

AFTERNOON SITTING

INTRODUCTION OF GUESTS

Mr. Martin: — Mr. Speaker, it is my pleasure to introduce to you, and through you, students from Miller high school, grade 12 history class, with their teacher, Vaughn McIntyre, Mr. Speaker.

And I'd like to point out that Miller high school and LeBoldus high school are two schools in my constituency, Mr. Speaker, that will be competing in the city high school championship football this weekend, and I'll be cheering for both teams, of course. However, I'd like to point out that football is just one of many activities in the school year, and it will be of some importance to some students, I'm sure, because pride, school pride, is very important.

However, I'd like to welcome the history students to our Assembly today. I hope you enjoy the activities for the next half hour or so. I'm sure you will, seeing democracy in action in its purest form, and I'll be talking to you later at 2:30. Ladies and gentlemen, please welcome our guests.

Hon. Members: Hear, hear!

Mr. Calvert: — Mr. Speaker, I too have a guest I would like to introduce and welcome to this House, in the person of Mr. George Lawson. George is in the province and in the city of Regina attending a national convention, the National Association of Learning Disabilities. George has a deep and abiding interest in that association and also in the realm of politics. And so I would ask all members to welcome George Lawson from Vancouver, B.C.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Ceiling on Payments to Doctors

Ms. Atkinson: — Mr. Speaker, my question is to the Premier in the absence of the Minister of Health, and it deals with a potentially serious problem facing the people of Saskatchewan, and that problem is the arbitration board ruling which puts, for the first time ever in this province, a cap on payments to doctors.

Mr. Premier, the question here is not savings to the province nor is it the income of the doctors; the question is accessibility to health care for Saskatchewan people.

What action, Mr. Premier, is your government planning to ensure that services will remain for Saskatchewan people? What actions are you planning to take to ensure that services to Saskatchewan people remain?

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — Mr. Speaker, I can say that I'm quite well versed in Saskatoon Agreement II, having negotiated it with the medical profession in 1985. And one of the

requests brought forward at that time in Saskatoon Agreement II was for a clause in binding arbitration. This year in the settlement of physicians' fees, that clause has been brought into play and the decision and the amount of money has come down, and it indicates that the cap on the payment by MCIC (Medical Care Insurance Commission) to physicians is almost expended at this time. Therefore, the implementation of this will be worked out between officials in the Health department and members of the MSA (Saskatchewan Medical Association).

To my best knowledge at this time, there is a meeting set up for November 11, where the discussion that will take place on the implementation will be undertaken. I can assure the member and members of this Assembly, from my past dealings with the medical profession and the Department of Health, that I feel that we can work out a system that will fix, or have the continuation of service to the people of Saskatchewan continued at the same time as working out a system that will be acceptable to both the Department of Health and the medical profession. I think the past track record of this government in dealing with the difficult topic of extra billing indicates that.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Supplementary to the minister. The Saskatchewan Medical Association says that the 1987 limit has practically been reached. If nothing is done doctors will have one of two choices: they will work for nothing, or they will withdraw their services to Saskatchewan people.

Now, Mr. Minister, we don't expect people to work for nothing. And so my question is this: what is your government going to do to prevent the nightmare of sick people with no doctors to attend to them or waiting lists at doctors' offices? What are you going to do to prevent that situation?

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — Well let me indicate to the member again, in case she missed my first reply, was the clause for binding arbitration was asked for by the medical profession. And when we negotiated that, and negotiated in good faith, it would seem to me that one would live with that as it was something that was asked for. Now it has come into play.

I've indicated to the member that there is a meeting set up, as I understand, on November 11. Let me say once again, Mr. Speaker, from the past deliberations, which were not easy, which were to work out an agreement in Saskatchewan that is a historic agreement, Saskatoon Agreement II, when we reached that, it was in good faith.

And I believe strongly that the medical profession and the Health department of this province will reach, again, an agreement in good faith that will continue with services to the people of this province.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — New question, Mr. Minister, you display an amazing siege mentality. The health situation in this province is out of control. We have hospital waiting lists that you have not been able to deal with; it's been too little too late. We have a drug plan where people are making decisions between groceries and prescription drugs. Too little too late.

And so my question is this: do we have to now arrive at a situation in this province where we are going to have waiting lists at doctors' offices, or doctor's office closures similar to what we have in our hospital system? Is that your response to the health care crisis in this province?

Hon. Mr. Taylor: — Well once again, Mr. Speaker, we see the member from the other side of the House try to exaggerate and inflame and mislead. I want to tell you the health care system in Saskatchewan is not out of control. There's more hospitals being built, more nursing homes being brought in, a new chiropody program — there's been more things done under health care under the Devine government than happened for many years before.

And I take exception . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — I take exception to misleading statements that have come forth from the other side of the House.

Let me indicate to you once again — your government never ever had the fortitude to deal with the extra billing. You wouldn't take it on. You went and talked out of one side of your mouth and said you didn't like extra billing. But would you sit down with the doctors and work out an agreement? No.

This government did, and I can tell you that that same continuation of service, that same type of co-operative dialogue and discussion will take place. And I feel that the types of things that you're trying to scare the people with will not take place in this province, that this will be decided between the Health minister and the SMA (Saskatchewan Medical Association), and the meetings are already set up to do so.

Some Hon. Members: Hear, hear!

Employment of former MLA by Saskatchewan Property Management Corporation

Mr. Brockelbank: — Mr. Speaker, my question is to the minister responsible for the Saskatchewan Property Management Corporation. Yesterday, Mr. Minister, your colleague, the Deputy Premier, took notice of a question concerning, shall we say, a career opportunity for a former colleague of yours, one Louis Domotor, a defeated Conservative cabinet minister, at the property management corporation.

Could you now advise this Assembly of Mr. Domotor's job description, his qualifications for the position, along with the salary level?

Hon. Mr. Taylor: Yes, Mr. Chairman. I understand that the Deputy Premier took notice yesterday, and I do have some information that the member had asked for.

Mr. Domotor has been employed with the corporation since August 17 of '87, and it is as a classification compensation labour relations officer. He is at a professional level 4, and that is in a range of levels 1 to 12, so he's at the fourth level, and that salary is 3,500 per month. The qualifications required for the position include . . .

An Hon. Member: — Grossly overpaid, grossly overpaid.

Hon. Mr. Taylor: — I would like to give the qualifications. Experience in the personnel field; a university degree preferred, or equivalent training and experience . . .

Mr. Speaker: — Order, please. Order. Order. The minister is attempting to answer the question, and I'm sure you want to hear it.

Hon. Mr. Taylor: — Good communication skills; experience in dealing with legislation, regulations, and agreements; and the individual should be perceptive, possess a high degree of ingenuity, and have common sense and good judgement.

Now they asked about Mr. Domotor's qualifications. Mr. Domotor does meet the requirements for the job. He has two university degrees — a degree as a Bachelor of Education and a Bachelor of Arts and, as well, has some non-credit courses in labour relations. He was a cabinet minister in the government, so therefore certainly knows about operational policy of a government department; and he was assistant Deputy Speaker of this legislature.

So I feel that with his education and his experience, that Mr. Domotor is well qualified for the position he's holding in the Saskatchewan Property Management Corporation.

Some Hon. Members: Hear, hear!

Mr. Brockelbank: — Mr. Speaker, a further question to the minister. Finally, after months and months and months, I've got a little bit of information about one of the employees in the property management corporation out of this minister. And the minister has managed to keep the lid on it for over a month now. And I would wish the minister would, at the earliest opportunity, would bring forward more information about the property management corporation.

I want the minister to confirm that the main qualification of this gentleman who's been hired into the property management corporation is that he brings to this position his political connections, which suits your government's desire to sanitize the civil service of all non-Tories. Will the minister confirm that?

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — No. That certainly isn't true, and . . .

Mr. Speaker: — Order. Order, please. Order, please. Order. Order, please. Order, please. I'd like to once more ask for the co-operation of the members to allow the minister to answer the question.

Hon. Mr. Taylor: — Certainly the person in the job, as I think I indicated in the last response, is well qualified. He holds two university degrees, plus experience. And you seem to want to indicate there's some politicizing here.

I want to tell you, if you want to see the degree of acceptance that this government has, I remember sitting in the desk you're sitting in, I believe . . . no, on this side — over on that side was one Jack Chapman. Jack Chapman ran against the Premier of this province — employed by Sask Power; he's still there.

I think you would find many members of the member from Quill Lakes' family — the Koskie connection as it was called — are still employed. In fact I have some of the relatives employed in some of the things that I'm responsible for today, so I think your allegation is completely unfounded.

Some Hon. Members: Hear, hear!

Mr. Brockelbank: — Mr. Speaker, a new question to the minister. Now, Mr. Minister, during your estimates I had asked you for a list of officials of this Crown corporation. You said there was no permanent job designations at that point.

The Crown corporation was created by order in council in March of '86. It was activated in December of '86; it is now being reconstituted in 1987 by legislation.

Can the minister tell me when the designations of permanent positions will be made; when will I receive the list that I have requested; and is the gentleman's name who is under consideration here a permanent employee; is he on contract; what are the terms and conditions of his employment?

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — Well, Mr. Speaker, I notice that the member opposite talked about sanitization of the civil service or something. I want to just indicate something for the public. I think they should know this. It comes from the NDP resolutions for June '87 convention. And I read resolution P-44:

Whereas it is necessary to have civil servants and board members of provincial bodies who are dedicated to promoting the New Democratic program of democratic socialism, be it resolved that when the New Democratic Party is elected, a careful screening take place to ensure that such people are in place.

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — That's what your party stands for. There it is in black and white. And you have the gall, the audacity to stand here and criticize a person with two degrees that's eminently qualified for the job he's in.

I think you should apologize.

Some Hon. Members: Hear, hear!

Mr. Brockelbank: — Well, Mr. Speaker, I want to, I want . . .

Mr. Speaker: — Order, order. Order, please. Order. Order, please. The member for Saskatoon Westmount, I believe, has a further question.

Mr. Brockelbank: — I want to ask a further question of the minister, Mr. Speaker, it's an old saying that when you pound on an empty drum, it'll make more noise than anything.

Some Hon. Members: Hear, hear!

Mr. Brockelbank: — And that's exactly what I'm getting out of this minister, Mr. Speaker. I've asked this minister, starting in December 1986 — 11 months ago — for information about the people in this corporation. I have receive virtually nothing to date. Only upon sweating out some political information out of the minister was I able to get a bit of information. I want to know, the people of Saskatchewan want to know, where is the information about the people that staff the property management corporation, this multi-million dollar corporation which has hundreds and hundreds of employees? The minister hasn't got permanent assignments for staff yet. We deserve that. The public deserve that. When is the minister going to supply it?

Hon. Mr. Taylor: — Well, Mr. Speaker, this is the same thing that's been going on here for the last four or five weeks. I don't know why you don't just shut her down rather than asking the same questions over and over again.

I stood in this House and discussed with him in estimates, told him exactly what we'll do. When the permanent positions are in place in the property management Crown, I will be the first man to send him the list, and he can ponder over them and look over them and look for Koskies and see whatever he wants. And he can put it to the screen of resolution -44, and I don't know if he heard it, and for the enjoyment of the House I might read it again.

However, those decisions have not been made. The only permanent position in the property management Crown at this time is the president, and that is Mr. Otto Cutts.

Sale of Sask Forest Products Assets — Perceived Conflict of Interest

Mr. Lautermilch: — Thank you, Mr. Speaker. My question is to the Premier in the absence of the minister for Saskatchewan Forest Products Corporation. Mr. Premier, it is now apparent to everyone in this province that you're on the verge of announcing the sale of the three SFPC (Saskatchewan Forest Products Corporation) assets remaining.

And I'd like to deal with one of those assets today, the Hudson Bay mill, and the perceived conflict of interest

here. Mr. Minister, we've discussed previously in this House the fact that one of the groups trying to buy the Hudson Bay mill involves the current sales manager of that in Vancouver, an Eric Hedlund, and that the principals in AFA Forest Products are part of that group.

Mr. Premier, the chairman of the SFPC board of directors, one Pat Hill, is an employee of AFA, and AFA is the major customer of the Hudson Bay plywood mill. Will you give this House your assurance that this perceived conflict of interest does not become a real conflict of interest and that the assets will not be sold to this particular group?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, I took notice of this question, or one similar to it yesterday, on behalf of the minister responsible for Sask Forest Products. I've since, as acting chairman of Crown Management Board, taken it upon myself to find out exactly what the situation was with the lay-offs and the possibility for a privatization or a public participation with Sask Forest Products.

The question specifically was dealing with the six months notice for lay-offs of the headquarters' employees, and under section 15.01 of their agreement. And there was six months notice given for the lay-offs, Mr. Speaker, in anticipation of a deal coming together some time during the next six months.

There are more than one proposal on the table that are being evaluated at this time. No decision has been taken at this time as to which proposal, if any, will be the successful proposal. And therefore, Mr. Speaker, no sale has been made, and when a sale has been made it will be, Mr. Speaker, to the benefit of Saskatchewan and the people of Saskatchewan and Sask Forest Products, Mr. Speaker.

Mr. Lautermilch: — A supplementary to the same minister. Mr. Minister, perhaps you didn't hear my question. I asked you if you were going to allow a sale to go ahead to the group that is giving the view to the people of this province that there is a conflict of interest, and I ask you to categorically deny that you will sell to those people.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — What I will commit to, Mr. Speaker, as we did with Weyerhaeuser, we will get the best possible deal for the people of Saskatchewan, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — A new question to the same minister. Mr. Speaker, we're hoping on this side of the House that they can cut a deal, a better deal than they did with the Weyerhaeuser operation.

