens to be a very serious economic crisis in Canada, and therefore offered as some sort of a solution to the Canadian public as an ease of the crisis economically with respect to jobs and the like?

What is the minister's thought in this regard? How is it that we can satisfy the public of Saskatchewan and Canada that indeed this thing wouldn't have more holes in it than the sieve that we use for our day-to-day purposes?

Hon. Mr. Andrew: — Let me try to go at that question from a broader way. Historically we can look at a variety of trade arrangements or trade agreements. We have the free trade arrangement between Australia and New Zealand, completed what — two to three years ago? You have the most recent trade agreement between Israel and United States, a trade agreement that perhaps lacked on certain areas. You have another totally different type agreement which is the European Economic Community where you delegated . . . each of the countries of Europe delegated significant power again to a congress or a parliament and therefore quite different from what we're talking about. And then you have the example of GATT.

If we were to say that we are unable as Canadians and Americans to come to some kind of agreement with regard to technical barriers and that technical barriers will doom this thing from the beginning, let's look at the challenge that we face, as a world, at GATT, which is to define subsidies and to eliminate subsidies.

Traditionally what GATT has done, has been to reduce

tariffs. And you know, I understand your argument, which basically says tariffs are easy to define compared to a technical barrier, in fact, any kind of non-tariff barrier. And perhaps the technical barrier is even more difficult to define than a subsidy is. And I would agree with that as well.

The question then becomes: how do we as a world, where tariffs are not really the leading problem of trade disputes any more as much as is the question of subsidies or non-tariff barriers, so how do we as the world define non-tariff barriers in a way that we can come to some common sense and fairness in the trading patterns, whether it's between us and the Americans or whether it's between the world as it deals with GATT.

And if you look at what GATT is negotiating now in Geneva, for example, is two fundamental things: trade in services- and as you know, how you define services becomes pretty tricky; it's not like a merchandise trade necessarily — plus the defining and valuing of subsidies in agriculture, in effect saying, let's eliminate all subsidies to agriculture. Both of those are very, very formidable things to try to overcome.

I think the hon. member makes a good point with regard to the technical barriers. Clearly, if one was looking, you would say tariffs would be the easiest to deal with, probably followed by subsidies, then followed by the technical barriers. Technical barriers, while at this point in time perhaps not the biggest cause of our concern, certainly are a cause of concern. I simply would say that we would have to, I guess, be able to refer that to some kind of a body who would have to weight — not unlike a court — weight on a preponderance of evidence whether it was really designed for legitimate health reasons or whether it was simply a sham to stop trade. And that's the wrestle that they're trying to do, and obviously, one technical rule is very difficult to address.

Mr. Romanow: — Which, Mr. Minister, leaves me again . . . Perhaps I come from a particular bias of which your Premier accuses our side of having, but which leads me to the conclusion, trying to look at it as rationally and non-politically as I can, that the easier task for Canada would be to tackle the question of access of the United States market on something like a sector-by-sector basis. A carefully defined sectoral situation where we, as Canadians, can both produce a product on an efficient basis and would seek access to the United States where you could define the ground rules fairly clearly, even have an arbitration board, in the case of dispute, deciding where there are violations of that agreement from time to time.

I know this is something that your Premier has rejected on the sector-by-sector basis. And I find that a little bit strange given the obvious complexity that you and I have agreed these talks are fraught with — complexity and almost unprecedented attempts at getting the United States of America to give up, as I say, its congressional power to decide on treaty arrangements of this nature and what's in the best interests of its political constituents.

But I'm interested about another dimension to this, Mr. Minister. You may care to make a comment about my

sector-by-sector suggestion.

I'm interested about another aspect about these whole discussions, and that is — with the greatest deal of respect to you and the Premier — the degree to which provincial governments have been really made meaningful parties to the subject matters which are on the negotiating table or were on the negotiating table. You'll appreciate that apart from a consultative basis of input, which comes from one of your officials who's seated beside you and to support staff that he will have, apart from meetings once every three months for a limited number of hours in Ottawa, there doesn't seem to be very much by way of specific input as to the negotiations and the direction that those negotiations are taking.

I'd like to know why it is that the provincial government has not insisted upon — and perhaps you would even care to offer an explanation — obtained a specific representative sitting at the table as our watch-dog with Mr. Reisman, in the negotiations between the United States and Canada. And perhaps we have obtained such a person. If so, I'd be pleased to know who he is, or she is, and what the full mandate and role happens to be there.

Hon. Mr. Andrew: — Two observations. First, with regard to the sector-by-sector basis. The former Liberal government attempted to enter into negotiations in 1984 — I think it culminated in 1984 prior to the election — where the process of sector by sector didn't work. The reason it didn't work is they went — the American negotiators, the Canadian negotiators — to try to agree on a list of things that they would deal with on a sector-by-sector basis. And of course they couldn't come to any agreement on what the lists were. There also would be a danger, in our view, of a sector-by-sector basis. Because of the nature of the way this country functions, we would maybe end up fixing up Ontario problems a lot sooner than when we fixed up western Canadian or Maritime problems. If you look at, I suppose, historically the Canadian negotiators at GATT, for example, were very quick to not push agriculture. They let that fly off the table at GATT very quickly, because they were more concerned about other issues — primarily automobiles and the manufacturing sector. Now historically that has been the case.

So, one, if we were to go down there and say, fine, okay on a sector-by-sector basis let's deal with resources, you're likely to hear the people from central Canada say, ah, just a minute, if we could come to some agreement on resources, does that mean that at the end of the day something else is going to be put on the table relating to us. And so you get flipped back and forth.

Now it was able to be done in the auto pact back 20 years ago, which is such a large part of our economy. And I suppose if we wanted to be on a sector-by-sector basis, and we went first, and it dealt with our industries from western Canada, well fine and good. I'm not sure the Americans would be prepared to say, well what's in it for us? We don't export any resources to Canada, so what is in our advantage there? And there's the type of problem that you would face.

The second question . . . What was the second question

about?

An Hon. Member: — Provincial participation.

Hon. Mr. Andrew: — Oh, yes, on the provincial participation. The process that's in place now was dealt with in many discussions between the Prime Minister and the premiers, either at premiers' conferences or otherwise; I attended many of those. I think it would be fair to say that there's probably some provinces that would tend to be somewhat suspicious of Simon Reisman and the process. They all agree that this was the way we had to go, in a sense; that Simon Reisman or any negotiator, in a bargaining situation, which is what we're in, had to have the freedom to sit at the table and run and organize the bargaining process. He would then report back.

I suppose it's not unlike a government. When you were in government, or when we are now in government, if you are negotiating with the union, you have to appoint your point man to do the bargaining, and then he comes back and reports to you as to what's going on.

I think most provinces, it would be fair to say, that the reporting process back has been reasonably good. We've been fairly satisfied with that. We believe that we have been kept up to speed with regard to the negotiations.

The second problem with it would be as follows, and this would be the tricky one to deal with. If we as Canadians wanted to be at the table, if you like, as one negotiator in the fed and 10 negotiators from the provinces, would the Americans counter by saying, well we'll want Peter Murphy and we want a guy from each of the 50 states and then we want a representative from Congress, and you know the Congress system works whether we have the majority on Congress or the minority. Or do we have those leaders there, and would it even be manageable?

I mean, the problem is large enough to try to negotiate between two guys. Could you do it in that wide sense with hundreds? The unanimous view of the provinces when I was there, is that, quite frankly, that this was probably the way it had to go. And I think for the most part, if you ask any Premier, they would believe that they have been well informed and well briefed — their people and the premiers — as to what has taken place.

The Assembly recessed until 7 p.m.