But my question is this: you have given notice to employees, six months notice to employees; you can't stand up in this House and say whether you're going to sell it or whether you're not going to — or at least you refuse to. You're playing games with the lives of those

families of those employees. My question is this: are you going to, four months or five months down the road after they've been out looking for alternate employment, are you going to stand up and say, oh, whoops, you can have your jobs back; we really didn't mean it. This is just an indication of how you treat working people in this province and, Mr. Minister, I say you're unfair.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, he should talk to the employees at the Weyerhaeuser plant in Prince Albert. The Weyerhaeuser people, the Weyerhaeuser employees in Prince Albert don't think that we were unfair in that deal. The Weyerhaeuser employees in that plant are very, very happy that they are there and that they are working in the Weyerhaeuser plant with a paper mill being built on the end of it that will create another several hundred jobs.

And, Mr. Speaker, the people in Sask Forest Products will be equally as happy if and when, if and when we put a deal together based on one of the proposals that is up for consideration at this time.

Some Hon. Members: Hear, hear!

Mr. Shillington: — We noted how deliriously happy the people in Prince Albert were; they defeated both your MLA's from that area in the last election.

Some Hon. Members: Hear, hear!

Mr. Shillington: — And one of the reasons was because of the way you treat working people. Mr. Minister, will you admit that the reason why you gave them the notice was to circumvent section 37 of a trade union legislation so that when the new owner, when Weyerhaeuser takes over that as well, or whoever the private owner is, they will not be bound by any previous contracts that might have been entered into? Will you admit that that's why you gave the notice — to circumvent section 37?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, for all I know . . . like, Sask Forest Products has operations in Prince Albert and Hudson Bay and other parts of the province. For all I know the new operators — and we're talking about head office employees here, Mr. Speaker — for all I know the new operators may have the head office in Hudson Bay or in Meadow Lake or in Carrot River. I don't know.

The fact is that under the existing agreement, in the event of substantial changes in working methods or facilities, six months notice is required, Mr. speaker. We have provided that six months notice in the event that one of the proposals currently being analysed and worked on is successful, and there is some substantial change in working methods or facilities.

Public Policy with regard to the Future of Agriculture

Mr. Upshall: — Mr. Speaker, my question is to the Minister of Agriculture. Mr. Minister, at a conference of the Canadian Bankers' Association earlier this week in Toronto, a few startling things came out about the future

of agriculture in this country.

Dr. Ralph Ashmead of the Farm Credit Corporation said that 8 per cent of the farmers are broke, 23 per cent are in very bad shape. Harold Baker of the University of Saskatchewan said we expect to lose 25 per cent of our farmers in the next few years, and he also stated, Mr. Minister, that there is a clear lack of public policy dealing with the situation.

Do you agree that there's a lack of public policy, and have you expressed any of those concerns to the federal government?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Chairman, to involve farmers in looking at new solutions, we just finished holding a symposium, and the hon. member attended the symposium. And we had farm people, and we had the Credit Union Central, and we had the Farm Credit Corporation, and we had major presentations by individuals from various parts of Canada, talking about deficiency payments, talking about equity corporations, discussing the various kinds of rescheduling of debt.

Obviously it's been a Conservative government that provided the deficiency payments to farmers and has provided drought payments. And we have over a billion dollars out at 6 per cent money. So in fact, Mr. Speaker, if the member opposite has just realized that the financial problems in agriculture are significant, and he has to read the newspaper to find out that a banker says it's difficult, well, I mean, welcome to the real world. Farmers have been saying that they needed some assistance for some time, and we've helped them.

Some Hon. Members: Hear, hear!

Mr. Upshall: — Mr. Speaker, obviously the minister agrees that here is a certain lack, a very definite lack, of public policy coming out of Ottawa. Famous programs like the rural transition program, paying farmers to get off the land — very little at that; allowing variable freight rates; increasing Farm Credit Corporation interest rates and dropping the moratorium; losing the two-price . . .

Mr. Speaker: — Order. Order. The member will have to repeat his question. Your mike was turned off.

Mr. Upshall: — We have a legacy of great and wonderful programs coming out of Ottawa, as I mentioned. The Farm Credit Corporation moratorium, foreclosures, interest rates, and all the others that I previously mentioned, Mr. Minister. Is that the record; is that the policy that you're so proud of?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, I've said before that what farmers want are low interest rates, and higher grain prices, and the rescheduling of debt, and some cash. And I've said it many times that if only the NDP had of helped them when interest rates were 21 per cent, they wouldn't be in the trouble today. And they know that. And you did absolutely nothing.

And you didn't even encourage the federal government of Trudeau. You and Mr. Trudeau were just like this — and when Trudeau said I won't sell your wheat, and you said, I won't protect you against high interest rates. You all just hung in there like this. And today we see farmers in trouble.

Now we did protect farmers against high interest rates. We brought in 6 per cent money. And it's difficult, particularly when we don't have the revenue. We said, yes, we'll provide a deficiency payment. It's at over \$1 billion. And that's something that you never did. We said that we would provide cash advances to farmers, provide drought assistance, and we provided counselling assistance, and passed legislation to protect them.

And you stand in your place as if you don't like the \$1 billion at 6 per cent. Well you wouldn't support it. You never support any interest rate protection for farmers because the NDP, when they had their chance, they just stood there and said, home owners and farmers can pay 21 per cent interest rates. And you know what, the people have never forgotten. They've never forgotten, nor should they forget, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Speaker: — The member for Saskatoon University, before we go to second readings, begged leave to introduce some guests. Is leave granted?

Leave granted.

INTRODUCTION OF GUESTS

Mr. Prebble: — Thank you, Mr. Speaker. Mr. Speaker, it's my pleasure to introduce two guests who've just entered your gallery a short time ago. One is Mr. Larry Ross of Christchurch, New Zealand, who's been one of the leading spokespeople there, Mr. Speaker, on behalf of the peace movement, a driving force in the successful nuclear-weapons-free zone campaign in New Zealand that has resulted in a formal declaration of a nuclear-weapons-free zone by that government, one which we on this side of the House hope we will one day see in Canada, Mr. Speaker.

It's my pleasure to introduce Mr. Ross and also to introduce a gentleman accompanying him, Reverend Herald Peters-Fransen. We're very happy to have them both with us this afternoon, and I'd ask all members of the Assembly to warmly welcome them to Regina.

Hon. Members: Hear, hear!

SECOND READINGS

Bill No. 95 — An Act to provide for the Registration and Regulation of Persons Engaged in the Real Estate Trade

Hon. Mrs. Duncan: — Thank you, Mr. Speaker. I'm pleased to bring to the Assembly a new Real Estate Brokers Act. The Bill which hon. members now have before them is innovative, progressive, and reflects extensive consultations between my department and

representatives of the Saskatchewan real estate industry.

This Bill, Mr. Speaker, is innovative because it follows the self-administration models which this government has previously introduced. A notable example is the system of insurance councils which involve the industry in the day-to-day administration of Saskatchewan insurance regulation. At the same time, the superintendent of insurance remains the final authority and has discretionary powers under the insurance statute.

In brief, Mr. Speaker, this self-administration model in the insurance industry brings together the industry people who are undeniably best qualified to administer their own affairs, yet with no compromise in consumer protection. This system of insurance councils has proven to be very successful, is working very well, and completely supports this government's trust in the ability and the integrity of the industry.

This same positive, progressive approach is now being used in the funeral services industry as well. Again, the industry appears to be off to a very successful start, administering its own affairs, while the public sees no reduction in its level of protection. Mr. Speaker, there is every indication that public protection will be enhanced because of the direct industry contact, involvement and initiative. At the same time hon. members will appreciate that significant public savings in administrative costs are being achieved by using this self-administration approach.

Mr. Speaker, the proposed Real Estate Brokers Act follows the self-administration model, builds on the successful experiences of other industries, and reflects the unique nature of the Saskatchewan real estate situation at the same time. This Bill is the result of three years of intensive and extensive discussions and consultation with the industry.

One of its unique features is the creation of a new, self-sufficient legal entity to be known as the Saskatchewan real estate commission. The general function of the commission will be the day-to-day administration of their statutes. This includes the most important mechanism of consumer protection, the statutory assurance fund, which collects fees from licensees. Moneys are made available from this fund to compensate consumers. Such things as licensing, fee collection, and drafting by-laws to establish education standards in the real estate industry would be within the powers of the proposed commission. It would also investigate complaints and ensure proper standards of consumer protection.

Mr. Speaker, as in the other industries where a form of self-administration has been introduced, the final authority still resides with the Superintendent of Insurance and real estate. For example, the superintendent can, at his own discretion, review, revoke or amend commission by-laws, and he also retains supervisory control over policy and investigations.

The Act would permit brokers to hold trust money in interest-bearing accounts. Currently brokers may not do so unless specifically requested by a client. As a result,

much of the interest from trust moneys accrues to the banks or financial institutions. The proposed Act would permit interest earned on trust accounts to go to the commission, unless, of course, a broker's client requests otherwise. The commission could then use the funds for the benefit of the real estate sector as a whole for education programs, for licensees and consumers, research, or a variety of other purposes related to the administration of the Act.

Mr. Speaker, while the implementation of self-administration by a new real estate commission is the central feature of this Bill, there are some other new provisions. These changes are largely of an administration nature and I would suggest might be best discussed in detail during Committee of the Whole, should members desire.

Mr. Speaker, this Bill represents a fair balance. These proposed changes to the Saskatchewan real estate law reflect both the need for greater industry control over its affairs and the need for continued consumer protection and confidence.

It is appropriate, I feel, that I publicly express my deep appreciation to the executive and members of the Saskatchewan Real Estate Association for their hard work during the consultation process, which, I mentioned earlier, Mr. Speaker, began some three years ago. I might add that no additional public administrative costs will result from the introduction of this Bill and that civil rights of Saskatchewan residents will not be adversely affected by the proposed legislation.

Mr. Speaker, I am pleased to move second reading of The Real Estate Brokers Act, 1987.

Ms. Smart: — Thank you, Mr. Speaker. Mr. Speaker, this is a new piece of legislation replacing former legislation, The Real Estate Brokers Act. Formerly real estate brokers and sales-persons were licensed by the Superintendent of Insurance directly under the Department of Consumer and Commercial Affairs. This new piece of legislation was as a result of a proposal brought forth by the Saskatchewan Real Estate Association a couple of years ago. The reason for this legislation coming forward, or the suggesting for change, was because of the frustration experienced by the real estate brokers and sales-persons by the failure of the Department of Consumer and Commercial Affairs to provide quick service in licensing real estate sales persons and in investigating complaints.

The Minister of Consumer Affairs has bragged about her commitment to letting the licensing and investigation branch of her department wither away. And in spite of the obvious need for better regulation and investigations as demonstrated by her failure to prevent the collapse of investment contract firms, and to take action to regulate the bingo industries, out of frustration with that, the PC government opposite . . . the real estate agents now want to gain control of the trade and to operate as much as possible outside of government regulations.

Now the agents of the real estate association who have been promoting this Bill are a group that represent only 65 per cent of people who deal in real estate, although

they do 90 per cent of the business of real estate selling. But they are mainly the big players in the real estate market. They are groups like Royal Lepage and Century 21, Royal Trust, Realty World. They're large; they're often the multinational businesses. They're already taking over the market from many of the smaller independent businesses, and their headquarters are often outside Saskatchewan and outside of Canada.

The other 35 per cent of the people who do trade in real estate in Saskatchewan are not represented by the association that was very active in putting this Bill together.

Many parts of this Bill are taken from the old Bill. The assurance fund that the minister mentioned is much the same in this Bill as it was in the old Bill, so there's not much to be concerned about there. But what they're proposing in this new legislation that is certainly a cause of concern is the establishment of what's called a real estate commission.

This commission is being established as a corporation, and it is not for any of its purposes an agent of the Crown, and its powers granted by this Act shall be exercised in its own right and not as an agent of the Crown. This is a new concept in Canada.

I've had the opportunity to check — although this legislation has come down only very recently, in the last day and a half — I've had the opportunity to check as to what's happening in other provinces. And legislation like this does not exist anywhere else.

In Manitoba, a province which the government opposite often likes to brag about copying, real estate sales are governed by the securities commission. And in Ontario the sale of real estate is regulated directly by the Department of Consumer Affairs.

Now while this is a new concept, this concept of the real estate commission, I suggest to you, Mr. Speaker, and to the members opposite, that "new" does not automatically mean better, and "change" is not automatically for the public good. And I say that we have sadly learned this from the implementation of the so-called changes to the destroyed drug plan and the so-called new dental plan which is really a return to dental practice as I knew it as a kid 40 years ago.

So while this government comes in with things that are new, they are not necessarily any better, and sometimes often a lot worse than what we've had before.

When we look at the make-up of this real estate commission, we have even greater concern because initially the real estate commission is to be made up of five persons nominated by the real estate association. And I remind you, Mr. Speaker, that that association is made up of the big players in the real estate game — the large corporations. Five persons from that association are to be nominated to the real estate commission. The other four members of the commission are to be so-called "other persons" appointed by the Lieutenant Governor in Council.

In this legislation there is no suggestion whatsoever as to what groups those other persons are to represent. The consumer's association is not represented; consumers' groups are not represented. No one is suggested to be on this commission representing the 35 per cent of the sales-people and the brokers who are in real estate trade not represented as members of the association.

There are no members from the construction of home builder's association; no particular rural representation and, as many people are aware, most of the large real estate companies operate out of the big cities. So there's no concern to represent the rural people in this.

Now it's interesting to me, also, in looking at this legislation, to look at how this commission is to be governed, because whether we like it or not, Mr. Speaker, we always have to come back to the issue of governance, since governance is a crucial, essential element of any civilized society.

So we have to look at how this commission is governed. I've already explained that it's to be an independent agent, that it is not for any of its purposes an agent of the Crown, so it has no connection with government there, and its powers granted by the Act are exercised in its own right and not as an agent of the Crown.

It's to be governed, as explained in this Bill — this elite group, the commission made up of five persons from the real estate association, the large players in the real estate trade, and the four other persons, whoever they may be. And with the record of the government opposite in terms of appointing its friends and former defeated cabinet ministers and whatever to their commissions, I wouldn't be surprised to see someone like that show up in this commission.

(1445)

But this elite group to be appointed will be prescribing its own by-laws. They are to draw up their own by-laws, including prescribing how long the five originally nominated big real estate firms' representatives are to hold office in this commission. So it becomes a very tight in-group with that kind of power.

The by-laws that this group of people, this small group, this elite group getting together and drawing up for their own governance without any input from the rest of the trade, these by-laws don't have to be ratified by any annual meeting of people who are registered real estate sales-people and brokers in the province. They don't have to be registered . . . or ratified by any group of public interest people. This small real estate commission sets its own rules.

The only way in which those rules can be changed is by the Superintendent of Insurance, if he has the time to read them, and that the Minister of the Department of Consumer Affairs does not have to receive these by-laws and approve them, or know what's going on. The commission is going to operate on its own.

And this is a great concern when we look at what's been happening in terms of the work of the Superintendent of

Insurance in the Department of Consumer Affairs in other areas.

Now, Mr. Speaker, the Minister of Consumer Affairs prides herself, I say, on being asleep at the wheel; that she relies on the market-place to do its work, which it sure did, as I say, when it shafted 4,400 investors, Saskatchewan people, in the province this last year. And that is a serious condemnation of the Department of Consumer Affairs and stands on the record as being condemnation of this department. And legislation that this department brings forward, failing to give the minister control over the agents and the organizations that it sets up, is an organization to be under strict surveillance by the opposition.

The real estate registrants, the people, the brokers and the salespersons that are registered in this province to sell real estate, and the interested public who are concerned about what's happening with the sale of real estate in this province, have no mechanism in this legislation through which to question or to ratify the by-laws that this commission operates under.

Now I want to recognize that the Lieutenant Governor in Council may disapprove of a by-law, but only within 90 days of its being filed. And I ask you, Mr. Speaker, what kind of time line is that for guaranteeing a thorough consideration of the issue? That the order in council, the cabinet, has a lot of things to go through. Within 90 days, this commission — set up by the large real estate players in this province, plus these four other people, whoever they may be — has 90 days to look at the by-laws that they come up with. And if they don't get to those by-laws within 90 days, as I read this Act, the by-laws are in force, and the real estate commission rolls on, on its own.

So the issue in this legislation, for us on this side of the House . . . one of the major issues is control . . . is control and governance and what's going on with this secret commission that will operate as an elite group.

And another example of the kind of control that the commission will have is on the training of the real estate salespersons. This commission will be able to control the number of people in this province who are licensed to practise real estate trade in Saskatchewan, because they will control the kind of training courses that are put forward. They will decide how stringent those course are or how lax they are, how expensive they are to enrol or how inexpensive.

And history shows and experience show that courses that are organized by the private sector are very expensive, so I worry about the cost of these programs. I worry about who is going to get into them. When the control is in the hands of the organization itself, they may well decide that people can't get access to that training because they want to control the number of sales people who are available in the province.

If this legislation said that courses in selling real estate and in the whole development of the real estate market were being offered through a technical school or a regional college which would have public, independent input into the program, similar to a group like the engineers who are

trained at the university, then perhaps there would not be such a need to worry about the kind of control that the commission has, about who's going to get the training, and who's going to get into the profession.

So the clause in here that gives the commission the power to register courses, prescribe the classes, decide who's going to get the training, and also that no one can sell real estate in this province unless they've taken this course, is an issue of the kind of control that this government is putting in the hands of a few. This government that says that it's indulging in self-administration is actually putting the control of a huge industry into the hands of a few people, and also making . . . probably allowing it to have control over a lot of other aspects of the real estate trade.

And the other aspect of this legislation that I have some serious concerns about are the secrecy of the work of the commission, because the annual report that's presented by this commission doesn't come to the legislature. The annual report doesn't come to the legislature. The annual report doesn't go to the minister of the department. The annual report from the commission goes to the annual meeting of the registrants. And by "registrants" is meant the people who are registered in this province to sell or to be brokers in real estate trade.

They are mandated to have an annual meeting at which they will elect at some point in the future their representation to this commission, but they are not provided with an opportunity to see the annual report. And at the very end of this Act there is also some clauses regarding the secrecy of the information that's available to the commission. When they control the industry, and they are themselves the industry, the decisions made by the commission are private and secret decision. They go to the superintendent of Insurance, but they don't go any further than that.

And what is of great concern is the fact that this government, instead of strengthening the Department of Consumer and Commercial Affairs, instead of making the licensing broader and stronger, the licensing in the investigation department so that it could do the work that's needed to be done in governing, they are turning governance over to a small, select group of people from within their own area of interest. And they are eliminating the opportunity for public scrutiny of that industry, for public information, and for the opportunity for the elected representatives to have some control over what happens in that industry.

I say, Mr. Speaker, that this legislation — and I have a number of other concerns about it which we may talk about in Committee of the Whole — but that this Act, this legislation, gives the commission the power to be self-administering, very much so. But it is not being given in a democratic, open, independent way. It's giving more power to those who are already powerful, it's reinforcing secrecy of the industry, and it allows government to abdicate its responsibility for governing. And that is a very serious condemnation.

And it's because of those points, Mr. Speaker, that we will be opposing this legislation.

Motion agreed to on division, the Bill read a second time and, by leave of the Assembly, referred to a Committee of the Whole later this day.

Bill No. 58 — An Act respecting the repeal of the Agricultural Research Funding Act

Hon. Mr. Hepworth: — Mr. Speaker, The (Saskatchewan) Agricultural Research Funding Act was brought into law in June of 1979. Through that Act a person, by definition, individual, corporation, co-operative, partnership, association, or any other organization may apply for financial assistance for the purpose of research and investigation in any field of the agriculture sciences, pure or applied, as it effects the economy of the province.

Since the advent of the agriculture development fund in March of 1985, research projects could be applied for under either program, Mr. Speaker. The Saskatchewan agricultural research fund has had the limitation of only it being able to finance projects for a one-year period whereas the agriculture development fund can authorize longer term research projects.

In the budget we announced that we would provide, our government would provide almost 30 millions of dollars to the agriculture development fund this year, which is an increase of 28 per cent. And I raise that point, Mr. Speaker, because I think some might view the repeal of the Saskatchewan agriculture research fund as somehow a lesser commitment by our government to agriculture research. And such is clearly not the case, Mr. Speaker, because in this very budget that is before this legislature, we have an increase of 28 per cent to the agriculture development fund this year.

This injection of capital alone far outweighs any loss of research dollars with the elimination of the Saskatchewan agricultural research fund program, Mr. Speaker.

With both programs operating, two boards operate, two funds are administered, two programs exist at duplication of service and expense, Mr. Speaker. The Saskatchewan agriculture research fund normally deals with applications once annually in November of each year. With the elimination of this fund, any existing projects will be administered to their conclusion by officers of the Saskatchewan agriculture development fund, Mr. Speaker.

In summary then I would suggest to you and the hon. members of this legislature, there are several benefits to the repeal of this Act. First, all agricultural research will now be consolidated under the agriculture development fund, which is by far a larger fund and, I would argue, Mr. Speaker, a far better one in terms of its terms of reference allowing for long-term research, that kind of thing, Mr. Speaker.

Administration will be reduced — the elimination of unnecessary duplication and a savings of dollars there. And projects under way — because we are mindful that there are projects under way under the Saskatchewan agriculture research fund — will be completed under the

administration of the agriculture development fund, so there will be no loss of projects under way.

So, Mr. Speaker, with that I move second reading of Bill No. 58, An Act respecting the repeal of The (Saskatchewan) Agricultural Research Funding Act.

Mr. Upshall: — Thank you, Mr. Chairman, Mr. Speaker, rather. I'd just like to make a few brief comments on the repeal of The (Saskatchewan) Agricultural Research Funding Act.

This type of manoeuvring is common in this government. And we've seen it many, many times throughout the budget — where we take money from one department and put it in another department; take one department and consolidate with another department. The dollars always come up short. And I . . .

An Hon. Member: — Well how do you end up with a 28 per cent increase then?

Mr. Upshall: — That's right — 28 per cent increase. And we can talk about it, we'll be talking about it a little later on, Mr. Deputy Speaker. I can use the example of irrigation. Taking money out of the irrigation budget, putting it into Sask Water Corporation budget, but the budget's still down. so we're losing in two ends. And this is the type of direction this government seems to be going.

And the other thing I'd like to mention, Mr. Speaker, is 1979, when this government came in in '80, in '82 they had that three and a quarter million dollars sitting in that fund — used for short, quick money for fast rising problems. We could tackle the problem quickly; the money was there.

And now instead of just rolling it over into the other areas of research and development, they're putting it back into the Consolidated Fund. I think there's a good reason for that, Mr. Deputy Speaker, and that's because the coffers are pretty low, and they don't need to spend that . . . they can use that money until whatever time they decide to spend it down the road sometime on research.

So that money really isn't there right now for quick rising problems in the farm economy . . . or in the farm . . . in farming, like wheat midge or rust or whatever the case may be.

(1500)

So that's the direction that we're going, shuffling it into the Consolidated Fund just so this government can pay its bills, because they're terrible, terrible, terrible managers. And in the end run, when we shuffle all these departments around and use our percentages to the government's best advantage, we will see, Mr. Deputy Speaker, we will see how much money actually is being spent.

And there are no signs of looking into the future with this, because we will bring up some of the questions in the committee stage, where we will show you the direction this government is going. Thank you.

Motion agreed to, the Bill read a second time and, by

leave of the Assembly, referred to a Committee of the Whole later this day.

Bill No. 81 — An Act respecting the Consequential Amendments resulting from the enactment of The Saskatchewan Property Management Corporation Act

Hon. Mr. Taylor: — Well, Mr. Speaker, in regard to the structure and the philosophy and the operation of the Saskatchewan Property Management Corporation, I believe I explained all of those things during second reading of the major Bill. This is second reading of the consequential amendments pertaining to the Saskatchewan property management Act. I would, without any further discussion, move second reading of this Act.

Mr. Brockelbank: — Mr. Speaker, Mr. Minister, I can understand the rationale for having a Bill dealing with the consequential amendments, for the changes you're making with regard to The Saskatchewan Property Management Corporation Act. However, in your remarks you didn't deal with any of the aspects of the consequential changes and I want to give you notice now — and you can respond at the conclusion of this particular debate or in committee, whichever is more convenient to you.

But I raise a question about The Public Works Act, which is one of the consequential amendments. The Public Works Act is an Act which has been in effect since about 1916 in the province of Saskatchewan, to the best of my knowledge. And it would appear that the consequential amendments place under the Saskatchewan Property Management Corporation the question of public work, and also have the expropriation powers under the Saskatchewan Property Management Corporation.

And the question that arises in my mind is: why is The Public Works Act being retained when in fact virtually all the powers are in the Saskatchewan Property Management Corporation? I have some thoughts in my mind about why that may be so, however, I'd be prepared to listen to the minister's comments, either on conclusion of second reading debate or in committee.

The second point I raise, Mr. Speaker, has to do with the doing away with the Department of Supply and Services, which formerly, prior to this time, had all of the powers which are now being exercised by the property management Corporation. At a previous time in this legislature I had asked the minister about the transfer of the powers from the Supply and Services to the property management corporation, and the minister will recall — it's on page 3597 of the debates — I had requested information as to whether all of the Supply and Services had been transferred to the property management corporation. At that time the minister said in part:

... a small portion of the systems centre is still in Supply and Services ...

And later on, on the same page he related that there are:

... about eight or 10 people left within Supply and Services regarding this aspect of the systems

centre.

And if the minister is, in fact, doing away, repealing The (Department of) Supply and Services Act, what will be the consequential effect on those employees, and that function that was left, according to him, in Supply and Services?

Mr. Speaker, I do not believe that the Saskatchewan Property Management Corporation is a necessity; consequently, I do not believe these amendments are necessary.

So therefore I will oppose them: my opposition primarily being with the other Act, namely The Saskatchewan Property Management Corporation Act. And that's all I have to say at this time, Mr. Speaker. Questions may arise in committee with regard to the matters I've raised.

Motion agreed to, the Bill read a second time and, by leave of the Assembly, referred to a Committee of the Whole later this day.

COMMITTEE OF FINANCE

**Consolidated Fund Budgetary Expenditure
Executive Council
Ordinary Expenditure - Vote 10**

Item 1 (continued)

Mr. Brockelbank: — Mr. Chairman, Mr. Minister. You will recall, Mr. Minister, when you had your other estimates before the House a day or so ago I requested information about property from the Saskatchewan Property Management Corporation, listing community, building address, and square metreage, and I would also like the similar information for your department that you're dealing with now.

And also provide a list of all departmental consultants paid in 1986-87, showing the name of the consultant and the purpose of the consultant and the cost, where the consultant's results were shared with another department, agency, commission, or other government, etc., please indicate who, and the total cost of the study as well as your department's portion of the cost.

Please provide the additional global costs for your department for consultants in '85-86 and the global costs estimated for '87-88. And I don't need the information right now, Mr. Minister, I'd be quite prepared to receive it in written form as soon as possible.

Hon. Mr. Devine: — Well we would be glad to provide it in written form as soon as we can bring it together.

Mr. Brockelbank: — Mr. Minister, I can send over the item here and then you'd have it at hand. Thank you, Mr. Chairman.

Mr. Mitchell: — Thank you, Mr. Chairman. Mr. Premier, I want to ask some questions of you concerning one aspect of the trade agreement reached between Canada and the United States, and in particular, I want to focus on the binding dispute settlement mechanism which is referred

to in the agreement as a binational panel dispute settlement.

Now I ask these questions in the context of Canada's objective, or as the Prime Minister used to call it, the bottom line, which was that Canada would secure access to the United States market through the establishment of a new set of trading rule which would define the practices or the government programs or subsidies which would be deemed acceptable, so that we'd have some idea of when we were crossing the line and in danger of running up against the countervailing duties or anti-dumping measures by the American government.

The problem that I have with the agreement that was reached, as I understand that agreement, is that I don't know what we got. I don't know what we achieved in that agreement that we can feel very good about. I'll just outline to you my understanding of what we got and then give you an opportunity to give me your understanding of it.

Let's take a complaint arising in the United States by industrialists in the United States such as happened in the potash case. They allege that Canada is unfairly dumping potash into the American market. And there is, as you know, a complex system set out in the American laws to determine whether or not that complaint is well-founded. And it has various stages, and at the end of those stage comes a final decision on the complaint.

Now in the past, people in the position of the potash companies in Saskatchewan would, in the normal course, be allowed to or have access to the courts in the United States to test the validity of that decision on certain limited grounds. And those grounds are defined in the administrative law of the United States, as they're defined in the administrative law of Canada. And the grounds are quite, quite narrow.

The question really becomes . . . or the question that the courts answer is: did the tribunal correctly interpret the law that they were applying, and in the odd case, did they have any evidence on which they could act? And on the question of evidence, as you know, it's not a question of preponderance of evidence or weight of evidence, but merely was there any evidence at all on which a tribunal might have reached that decision. Now that's how it used to be.

Now as I read this agreement, what we've agreed to is the establishment of a panel which will take the place of the courts. And our redress from the decisions of the anti-dumping and countervailing tribunals in the United States, instead of being to the courts, is now to the panel.

It's my understanding that the grounds on which you can go to the panel, the grounds of review of those decisions, are precisely the same as they were with the old system — with the U.S. courts.

(1515)

And it is further my understanding that the law that the panel will be applying will be the law that's already established in the United States, including the precedents

that have been laid down by the courts in years gone by.

Now I ask myself if I'm correct on all those facts, I ask: what's new? What have we achieved that wasn't there before? And I'd like you to answer that question.

Hon. Mr. Devine: — Well, Mr. Chairman, I appreciate the hon. member's question and appreciate the tone of his question. Let me begin by saying, if we didn't change the anti-dumping or the countervail laws at all, but we moved tariffs to zero in the next 10 years for both countries, you could ask yourself, would that be worth it to get two major trading partners, the largest trading partners in the world, to finally succeed in reducing their tariffs to zero.

And as the hon. member knows, we've had three major tariff rounds internationally that have reduce dour tariffs. The first one in 1947, then the Kennedy round in '63, and the Tokyo round in the '70s, and always consistently reducing tariffs. So that now between the United States and Canada about 80 to 85 per cent of all the goods and services we trade are without tariff.

Now this agreement says, we'll take them so that 100 per cent of the goods and services we trade, with a few exceptions — beer, maybe, and some of the marketing board commodities — will be traded without tariff. And that seems to be an honourable thing to do. And generally most countries agree that you should move towards less tariff and less restrictions, and we've been all trying to do it since the Second World War. So that, it seems to me, is a win, if we did nothing with respect to their anti-dumping or ours, or their countervail or ours.

So the second point is, now, if you can reduce them to zero and they don't play fair, what do you do with them? I guess I could put it this way. If we designed a perfect deal and their laws were identical to ours, the point is, you still can't cheat. You've got to play fair. So if they subsidize and then export into Canada, we have to have some remedy that we both agreed on. And the same applies for us subsidizing and trying to export into their market. So it's good to have tariffs go to zero. And if we had a perfect system, we have to agree that when you shake hands on something, you can't cheat on the agreement or else there's a penalty.

And that gets to — what about the laws? I'm inclined to answer that in three points, as briefly as I can. We don't want to leave them as they are because it is unfair, and particularly in the mood of Americans and in some others in terms of retaliation it's not a particularly harmonious mood. And they have an omnibus trade Bill before the House and 200 other Bills before Congress that are quite destructive and damaging because they lead to higher tariffs and more restriction, and so forth.

So that's the first. You don't want to leave it the way it is. but you want to move tariffs to zero, so don't leave it the way it is.

Secondly, could we change their laws just as quickly as possible? And then that raises the question of, you know, is it politically possible to get Americans — Congress, Senate, and the House of Representatives — to actually

change their anti-dumping and their countervail laws quickly, and Canadian parliament and our Senate to change our laws quickly.

And I think the political judgement would be, and the consensus is, it's difficult enough to cut a deal that takes 10 years. I think you would admit that. I mean, you know, given all the perspectives we have, it's difficult to cut a deal that would take 10 years, let alone have United States and Canadian politicians change their laws right now.

So you can't leave it the way it is. You can't expect to fix it overnight or literally within hours, or even weeks, so you go the third alternative, and the third alternative is the agreement we have. And the third alternative says this: we're going to take tariffs to zero, and we're going to design a mechanism to make it better.

And in doing that, a couple of things have to happen. We have to bind them right now and get hold of them so that they can't interpret their laws by themselves.

Now their anti-dumping laws are very similar to our anti-dumping laws, so we can't let them go ahead and interpret them because there is a fair amount of political influence, to be fair to Americans, or at least some connotations of some political influence in this mood of protectionism, that some people are encouraged to bring Bills before the House in anti-dumping cases, and that the same kind of people who are going to be lobbying those, that are going to be judging them, and it goes on and on. It's wrapped up in the American flag and they say, well, this is the way it should come out. And they get to interpret their own laws. Never have they agreed to let somebody else interpret their laws.

So we said, all right, I can't live with it the way it is; I can't change their laws overnight; but I can bind them and get a panel of people that they agree and we agree and a fifth person, say, in the middle, to be the binding dispute settlement mechanism, the final say — and an agreement that says over the next seven years we will harmonize our laws and we'll get our anti-dumping laws more fair.

We'll have to address the constructive cost problems with respect to anti-dumping when you're marketing into another man's area and you have the lion's share of it. And we particularly see that, say, in items like potash or steel or something else — and in the countervail to look at subsidies, the whole question of subsidies. When it comes to agriculture, I mean, the subsidies are enormous, particularly in United States. So in theory what we want is to get a hold of it, contain it, move the tariff to zero, and harmonize the laws on both sides of the border.

Now I would agree with you if you say that's not perfect. We would rather have their laws the same as our laws and the kind of law we would both like to see. And I agree with you.

Now I guess the question that I faced was: would I let this go in the face of a perfect deal? In other words would I say, no, I'm walking away from this because I don't think that the tariffs going to zero is important, or holding United States, or an agreement to harmonize the law is enough.

I'll just let it go the way it is.

Now that's a big decision to make because I think most people would like to see less tariff, generally. I mean, it goes down sector by sector. It just keeps dropping off and generally, and we're now to 85 per cent of them or whatever that are without tariff. We want to see it go that way. In the mood of the country, and not to extend it, but the interconnection we have world-wide and the mood of people in this market and everything else, we'd say, I don't think we can afford to just leave it there, particularly if we could just take these tariffs to zero. That's precisely what we're after.

And then that may even create a spirit in the United States of co-operation that is better than is there now. Because they'd say, we got a chance to show the rest of the world how to do this. We've already got the President of the U.S. to say, and table in Geneva, his 10-point plan to reduce agriculture subsidies to zero in 10 years. And the Prime Minister of Australia, Bob Hawke, has done the same just last week — tabled how we'll get all these things to move to zero.

So we have a few of them moving, we think, in the right direction. So over time we've got seven years to harmonize and make it more perfect in terms of the laws, and a panel to judge them.

Now the panel has some advantages: probably a little less political influence; it's faster, dedicated, and they're professional — not just judges, but professionals, say, in softwood or in hogs or in uranium or something else, that know the industry and can say, by gosh, here's group of two people on this side and two on this side that the people in the industry agree are reasonable folks, and a fifth person that we both agree on. So that's basically as I see the opportunity that's before us.

Mr. Mitchell: — Thank you, Mr. Premier, for the answer. It raises a number of issues that I think we'll get into later on this afternoon, but I just want to try and limit my questions at this point to this dispute-settlement mechanism, this panel idea.

And I heard what you say, and there's a beguiling kind of aspect to it. You say there are professionals on this panel, and they know what they're doing, and they're free of political influence, and that's the beguiling part of it.

But I'm afraid when I look at the agreement that there's a harder reality there that strips the beguiling, attractive feature from the panel. And it's simply this: all the panel is going to be doing is replacing the American courts. And the law that the panel is going to be applying is going to be the law that the courts have applied, and the basis for the panel's review of the decision of the tribunals is exactly the same as the basis for the court review. And they'll be working from the same precedents.

And trade law is much litigated in the United States; at least that's what I'm advised. Trade law is much litigated, and there's a huge body of precedent which sets out very clearly what is the meaning of the American law and what certain words and phrases and concepts mean. And my fear, Mr. Premier, is that this panel, which has this

attractive aspect to it, this sort of attractive appearance that you've mentioned and that I agree with, in practice is going to just operate like the Americans' courts have.

Now I'm not criticizing the American courts, but their basis of affecting trade decisions, countervailing and anti-dumping decisions in the United States is very, very limited indeed. It's only when the tribunal makes an error in interpreting its own law that the courts have intervened. And that's exactly what the panel is going to be doing. And when they're doing it, they'll be applying this long line of American court precedents so that they won't get a chance to display their knowledge of softwood lumber and their knowledge of potash and steel and the rest. The only opportunity they'll have to display their knowledge is with respect to the administrative law governing the review of these kinds of decisions.

Now what's the significance of what I've said? It means, if I'm correct, that in the short run there's really no change in the decision-making process on countervailing and anti-dumping cases in the U.S. — that's the first thing it means, no change.

The second thing is related to the first, and it is that there won't be any change until something else is negotiated that makes the two trade laws more compatible and works out a more equitable system as far as Canada is concerned. And that's going to take . . . that could take as much as five years, according to the agreement.

And here, Premier, is my next problem. We're going to try and negotiate changes to American trade law which will be more fair to Canada, and we have nothing left to offer, you know; it's a negotiation with our chips already having been played with still such a sizeable amount of the game left to go. Do you understand? I mean, we're limited in our bargaining here to really the content of the American trade law without . . . having given them everything that they reasonably wanted anyway. I mean, if you believe their literature on the subject, this deal is a great deal for the United States. Our pay-off for all of the things that we did in energy and foreign investment and the rest was to be this kind of new trading regime, new trade laws.

Now with respect to the two points that I made: first of all, that there's nothing different in the short run; and secondly, we just have no pressure, no bargaining pressure left to help us convince the Americans to change their laws. I think we've come up empty.

Now you will answer, and I know you will because I've heard you so many times on the point, that a tariff reduction is sort of worth the whole thing. And I just observe that there are tariffs, at least the ones that affect goods coming into Canada. There are tariffs. We put them on there; we've reduced them, as you have observed, over a long period of time. And it's the objective of successive Canadian governments to keep reducing them, and we could reduce them. And we don't need a trade agreement in order to reduce them, except to the extent that we want the Americans to reduce their tariffs.

My advice on that is that the level of American tariffs is about one-third on the average of our tariffs, and we

didn't need all the rest of this agreement just to accomplish a reduction of tariffs.

(1530)

Now I'm not . . . you know, I'm from Saskatchewan too, and I understand about tariffs. Now you understand about tariffs in a Canadian context also. In spite of your rhetoric you understand that tariffs have played a certain role in the development of this country. It's an economic and, to some extent, a political decision as to whether they've all outlived their usefulness, but the reduction of tariffs to zero, I don't think, with respect, is a strong argument for the rest of this agreement.

And I come back then again to the fact that our bottom line is sort of hanging out there in the breeze, as it were, unresolved. Hopefully we can get it resolved in five years, but in that respect I observe that we've got no bargaining pressure left to put on that particular item. And I feel worried to say the least. I feel quite pessimistic about where that process would take us.

Now in that presentation, Premier, I don't isolate just one question, so I would invite your response to everything I've said.

Hon. Mr. Devine; Well, Mr. Chairman, I'm always interested when people say that Canadians gave up anything. I mean, what did we give up? What did we give up? I mean, I spend a good part of my time, and many premiers have, encouraging others to invest in Canada. And some said, well we've given up the right to let Americans invest here.

I mean, there may be philosophical differences about Americans investing here. But, you know, GM and Ford and Chrysler and John Deere and Case International and McDonalds and hamburgers and all kinds of things, you know — investments are here. And you've heard me talk about Ontario investment, and I won't pursue it in any great detail.

But what did we give up? We didn't give up our sovereignty. We have the rights to do all the things we want here. The arguments about culture . . . I mean, what did we put on the table? I just say this before I get into the specifics of the dispute settlement mechanism.

I've read a lot of the work, and used his research and his writings in my graduate economics classes, John Kenneth Galbraith, a Canadian who is now a naturalized American. And Professor Galbraith, not being for or against free trade one way or the other, says clearly Canadians have won on a free trade agreement between the United States and Canada because we have access to this huge market, and nobody else in the world has that.

Now this is a liberal and, if you like, a very prominent socialist in America who has written profoundly and profusely all over the world and has been an Ambassador to India and written very much. And he says clearly, clearly, that Canadians have won in getting this access to the United States when no other country has it.

Now if we have tariffs to zero and we have a binding

mechanism . . . And let me get into that. Because I don't know what we've offered to them at all — they can invest in Canada. Well I hope so. I mean, for the places where we've done the best, Americans have invested the most, and that's very, very clear.

I mean, you know, again, Oshawa — tens of thousands of jobs. I don't know — 20 or 30 or 40,000 people work there in the automobile industry, and GM as an American company has invested a fortune. And I wouldn't want any more than Oshawa — I've said that; I say it in all respect — let's just keep up to Ontario in terms of American investment. Why not? It seems to have been good for them. It's even good for all the people that work there. They kind of like it.

So what have we given them? And any event . . . I'm just reading from the agreement to give you some comfort that on the domestic anti-dumping and countervail duty laws:

The free trade agreement shall provide that each party reserves fully its right to change its domestic anti-dumping and countervailing duty laws provided the following:

Page 19.

No future changes in such laws can be applied to the other party unless it is so specified in the legislation.

So they're not going to change their laws without the agreement of their partner who is now his bilateral, would be Canadians.

It notified such proposed changes to the other party and entered into prior consultation with the party upon request.

Secondly, so that you are going to be . . . we will negotiate with them, and they will negotiate with us.

And it makes only changes (and this is very important) applicable to the other party which are consistent with the GATT (General Agreement on Tariffs and Trade) anti-dumping code and subsidies code.

So anything we do we agree will be consistent with the general rules and regulations of GATT. Then it goes on to say:

A new binational panel would replace the judicial review in both the United States and Canada.

Now, they have agreed to harmonize their laws. They agree if they have new laws that they will be consistent with our laws or they will consult with us, and they will not do anything against Canadians that are not consistent with GATT and they've agreed to have a five- to seven-year process to bring their laws together with us. And they've agreed that a panel will judge their laws.

Now imagine, has anybody ever done that to Americans before? No. This is the largest trading company in the world . . . trading country in the world, and they agreed to

harmonize and to co-operate and to move in the same direction as Canadians as we take tariffs to zero.

My final point will be: we are just as sovereign as they are. If they pass some really ridiculous trade laws, we can pass just as ridiculous trade laws. We can pass laws that are so protective and protectionist. We can nationalize the world here, and we have that right. We can be just as ornery. And we can all break, you know, an international treaty. And we can be as ornery as anybody else.

The intent is to go the other way, to harmonize the law, make them more consistent, and have a mechanism to judge those laws that is fairer than it is today. I believe, and our research I believe that will point out, that cases like the softwood lumber wouldn't even have come to the fore had we had this binational panel and we had the mechanism that we have today; because the political pressure and the temptation and the knowledge that it's not going to be just judged by somebody else or judged by Americans, but somebody else, has an impact, and people in the industry will say, yes, that could have a significant impact.

And the same applies to potash. If it wasn't just interpreted by Americans but in fact it could be interpreted by a binational panel of professionals that know the industry, it reduces significantly the probability of the problem. Now . . . plus a commitment to harmonize those laws over time, seems to me at least to be going in the right direction, particularly when I look at the fact that . . .

What would you do in the face of the world today and under existing laws, realizing you can't change all their laws all at once because the political pressure down there is, I am sure, in favour of protectionism, as it may be here in Canada. I mean I think the survey said today there was only 40-some per cent of the people in the entire country knew that we had initialled a free trade agreement; 60 per cent of the folks don't even know we've done it.

You know, I mean, you see what we have at stake. We have some very historic, profound things like Meech Lake, like trade, and some other things, that when you're involved in the middle of it it becomes quite clear, but it takes a fair amount of time for the general public to even know that you're involved in the discussions evidently, according to the research.

So I say, looking at the alternatives, as leaving it alone, could we change laws immediately or could we move towards tariff free plus a mechanism to change American law and make it closer to ours, not quickly but as fast . . . and an agreement to do so, harmonize the laws, be consistent with GATT and the rules of GATT, I ask myself, what's the down side of us agreeing to have a panel and move in the same direction towards more liberal laws that are the same? What's the down side?

And you say, well we gave away our bottom line. What was our bottom line? A bottom line that they could not invest here, that we wouldn't have sovereignty, or they would hurt our culture; or that we would have a binding dispute settlement mechanism? Well this is a binding dispute settlement mechanism. This is the last panel. This

is it, between the two countries, that's what it's called, a binding binational dispute settlement mechanism on anti-dumping and countervail.

And so, I agree, it's not perfect and I just believe, sincerely, we've made progress in the light of international relations between two countries that trade a great deal and progress politically on an international front, as an example, consistent with what we've tried to do in GATT.

Mr. Mitchell: — Well there we are, there's the argument that you and I are really having. This is not the kind of binding dispute settlement mechanism that the Prime Minister and his ministers were talking about over the months, and that Mr. Reisman was talking about.

What we've got here is something different than what they were talking about and different than Canada expected. Now I think that it's clear what happened. I think that Minister Carney told us what happened, and let me just recount the story as I recall it: they were bargaining in Washington on the Saturday. They were getting nowhere on this question of a binding dispute settlement mechanism. Negotiations had broken down. The Americans were not prepared to compromise their trade laws. Negotiations broke down and they went to Secretary Baker's office and they were eating Kentucky fried chicken.

You remember this story? And they were recounting sort of what had happened and what a pity it was and what an opportunity this was and reviewing why it just couldn't go without a mechanism. And during that discussion Secretary Baker said words to the effect, like: well there just has to be a way out of this, there has to be something that we can do. I'm going to go down the hall to talk to my lawyers and I'm going to ask them to be creative — ask them to be especially creative and see if they can't come up with something.

So Secretary Baker washes the Kentucky fried chicken off his hands and down the hall he goes to his lawyers and he says, be creative guys. And the lawyers, in their creativity say: well we don't want to change our regime at all. We don't want to change our trade laws a bit. We want them to operate just as they have, at least in the short run.

So what we'll do is just take the courts out of that system — the courts which have a limited review role in the administrative law of the United States — we take away the courts and we'll plug in this panel — no greater power than the courts, no greater role, deciding cases on the same ground.

And my point to you, Premier, is that it's just not the kind of dispute settlement mechanism that the Prime Minister wanted or that Mr. Reisman wanted or that you wanted. It is just . . . It's not correct to describe it as some sort of over-arching court of last resort, a sort of an expert panel that can resolve things that have got mucked up in the American system. It is really just another court appointed by different people.

So instead of being appointed by the President of the United States to serve on a bench as a judge, it is a panel

of people who will serve exactly the same role. So it is not what it purports to be, and in that respect it's a sham.

An Hon. Member: — No, it's not. It's not a sham.

Mr. Mitchell: — Well I'm sorry, Premier. It's a sham in the sense that it's not any kind of a broad appeal mechanism from the tribunal's decisions. It is only an administrative tribunal . . . pardon me, not an administrative tribunal; it's only another form of court for the review of decision of the tribunals' unlimited grounds, and it will not have the kind of broad jurisdiction that we needed it to have.

And you, sir, with respect, ought not to be satisfied with it. I mean it just doesn't do the trick. And if your advisers are telling you that it does, then I suggest they should broaden their consultations because, with respect, I think that they're wrong.

Now you mentioned, Premier, that the softwood lumber case would not have been decided in the way that it was if this mechanism was in place. And again, with respect, sir, in my submission, that's wrong. Softwood lumber would have gone exactly the way it did.

It started out as a complaint by the lumber people in the United States about Canadian imports into the United States, and it went through their countervailing machinery . . . (inaudible interjection) . . . Well it went through a number of times, didn't it, and it was turned back by that tribunal again and again and again — at least I say again and again three times, I'm not sure it was three times — but it certainly was turned back on at least one previous occasion. The tribunal decided there was no subsidies, so therefore no countervail.

(1545)

Now then the last time it came up, for some reason Canada decided that it was going to lose so it went down there and it negotiated a deal. Now softwood lumber would not have had any different result than it had because it would have had to go through the same American decision-making mechanism as it went through — up through the countervail procedure to the point where somebody decides that yes, there is a situation where a countervailing duty should be imposed.

Now if you don't like that, Mr. Canadian softwood lumber producer, you can go to the American courts and ask for a judicial review on certain limited grounds, namely the interpretation of the statute, but that's all you can do. Now that's how it was back when these duties were imposed. And what's different today? The only difference today is that instead of going to the courts in the last resort, you go to the panel who exercise the same jurisdiction as the courts.

And so again I challenge your advisers, Mr. Premier, and suggest to you that they're not correct when they advise you that the softwood lumber decision would have a different outcome. And of course the softwood lumber decision is unaffected by this agreement that we're discussing this afternoon.

And finally, the third point I want to make, Mr. Premier, is

that with respect to our future laws, you quoted from the agreement, and you quoted the clause where it says that:

The agreement shall provide that each party reserves fully its right to change its domestic anti-dumping and countervailing duty laws, provided that . . .

Now I heard you say that — at least I think I heard you say — that Canada had to agree to those changes. And I want to make the point that that's not what it says in my copy. What it says in my copy is that if the Americans wanted to apply to Canada, they have to say so. But before they do that, they will have notified Canada of the changes and entered into prior consultation with Canada if Canada wants that. But they are still free to do, in the final analysis, they're still free to do what they want to do. Now . . .

An Hon. Member: — Now turn the page.

Mr. Mitchell: — Yes. Right. I mean I know that we can abrogate the agreement; we can pass mirror laws of our own and that sort of thing.

An Hon. Member: — Got to be consistent with GATT.

Mr. Mitchell: — And they've got to be consistent with GATT, yes. But what they've got to be consistent with is the anti-dumping code and the subsidy code of GATT, which cuts a wide swath, Mr. Premier. I mean, I'm no expert at anti-dumping and countervailing rules, but it does cut a wide swath.

So what I've said to you first of all is that, on this occasion, is that the Kentucky Fried Chicken story is, I think, true. And the Americans gave us something which looks like it's something, but which in fact isn't anything. It's not what we need. It's not what we wanted. I call it a sham. You take objection to that description; that's fine. But it is not what we thought it was, and it is not going to serve the purpose that we needed served.

And secondly, the softwood lumber case would not have been decided any differently.

And third, I fear the Americans can go on passing the laws that are before it in congress that you and we are so concerned about, and without any meaningful restrictions on the right to pass those laws if they so wish.

Hon. Mr. Devine: — Well I'm sure you understand how, in all respect, that your comments that this exercise and this agreement is a sham would irritate not only me, but people like, for example, Derek Burney, who is a career civil servant, probably one . . . the best external affairs people that Canadians have had; Simon Reisman, who's been a negotiator for years under various administrations — deputy minister, negotiated the auto pact, not necessarily for any political persuasion.

These are career civil servants, and have more experience than I have —or you, in all respect — about trade matters. The Ambassador to the United States, I mean, a career individual, a diplomat, says this is absolutely historic and it is a good thing to do. The ambassador makes the point,

and I think fair enough, and as the Prime Minister has, we've never done this before. We've never done this before.

The Prime Minister has never done this and we've had 10 meetings of the first ministers, gone over the details and looked at it. He said, I just want you guys here so you don't think I'm pulling the rug out from under you. I mean, Lester Pearson signed this deal with the United States in the auto pact and he never even met with the Premier of Ontario. I mean, we've had meetings and meetings and meetings. I say, we've got to have a binding dispute settlement mechanism. The Americans are tough. we've got similar laws, but we've got to try to cut a deal the best we can because I want to do it and the President does.

Now it seems to me we have only one difference here. You would like to have the laws the same right away so that their anti-dumping and their countervail are the same as ours. I think that's what you would like to have — and a binding mechanism right now.

Now what came to pass is that we couldn't get them to change their laws to be exactly like we wanted them, quickly. Now you're saying to me that it's a sham because we got them to change them over time, an agreement to modify them over time, and you say that's no good. You would have just said, go home, leave it the way it is. Or you can speculate, having hindsight, and say, I'm a better negotiator, I'm smarter, I'm all this stuff.

We've never done this before. We certainly had a lot of people at the table. We've had the so-called SAGIT's (Sectoral Advisory Groups on International Trade), the industry groups that have met across the country and the premiers and their staff. I mean, you've never seen so many meetings.

I have the advice of people who have done some great negotiations in the past — and we all agree historically the auto pact has been terrific — and people questioned it at the beginning. Simon Reisman says, it has been good, and this is even better for Ontario. he says Ontario, in fact, benefits the most from this because they have the economies of scale because they are industrialized.

So you'd rather have it perfect, have the laws all changed immediately to be just the way we want them, or I suppose you would say Americans agree, over time, to change their laws. Our anti-dumping laws are the same as theirs now, so it's the countervail that you're changing. Well we said: an agreement to do it over time, take the tariffs to zero, and a binding mechanism that is a panel so the U.S. can't judge their own laws.

Now any reasonable person 15 years from now, out of the heat of the political rhetoric, is going to look back and say, academically, that's a step in the right direction. any two countries would agree with this.

Let me just finally say this, and we'll agree to disagree. If the Japanese, my hon. friend, had cut this deal with the United States, I very much believe that the opposition would be on my case and the Prime Minister's case — while you guys were asleep at the switch, here the

Japanese have cut this deal with the best trading partner in the world. They've got a binding dispute settlement mechanism, tariffs going to zero. We're going to lose out and all that stuff. You know the game of politics. I mean, when people thought we were walking away from the deal, there was long faces. Well I thought the United States and Canada were kind of friendly. We do 150 billion . . . It's a matter of perception.

As I pointed out earlier in this survey that was released today, 44 per cent of the people are aware that we've even cut a deal; 66 per cent don't even know we've done it. So I can only say, we've never done this before. Ambassador Simon Reisman has said, we've never done it before; this is a brand-new mechanism.

You go to the table and see if you can cut a deal that's as reasonable. Take tariffs to zero, increase trade, it'll be increased jobs. As tariffs go down, the number of jobs go up. And since the Second World War the correlation is beautiful. The more you reduce tariffs and the more you increase trade, the more new jobs you have. And if you can move in that way and harmonize your laws to be similar and have a fair interpretation of those laws, that's all any man could ask for.

Now anything else I've heard with respect to the fear, you know, that you hear of down East and other places, is pretty much rhetoric. There's no economic basis for the fear, because of . . . either in terms of investment or whether we've held our own in trading with the United States. Ontario trades more than any other country, or equivalent to Japan. I mean, Canadians have done well, extremely well, and to have this kind of process, to have a binding dispute settlement mechanism judge their laws as well as ours — and our laws on dumping are the same, and so you just have the countervail left. I mean, obviously I have to take exception to your terminology that you use.

But it seems to me that in an historic sense, in a new sense, it's a major step forward and a five-year process to make it even better as opposed to just walking away and say, well you just be as tough as you like, because we can pass laws just like you can.

And we look at the Smoot-Hawley Act of 1930 and all the laws that were passed around the world with double tariffs. And you had world-wide unemployment. That's what's at stake. I mean, it's tough. You know, these days the market's going down, the worry, the feel for protectionism, the mood for protectionism is . . . In Saskatoon, I mean, you knock doors in your riding and you say to the folks, I'm here to protect you against Americans, and they'd go yes, sir, you do that. I mean, you know that. And their whole life and their jobs may depend on selling into the United States, as many of your constituents do.

But it's difficult to tell them about and advise them about international trade, because it's so easy to talk about protectionism. And it's protectionism that could actually take away their job because American politicians are just as smart as you and me. And they can go do that in their jurisdictions and their districts, and they'll get, just like they did in potash: oh, this would be really go for us; and

they go, yes, and then they realize how silly it is.

It's not perfect, I agree with you. But I believe, and with the External Affairs and the other professionals that we have talked it, it is a major and historic step in the right direction. It's not perfect — we've never done it before — but it's in the right direction with some right machinery to get us in a position where we can both benefit.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Premier, I'd like to pick up on some of the points made by the Premier and by the member for Saskatoon Fairview. I'd like to step back and see in what context we are being urged to make this free trade deal.

I'd like to just put a few question and attempt to answer them, and attempt to ask the Premier to answer them. First, has Canada done well economically under the multilateral approach of GATT? Have we done well over the last 15 or 20 years, trading all over the world; have we done well?

The second question I ask is, do we anticipate that over the next several years the United States tariffs versus the rest of the world will go up or down? And when I say the rest of the world, I'm now referring, I'll just say, to Germany and Japan as examples.

Thirdly, can we discriminate in favour of U.S. goods, i.e., lower tariffs against U.S. goods, but not against goods from Japan or Germany? Can we discriminate in favour of U.S. goods without discriminating against goods from Japan and Germany? The answer is an obvious no, but I'll come to that.

And the next question I ask is, if we discriminate against the goods of other countries, will that hurt us in selling goods to those other countries?

Now those questions are the real questions, because the issue we're talking about is the extent to which we tie our economy to that of the United States and the direction of the U.S. economy.

Now I turn my remarks to the first question. Has Canada done well economically under the GATT approach? That is, trading with all nations, the approach we are asked in effect to abandon. And the answer is yes, we have done very well.

And I am quoting extensively here from the remarks . . . an article by Mr. Allan Gotlieb, the Canadian ambassador to the United States, who will not be thought of as a person who was opposed in principle to free trade or opposed in principle to the Mulroney agreement, since I think it's important to understand that the Mulroney/Reagan agreement is not a free trade deal, it's a partial free trade deal and perhaps partial both in terms of the extent of its coverage, and the time of its application, and the absence of dealing with so-called trade remedy laws. But we leave that.

I'm talking now about the deal which was initialled: did we do well under the GATT arrangement? And the answer is unequivocally, yes. We are now, and we tend to think of Canada as a little country not able to stand up

for itself in the world — a little country — the seventh largest economy in the non-communist world. And if you take the EEC (European Economic Community) as one, we're the fourth largest economy in the non-communist world. Since 1970 the nominal gross domestic product has quintupled, multiplied by five since 1970. Since 1983 the growth rate has been higher than any other of the Group of 7 industrialized countries, since '83.

(1600)

Incidentally, the United States is sixth highest — we're one, they are six, Britain is seven. And we are significantly an investor outside of Canada as well as investment coming into Canada. This is not the story of an economy which is in deep trouble. There may be storm clouds ahead. I am not here to deny that. I am saying that up to now the multinational, or multilateral approach, the approach of Canada trading with all the world, has done very well by us. We have done well.

The next question: will U.S. tariffs with the rest of the world go up or down? Well nobody knows the answer to that. But we can guess, we can guess that the United States is simply going to have to raise its tariffs or make some very, very major adjustments in its domestic policy.

The United States is an economy in trouble. Let's consider some trends. Incidentally, I say that because that economy is in trouble, the present position of dominance of the United States in the world economy is not immutable. It will always be a very major player, or always in the next 50 years, I'm not denying that for a moment. But its virtual sole position as the director of the world economy and having the unit of currency which is the currency of international trading is, I think, at grave risk. I think it's at grave risk.

It would not surprise me at all if five years from now or 10 years from now if you were selling potash, you would not denominate that contract in either Canadian dollars or U.S. dollars, but you might, if you were selling it to Japan, you might denominate it in yen or in Swiss francs or German marks. So I think that that point has to be made.

The very fact that the United States' economy is in trouble is part of our trouble at the current time. In the 1980s the U.S. investment rate has become the second lowest in the western world, better only than Britain. In six short years the United States has changed from the largest creditor nation in the world to the largest debtor nation in the world, and it is having enormous domestic deficits and enormous foreign exchange deficits — meaning it's exporting a lot less than it's importing.

And it is clear, Mr. Chairman, clear to me at least, that the United States is going to have to import less and export more. And it is therefore going to have to take the steps — and the United States government will be the same as any other government; if this was our shape we'd do the same thing — they are going to have to take steps which involve exporting more and importing less. And I say they're going to have to; they are already doing that.

I don't need to outline to this committee or this House what they're doing to encourage U.S. exports. We know

that. In farm commodities they are using what we think are tough and unfair trading tactics in order to expand their exports. Can anyone deny that?

With respect to limiting their imports, is there a device under the anti-dumping or countervail or in several others we hadn't heard of before, the health ones but even national defence ones, which are not now being used to truck down imports into the United States. Sometimes, as the Premier says very foolishly, as the potash ones are, but some of them may not be as foolish in their eyes.

They are acting in response to the situation they find themselves in, and they are producing a climate which is hostile to imports and supportive of exports. And there are going to be walls against imports. And there's going to be devaluation of the U.S. dollar vis-à-vis some of the stronger currencies, and I'll use Japan and Germany again.

Under these circumstances a fortress U.S. attitude is all but inevitable. And if anyone can see their way around that, I would like to hear the series of events which is going to make the United States an open world trader in the next two or three or four years.

Now, Canada too has problems and no one should deny that. Our largest trading partner is the United States, and that's a hard, hard fact. And the tough decision which Canadians have to face is this: when the walls group around the United States, do we want to be inside the walls or out? And that's not an easy decision. And the walls will cut both ways.

If we are inside the wall it is going to be harder for us to sell goods to Third World — I don't say Third World, I'll say other countries. Again, to my Japan and Germany, but everything I say about that is equally true of China or Brazil, and these are the tough decision we're having to make. Do we want to be part of fortress North America, or outside trying to make our way in a world of tough trading blocs — and no one denies that — where we are a relatively small player, but not a tiny one — seventh largest economy — but a world which is not experiencing the U.S.'s problems. Now that's the decision. The right decision is by no means self-evident.

But we have to underline a few facts which are denied by proponents of the Mulroney deal. We have to recognize that any deal that makes it easier for Canada to trade with the United States in these circumstances will make it harder for Canada to trade with other countries. That cannot be denied. I see people shaking their head, but it is simply going to work that way. Well I would like to hear the explanation, or the example. This is not the first country in the world who has entered into a free trade deal. Canada is not the first one.

If Canada . . . if Canada discriminates against, let us say, Japanese television sets: we say to the Japanese, you have to pay a tariff to bring your television sets into Canada, the United States do not have to pay a tariff, please buy our canola. I think they will say, thank you, we enjoy dealing with you, but we'll get our canola from someone who doesn't discriminate against our goods. If you think that's not going to happen, then I don't agree with you. I just

don't agree with you.

And it's not a case of any tit for tat. Let's take the case of Britain. We used to do a lot of trading with Britain. I hope no one denies that. Britain entered the European Common Market, and they bought a lot more of their stuff from the European Common Market than they did before. They sold more to the European Common Market; they bought more from the common market. And the result was that we trade much less with Britain, much less with Britain, than was the case before they joined the common market. And just in exactly the same way that Britain's trade became much more with its internal partners, its trade with other people dropped off.

And our trade equally with Japan will drop off, and our China will drop off, and Brazil will drop off. There is no use saying that we can have a discrimination deal with the United States and thereby discriminate against other countries without reducing our trading opportunities with those other countries.

Now that, I think, really . . . I ask you: is what I'm saying about Britain not precisely so? That our trade with Britain — and we are now in the same position as Japan in our example — our third country, our trade dropped with Britain, both ways, when Britain went into the Common Market. Just as surely will Japan's trade with us drop both ways when we go into the Common Market — the Common Market or the free trade deal or the Mulroney deal with the United States. It is axiomatic that if we lock ourselves into fortress North American, we lock ourselves out of some other markets.

Now, Mr. Chairman, if we thought that the United States was going to be a world trade, I mean, if we thought that they were going to pick up on GATT and that tariffs among all nations would drop, then it wouldn't matter if we were locked into the United States. It wouldn't matter. But I don't believe that's the situation. I don't believe it can be the situation of the United States because I believe the United States must follow policies, because of their previous financial policies, they must follow policies which will encourage exports and inhibit imports. They're going to have to do that. They are doing it. And they're not doing it just to be bloody minded. They're doing it because it's an economic imperative.

Now, Mr. Chairman, what would be a . . . One could argue that we would be just as well inside fortress North America as outside fortress North America. But what would be an absolute disaster is to lock ourselves inside fortress North America, committed to giving to special preference to U.S. goods over goods of other countries, without getting secure access to U.S. markets and I believe the Mulroney deal just does that.

I believe it commits us to opening up a good number of industries, notably the service and financial industries in Canada, to U.S. entrepreneurs so that it will increase the earnings of foreign exchange for the United States — and that is their imperative, that's for them an export — without giving us any access to U.S. markets. I think it will, in effect, allow the U.S. to sell more to Canada in goods, and particularly services, and still allow the U.S. to use all the trade remedy laws, all the anti-dumping duties,

all the countervailing duties that they now use.

Sure, they may be interpreted by some impartial tribunal, but It's not the interpretation that's caused us the trouble in the past, it's the substance of the laws. And they will be able to use those laws, every single one of them, past and in the future, to bar our goods. And I'm not accusing them of double-dealing. They have reserved that right very clearly in the agreement, and they have reserved it because the economic imperatives in the United States are not going to change when they initial this agreement. They will still have to encourage exports and cut down on imports, and that is what this agreement will allow them to do.

(1615)

And if we somehow believe that we have got secure access to the U.S. markets with this agreement, we are living in a fool's paradise because virtually all of the problems we have had in the past have resulted from the substance of the U.S. trade remedy laws, and every one of those laws will still be in place and every one would be able to be enacted five years from now. The agreement does not in any way inhibit the U.S. from doing that.

They know they've got to cut down their imports. They have signed an arrangement with us which allows them to do that. We will not be able to cry "foul" but we will have to suffer the circumstances whereby we will not have free access and whereby they will be able to increase their earnings in Canada through increased activities in many, many areas but principally the services and financial areas. I say to you that this is not accusing the U.S. of any double-dealing. This is simply the imperative which they face, and if we think otherwise we are naive.

I believe, to answer the questions one after the other, Canada has done well economically under the GATT approach. I believe that U.S. tariffs, with respect to the rest of the world, will go up. I believe that it will be very, very difficult for Canada, with a free trade arrangement with the United States, to have substantially different tariff structures from those of the United States, vis--vis the other countries. I don't believe we can discriminate in favour of U.S. good and against other goods without harming our markets in those other countries.

Members say they're living in the past. Well why would anyone want not to live in a past where we have quintupled our gross national product in 16 years? Members say the world is changing, and that's what I'm trying to analyse, what are the changes? What are the changes?

The only change, the only change is the decline in the economic fortunes of the United States — that is the major change. And what effect is that going to produce? And I'm saying to you, what it's going to produce is an attitude on the part of the United States which will force them to encourage exports and inhibit imports, imports from Canada as well as imports from Japan or anywhere else.

Now, Mr. Chairman, this being the case, I have to ask the

Premier what assurance he has that we will not face every single one of the trading barriers, the anti-dumping and the countervailing duties that we have done in the past.

I know there's a provision which says that they have to meet the GATT rules. But I hope it won't be denied that the softwood lumber violated the GATT rules. What the U.S. did with respect to softwood lumber violated the GATT rules. It didn't do us any good. We were a signatory to that treaty with the United States.

We supposedly had a remedy, but we couldn't use the remedy. And we couldn't use the remedy because the United States were insisting, and we aren't big enough. The retaliatory measures which they can bring are so much greater than the retaliatory measures that we can bring, that any agreement which says each of us can retaliate against the other is, while nominally equal, does not allow us the same clout that they have. There's no denying this, nor should we be surprised. We're a small country versus the United States.

So the Premier suggests that what we need to do over the next several years is to harmonize our laws, and that of course is just what is causing me some real concern. I think I'm not happy about the idea of harmonizing our labour legislation laws with those of Georgia or Arkansas. I'm not happy with harmonizing our environmental laws. And these are all costs, these are all costs which would make it more difficult for our industries to compete.

These are some of the questions which haven't been answered, and I simply haven't heard the point-by-point answer to very real questions. You can say that they're . . . that we're living in the past or whatever — whatever vituperative epithet you want to pull to mind — but that doesn't answer the question.

And I just want to remind the Premier that we know that he has many studies. We know that he has many studies, presumably showing that this free trade deal is a good deal, this Mulroney deal is a good deal for whoever — for Canada or Saskatchewan, and we know he hasn't published a single one of those studies. And we know that if the studies showed what they said they show, he'd be more than happy to publish them.

An Hon. Member: — Why wouldn't he?

Hon. Mr. Blakeney: — Why wouldn't he? And we therefore ask: why wouldn't he make public the studies which supported his case if, in fact, they supported his case? And I think the only credible answer is, they don't support his case. They've got a whole lot of holes in them.

Well the Premier has asked: what was the down side for Canada? What did we give up? He suggests that our sovereignty is, as he would say, totally intact. Sovereignty is the right to make laws, the right to make rules, the right to shape one's own environment.

And the fact that you don't want to pass a law today doesn't mean that you haven't lost any sovereignty by saying we'll never pass it. You have indeed. And I think that any law which says that . . . let us say that farm land in Saskatchewan should be owned by Canadians — maybe

we don't want to say that. But to give away the right to say that is to give away our sovereignty.

Maybe we don't want to say that we would like to keep natural gas in Saskatchewan and sell it to an industry in Saskatchewan at lower than market price as a basis for a fertilizer industry. Perhaps we never want to do that, but when we say we can't do it, we've given away sovereignty.

Perhaps we don't want to limit U.S. investment in uranium, but to give away the right to do it in an agreement limits our sovereignty, because none of us can look into the future. None of us can know what rules we may need in order to shape the country we want.

Therefore, I don't accept the Premier's definition of sovereignty. And his definition of sovereignty is the . . . He suggests we haven't lost any sovereignty if we wouldn't want to pass that law today — not my definition of sovereignty. Twenty years ago we didn't have any limitations on who could buy Saskatchewan farm land. And if we had asked then we would have said, well who worries about it? We don't want to limit it. But time has passed and we have limited it, and I think that we should have that right. Maybe a bad decision, but it ought to be our decision. And that is my definition of sovereignty.

I believe that when one looks at the economic environment, when one looks at the economic situation of the United States, one looks at the imperative that they will have to cut down their imports and expand their exports — you don't have to look, you can see it all around you — and you look at this agreement, which undoubtedly gives the U.S. some opportunities to expand its exports into Canada, but allows the U.S. to apply all of the trade remedy laws which have inhibited our exports to the United States in the past, we see we haven't got the access which we are promised.

Now it's not regular tariffs, which admittedly under this agreement will be reduced, which ever have been much of our problem. After all, it's the Canadians who have had higher tariffs against U.S. goods than the other way around. It's not the level of U.S. tariffs that have bothered us, it was all of their anti-dumping and countervail and health rule and defence rule and all the others which they have brought to bear.

And while I can't say whether all of them are still intact, because we don't have the fine print of the agreement, the Americans have been very clear, saying: no, we can't give up our right to put on any countervail, any anti-dumping that we want. They've been up front on that — up front, because they know their economic situation. And when they do it, we can't cry "foul." All we can say is that we should have read the fine print a little more.

And I don't know how anybody — and I invite the Premier to response — can suggest that the lowering of the U.S. regular tariffs, which have never been much of a problem, represent free access to the U.S. market when they can put on all of their countervail.

Sure, it'll be interpreted by an impartial tribunal, but it's not the interpretation, it's the substance which has always

been our problem — when they can put on all of those and deny us free access without in any way, without in any way violating the agreement, and which they, I suggest, are going to be under great pressure to do so because of the particular economic circumstances in which they find themselves. And everything that's happening in the United States underlines every word that I've said.

And I therefore have to put the basic question to the Premier: on what basis do you say this agreement gives us any assured access to U.S. markets? And if we don't have assured access to U.S. markets, what is the plus for Canada in an agreement which does not give us access to U.S. markets?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well I have always respected the logic of the Leader of the Opposition, but, in all respect, today it's . . . the logic isn't quite as good as it's been in the past. And I will respond in a couple of ways and be as brief as I can.

It seems to me the basic tenor of your argument is that the United States is in difficult economic times, so we wouldn't want to be too close to the United States, therefore you're a little reluctant to tie ourselves there.

Now because they maybe got it going down, and we're going to have to go down with them, that would make us weaker, because we're tied to an economy that is kind of sliding.

Now if you do the flip side of that, would you say under good times, strong growth for the United States, you'd want to join them? Because they'd be quite a powerful country then. It seems to me that you could probably make the argument that we'd better not join them this times because they're pretty powerful and they'll flex their muscles. I mean, that argument kind of slips both ways. I'm a little baffled by which way you would accept it, in other words — because it's good times or because it's bad times, or why you'd reject it. Anyway, you spent a fair amount of time on that, and it wasn't clear to me which would be the best for you in terms of Canada-United States joining agreement.

(1630)

Now you went on to say, have we done — and you asked several questions, and I'll just address them — have we done well under GATT? Yes, we have done well under GATT in terms of multilateral trade, and the best we've done under that arrangement has been with United States. And we've seen that we have grown to be the two largest trading partners, and even Ontario now trades more with United States, or as much, as the whole country of Japan in two-way trade — \$90 billion a year.

So we have done quite well under GATT, and particularly well with our biggest trade partner. I throw in the question there, is this agreement consistent with GATT? And our ambassador tells us, both the trade ambassador and our U.S. ambassador says, yes, it's perfectly consistent with GATT. In fact, it's one of the best examples

he could use at the Uruguay round and other rounds — the next round — to say, why don't we all do this? And I'll get to that a little bit later, that it's perfectly consistent with the multilateral position. When two countries bilaterally agree to have more liberalized trade, it doesn't hurt the pool of them that are in the process of liberalized trade.

So your argument that, have we done well? Yes. My two arguments, have we done better with the U.S.? Yes, we have. Is this consistent with GATT? Yes, it is.

Then we go on and say, will U.S. tariffs go up or go down in the future? Well, we can both speculate of what they may do. And you say the United States is in some trouble, so there's a temptation towards protectionism. I agree that's the case. At the same time you have an administration in the United States that has put on the table the complete removal of subsidies and an effort to reduce protectionism in the next round, and particularly in the agricultural world, and they're trying to get our support and have the Prime Minister's support and Bob Hawke's and some other people.

Now you could say yes or no in terms of how that will all turnout. In the short run you may see some tariffs increase — and I'll follow that logic first in terms of discriminating tariffs, and then we'll going to the next question of what about if it gets better.

In terms of discriminating tariffs, I can recall our ambassador, Ambassador Gotlieb, in the United States saying, if the United States passes this omnibus trade Bill that is very protectionist and ugly, the best possible thing that could happen to Canada would be to be exempt from that — to be exempt from that — not to be included in it. Now I have yet to meet an international trade expert that would say the best thing that could happen to Canada would be to be encompassed in this ugly trade Bill — and there, my friend, is where your logic falls completely apart. I cannot find a Canadian who thinks that Bill is a good idea. And you have based your argument with some support, I believe, from the Leader-Post that says this would be the worst thing that could happen, to be exempt from this omnibus trade Bill in the United States.

Now if the new ambassador, and I think you respect him, and I mean, we all do — tremendous experience as our trade ambassador. He says, imagine what would happen throughout the world — and I'm paraphrasing — he said if United States does get — and it's by your first assumption it's going to get more protectionist, and it's going to put tariffs on Europeans, as it is now because of ag policy, and on Japanese, but it exempts Canada from these ugly measures, and we don't do it to Canadians because we have a bilateral free trade agreement with no tariffs. What if it does that?

Just as you suggested, we cut a deal with them, low tariffs, bilateral trade mechanism, and they get more ugly with other countries. Two things happen. Two things happen. We get to trade freely between the U.S. and Canada, our biggest market and our biggest success under GATT, and whether they're kind of going up or going down, it's still 230 million people with a big degree of income that buy and sell more than with us than anybody else in the world. So that is good. It moves back and forth. Or put it

another way. If we couldn't trade with our biggest trading partner because of tariffs and the omnibus trade Bill, would we get hurt? Obviously we'd get hurt a great deal. In fact, no other country in the world would get hurt more than us.

So we're free from that ugly Bill. We can trade with our big market and the biggest market in the world. Now, the argument goes, but they would apply tariffs to the Japanese because they don't like what they're doing, and they'd apply them to Europeans, and therefore we would have to do the same. Not at all!

And there's the second place where your logic falls apart — falls apart. The ambassador will say the United States is going to apply a tariff to the Japanese goods, and we decide because we're sovereign we will have our own tariff policy, and we won't have that. In fact, we will be negotiating — and I've said this many times — lower tariffs with other countries world-wide, whether the United States likes it or not, to encourage Japanese to invest here because we are a little more friendly than Americans.

Now we've cut the deal with the United States, right? We can trade with them. The United States has taken this ugly stuff world-wide, and they've given us exemption. Where are the Japanese going to go? They're not going to go into the U.S., but they might come here to invest. Europeans might come here to invest, and that's the ambassador's whole point. The best in this situation is to be exempt from U.S. trade ... or the omnibus trade Bills and protectionism. And as they apply to other countries, they will come to us because of two reasons: we don't; and secondly, because we do a big business with the United States.

Now I'll grant you, under the agreement you can't have goods go from there to here and just into the United States, okay? You can't do that — I mean, just as a wholesaler. But you can have investment here and manufacture and process and create jobs. And in a normal relationship with your big partner you can trade back and forth without tariff.

Now I would like to think, when we're rewriting history here, looking back at it five years and 10 years from now, we have been the smart player in this whole world event because we have exempted ourselves from this protectionism fervour in the U.S., if it goes that way. Now this is your first logic — if it goes that way. And the ambassador would say, for Heaven's sake, don't include yourself in it, or that would be how you become part of "fortress America." This frees us. This frees us to do as we like because we have the opportunity, North and South, and our sovereign power to change tariffs internationally with other countries, whether they're third parties or not.

Now you mentioned Great Britain and the European Economic Community. And when Great Britain joined the European Economic Community, it did more business there than it did with us. Well I think that if you ask Great Britain why they might do that is because it made them money. They had the opportunity. They didn't have to, but they had less tariff and they made money at it. And other countries have stacked up to join it because it's

made them money. They weren't making as much money with us.

Under freer and freer tariffs we go where it's most natural. We go to our closest customer which happens to be the biggest. I mean, if we would look at what we supplied to the United States, I mean, the potash and the uranium and the oil and the beef and the pork, and you know all the products, and paper, and so forth, you go where it makes you the most money. So Great Britain joined the European Economic Community, and they're making money, and they're saying, well, that's why we made this arrangement. You wouldn't expect them to do more business outside unless it make them more money outside.

Now when I look at lower tariffs multilaterally, and I'm sure you agree, lower tariffs multilaterally, you build on your comparative advantage, and in some case your absolute advantage, to do the best with your resources, to make the most money with them. And you trade it with somebody else who takes their resources and do the best with them. And you know the growth that can take place because you're taking this country's advantage and producing oranges and bananas. And this country's producing wheat and steel, and they trade with each other, and they're both better off. And theoretically and academically, that's exactly what you do.

The Economic Council of Canada and other research that you've talked to, points to the fact that by 1995, which is not that far away, if we do a deal with the United States, under reasonable circumstances the gross national expenditure in Canada will increase 3.3 per cent; the consumer price index will drop 5.7 per cent; productivity per person employed will increase 0.7 per cent; the real wage rate per hour will increase 3 per cent; real disposable income for Canadians will increase 3.1; investment, 6.9 per cent; unemployment rate will decline 1.3 per cent; and the deficit for all governments will reduce by 5.2 per cent; and employment up 2.6.

Now you said over the last five years, the ambassador — and I think he agrees with you, and you saw his article in the *Globe and Mail*, and it was a fine speech—he says today:

Canada is recognized almost everywhere as a major power. Uncomfortable as we may be with that notion, modest as we may be about the reasons for it, that's the case.

Now we are a major power. And in dealing with the United States and in dealing with others in Europe and dealing with people across the globe, Canadians are looked on to set an example. And it's my humble opinion that nobody influences American policy more than Canadians. And when we talk about our trade policy and we talk about our fiscal policy as the group of 7 and the group of many others, that's precisely where we should be — in there — not in an arrogant way, but because we've earned it.

Let me say this. The United States has a proposal before GATT and the Uruguay round for multilateral tariff reduction. We are encouraging that. I agree, if we buy

your first trend, your first assumption, that they may get more miserable. We have one scenario. And with all respect, I believe your logic is not consistent there in terms of why would we do worse. And I would challenge you to write the ambassador and ask him how we would do worse if we get exempted from this . . . (inaudible) . . . laws in the United States. I mean, that's exactly where we'd want to be, is to get out from under that and trade freely with not only the United States but have our sovereign tariff policy with others.

Now assume they get better. Assume the United States kind of gets over this and they raise some taxes and cut some expenditures and get their budget together, and they're somewhat successful, as we all are in a multilateral, and we're having lower tariffs generally.

We've take the lead. We have reduced our tariffs between the U.S. and Canada very, very quickly. And we have the world going in the right direction, which I am sure you would agree that we can all trade. And Canadians have taken, as the ambassador will point out, the appropriate role in showing the rest of the world how to deal with the largest trading partner we have. Now that's not a down side. That's not a problem for us. It's something that we can look back historically as being significant.

I suppose the bottom line is: would you buy it whether it was good times or bad, or regardless of our logic with respect to whether tariffs will go up or down, whether you have sovereignty or not. Because it isn't exactly the kind of new laws we'd like to have, and bound exactly the way we'd like to have.

I can only say, as I did to your hon. colleague, we have never done this before with respect to the United States. They are, as you know, to put it mildly, extremely reluctant to change their laws. And given their mood, you've described that well. What are the alternatives? Leave them alone? Say, okay, no deal because you won't change your laws because you're feeling ugly? Or can we work out an agreement that does give us access over time, reduce tariffs to zero in 10 years, and to harmonize the laws?

You know very well, you know the politics well enough, not to harmonize our environmental laws or health laws with theirs. We've got the highest standards in the world. It's not to do that. It's trade laws. And everybody knows our reputation is based on that, whether it's the quality of our bacon or our wheat or other things. I mean, we are just as sovereign today as we were . . . let me just finish with this.

When you sign a multilateral trade agreement, your sovereignty arguments apply there too, right? So when you do it multilaterally, you say, well, I've agreed to do A, B, C, and D. And you could say, well, then I can't do quite as much in terms of my sovereignty on A, B, C, D, and E because I've agreed with all these partners. I can always break the agreement; I'm a sovereign country.

If this is consistent with GATT, you can't use the sovereignty argument that it's been lost because it's a bilateral, just because it isn't a multilateral. If it's

consistent with multilateral trade agreements, then the sovereignty is no more or no less than an international agreement that is consistent with those.

So I say in all respect that I would much rather, I guess the bottom line is, be exempt from the protectionist legislation in the United States than I would be included in it if the United States does decide to get miserable in the next five years.

Hon. Mr. Blakeney: — Well, Mr. Chairman, and Mr. Premier, I just want to reply, point by point, to some of the points you raised.

First — and I will not do them in order because I want to come back to the key point at the end — first the economic council. The economic council study was on some fictional arrangement or some notional . . . I don't mean . . . notional trade agreement with the United States — not with the Mulroney deal — long, long before the Mulroney deal was ever inked. And they have, I think, pointedly not put anything out since then. Perhaps they couldn't update it, but if it was all the same, they would have said all the rules still apply. And I haven't seen it.

(1645)

The second point — and this is not a heavy point — you say that this free trade deal is consistent with GATT. This Mulroney deal is consistent with GATT. It's consistent only in a legal sense. In any conceptual sense, an agreement between two or three countries which have a different level of tariffs between country A and country B than between country A and country X is not consistent with the general thrust of GATT. But that is a theoretical point.

I come now to the substance of what you said. First, you believe that Canada could have, let us say, a Japanese car maker set up here and manufacture cars here, or let's say, get rid of cars, because that's perhaps affected by the auto pact. But let's call it computers. Toshiba could set up in Canada and manufacture computers here and move them into the United States. Obviously the free trade arrangement would not work.

It would work in part. There would be very complicated arrangements with respect to the Japanese portion of it, which would have to . . . there would be tariffs attributed to it as if it came from Japan to the United States. If you don't think there would be enormous pressure for us to harmonize our tariff structure with that of the United States, then I think you're being naive.

There has been a look at . . . Those arrangements have tended to move from free trade agreements to common tariff walls to common markets. And I believe that there would be great pressure, particularly if Japan was using us as the back door. Now I know that it's not . . . There are supposedly administrative ways you can stop that, but I'd like to hear you use those arguments in the U.S. Congress.

We've got a tariff against Toshiba, and Toshiba has set up in Windsor, Ontario and they are making these and they are sending them across to Detroit. If that would not put a lot of pressure on Canada, then I would be mightily surprised — mightily

surprised. And I don't think, therefore, we can sustain a sharply different tariff level than that of the United States if we are in the type of arrangement that the Mulroney deal involves.

Now to the last two points. First, would I prefer this in good times or in bad? The answer is, I would prefer it in good times because we then could make it into a multilateral, multinational one. That's what we've had during the last number of . . . since 1970. The United States — relatively prosperous, not objecting to the expansion of trade through multilateral lowering of barriers. That is the objective. And that can be done in good times and it's darn difficult to do it in bad times, as we are finding out. And so you ask me the question, and I say we would want to do it multilaterally, and we would therefore seek the good times.

And as to the last question, and this is the key one, you say, why wouldn't we want this deal? Because it will exclude us from the application of the protectionist measures now being talked about in the United States. Quite simply, I don't see where it gives us that protection. I don't see where we are protected. We'll be protected against some of the tariff measures which were kicking around Congress. Obviously there are so many kicking around which we're bound to be exempt from some. But we will still be open to all of the measures that have caused us trouble in potash, and caused us trouble in lumber and shakes and shingles and fish and all the others.

Now these may not be regular tariffs, but if they're available to the U.S., then we're not excluded — we're simply not excluded from the application of protectionist laws. And if members opposite believe that this Mulroney deal gives us access, or, to use the Premier's language, exempts us from the application of protectionist measures in the U.S., then I say that is not true.

These measures . . . We Canadians somehow feel that the United States is always benevolent to us, and if they put up a tariff they don't mean us. Is it thought that when they put up a barrier to shakes and shingles it was Korean shakes and shingles they were aiming at? When they put up a barrier against softwood lumber, was somebody thinking it was Japanese softwood lumber? When they put up a barrier against fish, are we thinking it was German fish they were aiming at? They were aiming at Canadian exports to the U.S., and they will do it again. And this is not being bloody-minded, as I say, their economic imperatives require it.

And I want to say again, and I ask the Premier, what provision of this agreement gives us any assurance that the protectionist tendencies of the U.S. Congress will not be as strong in relation to Canadian goods next year as it was last year? Just where is the provision because it seems to me all the trade remedy laws they've used in the past are still open to them.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Chairman, just let me say very briefly that with respect to . . . and I think the hon. member has come around a little bit. The problem — that, yes, we

could have a different tariff policy. The Japanese may invest here and, by gosh, it would be quite a problem because we'd have a lot of investment and they may try to export into the United States. Well I can only say to the Leader of the Opposition that that would be a nice problem to have — too much Japanese investment creating too many goods and services and building too many jobs, that America has got worried. I would kind of like to have that problem.

Secondly, on that, if the United States is applying tariffs to other countries, and their major trading partner is here, they may tend to invest more in North America, including Canada, than in Japan or in Germany and some other places. And in fact that's what we've seen with respect to GM and . . . and I won't need to pursue that.

So, my basic argument is, it would be a nice problem to have to have all this investment here and Americans worry that we were getting too strong and perhaps even exporting too much. And I just leave it at that.

Secondly, let me say . . . Our ambassador in the U.S. says the omnibus trade Bill and many other pieces of legislation like it are new and more protectionist. Now he says, if we can cut a deal to keep us exempt from those new pieces of legislation it would be a major benefit to Canada. Now that's my only point.

An Hon. Member: — Have we done it?

Hon. Mr. Devine: — Well, of course, this bilateral agreement says any new laws will have to be consistent with GATT and in negotiation with the country called Canada, and that's exactly what we're after; and an agreement for five years to say —or seven years — to bring those laws more and more into align with a completely free trade agreement.

Now the ambassadors' view, both the trade ambassador and the Canadian ambassador to the United States, said that's exactly what you want to do, is you want to bind the United States and say any of your new laws that are damaging to the United States or damaging to Canada and damaging to the rest of the world, will have an exemption for Canada. If it's going to apply to a Canada, you got to put it in legislation, talk to Canadians about it, and they'd better be consistent with what you're going to do in GATT.

Now, if we have an agreement between us and the U.S. to do that, the ambassador's argument, it's better to have that agreement to be friendly and to be exempt from those ugly new laws, as opposed to, say, well go away and we all can pass just as ugly laws as you can. And we'll just both get right into it.

So, you say it's not strong enough and it's not perfect enough. Well, we would all like a little bit more perfect world, and we'd like United States to have none of those laws on the books, and we'd like them not to be protectionist. But we've said . . . We will have a new binding dispute settlement mechanism, control them, and then work overtime to bring their laws, their trade laws into line with ours, and hopefully, hopefully, be the exception to this rule of protectionism. So, in fact, we

could have the benefit of this free trade arrangement even though they might, as you point out, apply tariffs to others around the world, we could be exempt. And secondly, we could arrange our own tariff structure probably to encourage investment here as opposed to some other places.

Hon. Mr. Blakeney: — Mr. Chairman, Mr. Premier, I think that's the nub of it. I think we've got the nub of it, and I think the Premier's words indicated it. The United States commits itself to talk to us. They commit themselves to mentioning Canada in legislation in the future. Does anybody for one moment think that if they wanted to put some provision against softwood lumber as they did in the past — and clearly aiming at Canada and nobody else — they wouldn't (a) talk to us? And having talked to us, mention it in the legislation. And then it's all over. They have filled, fulfilled their obligation.

And it is as the Premier suggests, the "hope" of an exemption, no more. The hope of an exemption, which is what we got in exchange for a continental energy policy, substantial restrictions on what I would call our sovereignty with respect to investment, all of the indications which I have given as down side. And for that we got the hope of an exemption.

And I say that's a bad deal. And on that basis I think Canadians should reject the Mulroney-Reagan free trade deal.

Some Hon. Members: Hear, hear!

Item 1 agreed to.

Items 2 to 9 inclusive agreed to.

Item 10

Hon. Mr. Blakeney: — Mr. Chairman, I wonder if the Premier might permit me to revert for a moment and ask him, broadly, what the payment to the property management corporation of \$900,000 ... For what facilities does Executive Council pay? What are covered?

Mr. Chairman, I'm advised by my colleague from Saskatoon Westmount that that information has already been promised, and that being the case, I will obtain the information from him. Thank you.

Item 10 agreed to.

Item 11 — Statutory.

Vote 10 agreed to.

Supplementary Estimates 1988 Consolidated Fund Budgetary Expenditure Executive Council Ordinary Expenditure - Vote 10

Mr. Chairman: — Any questions?

I'd like to thank the Premier and his officials.

Hon. Mr. Devine: — Mr. Chairman, just ... thank you.

Let me have the opportunity to thank the members of the opposition, the Leader of the Opposition, for their co-operation. And particularly let me thank my officials from Executive Council, on both sides of me and behind me, for their work in all the aspects of managing the overall office of the Premier and Executive Council which, as we all know, encompasses every aspect of government and I sincerely appreciate their hard work and their significant contribution. Thank you.

Hon. Mr. Blakeney: — Mr. Chairman, may I join with the Premier in thanking his officials in making these estimates move to the extent that they have, and I enjoyed the opportunity to consider some of these important issues.

Mr. Mitchell: — Mr. Chairman, may I say to the Premier how much I appreciated the direct responses that he gave to my questions. I've been in this House for some time now and he's not famous for answering questions directly and fully but he certainly acquitted himself well this afternoon.

Some Hon. Members: Hear, hear!

The Assembly recessed until 7 p.m.