

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**Mr. Shillington:** — Mr. Speaker, It gives me great pleasure to introduce to you, and to members of the Assembly, 10 special people. They're a group of special needs people. That, in fact, is the name of the class; they're in your gallery, accompanied by their instructor, William Spent, and Betty Nyhus. I know all members will want to join me in welcoming these people to the Assembly, and I hope your visit here is educational. I look forward to discussing these matters with you after the question period.

**Hon. Members:** Hear, hear!

**Mr. Prebble:** — Thank you very much, Mr. Speaker, it's my pleasure to introduce to you, and through you to members of the House, two visitors in your gallery this afternoon. One, Mrs. Christine Johnson, who's a member of the Regina Day Care Coalition, president of the Co-operative Day Care Association in Regina, and a Saskatchewan representative for the Canadian Child Day Care Federation. Our second visitor, Mr. Speaker, is Nancy Talsness-Hordern, who's very involved in the Canadian Association for Young Children here in Regina, and I ask both members to stand and be recognized by all members in the Assembly and welcomed by them.

**Hon. Members:** Hear, hear!

**Mr. Gardner:** — Thank you, Mr. Speaker. It's a pleasure for me to rise in the House today to introduce some guests that we have visiting us that represent the National Doukhobor Heritage Village from Veregin, Saskatchewan, and I would like to introduce them to you and through you to the members of the Assembly.

Seated in your gallery, Mr. Speaker, is Mr. Peter W. Kabatoff, who is a board executive member, and also the mayor of the village of Veregin; Peter W. Fofonoff, who's the chairman of the board; and Mike Shkuratoff, who's the treasurer of the board. These three gentlemen are in today on some government business and meetings to do with the heritage society. It's indeed an honour to have them here inasmuch as they've taken a lot of time out of their lives to keep that museum and that society intact and running out there, and it was also one of the stops the Queen made when she was here earlier in the year.

I'd like to welcome them here this afternoon, wish them indeed a safe trip home, and hope that they enjoy themselves. And I hope that everybody will welcome them here.

**Hon. Members:** Hear, hear!

**Mr. Tchorzewski:** — Mr. Speaker, on behalf of the opposition, I too would like to extend greetings to the representatives from Veregin and the Doukhobor community. They are people who represent one of the many important groups in our multicultural

Saskatchewan which has made this province unique and great. We want to wish them well in all of their endeavours.

I know that the project that they are here to speak about is a very significant one. I have been there, and I know my children were there last summer as a part of a dance group at the anniversary, and they have fond memories. And we want to extend them our greetings and wish them the very best in their efforts.

**Hon. Members:** Hear, hear!

## ORAL QUESTIONS

### Minority Language Rights in Saskatchewan

**Mr. Shillington:** — Thank you very much, Mr. Speaker. My question was to the Premier who regrettably is absent. He may have felt he needed a little more practice in talking out of both sides of his mouth before attempting it in the Assembly, Mr. Speaker. My question therefore, in his absence, is to the Deputy Premier.

The question concerns the Premier's tendency to make wild, irresponsible statements whenever he gets into a difficult situation. In Saskatchewan he hasn't a nickel to spend in the field of French language translation, a field of vital importance to Canada. However, when he gets talking to a senior reporter from the *Toronto Globe and Mail*, he gushes with tens of millions — no, hundreds of millions of dollars. You seem to have one policy in Saskatchewan and one policy for the Toronto press, Mr. Deputy Speaker, what's the real one?

**Hon. Mr. Andrew:** — Mr. Speaker, first of all the minister . . . the hon. member, referred to the absence of the Premier. The Premier is in Saskatoon at this time meeting with Premier Bourassa of the province of Quebec. Mr. Speaker, that meeting started at 12 o'clock, for the information of the hon. member opposite.

**Mr. Speaker:** — Order.

**Hon. Mr. Andrew:** — Mr. Speaker, in response to the hon. member's question, let me make it very clear that the Government of Saskatchewan has introduced Bill 2. We have made it clear that under and pursuant to Bill 2 that we will be translating some statutes. They will be introduced into this House. That will obviously cost us some money.

The Premier has also indicated on many occasions that the true way by which we can accomplish bilingualism in this country is not through statutes in the legislature but through the education system.

For the hon. member from Regina Centre, I can advise him that right now this province is spending a goodly sum of money, in the millions of dollars, in that field of education. In the area of French immersion classes alone, the number of people taking French immersion in our school system has increased almost five-fold since 1982. That costs money, and that will continue to cost money. And as more and more people seek French immersion,

more and more dollars will be spent.

That's the type of thing that we see and believe should be expended by our province. We have that included in our budget, and we would hope that the hon. member would accept that as a proper way to move towards the area of bilingualism, and also that the hon. member would accept Bill 2 and support us in Bill 2 in our drive to pass Bill 2 as it exists today.

**Some Hon. Members:** Hear, hear!

**Mr. Shillington:** — Supplementary, Mr. Speaker. That tortured, three-minute explanation still begs the question: which is your policy — the one you gave to the *Toronto Globe and Mail*, or the one he has found convenient to use in Saskatchewan?

**Hon. Mr. Andrew:** — Mr. Speaker, the policy of this government as it relates to the Supreme Court decision, of *Mercure* decision, has been consistent and will continue to be consistent, Mr. Speaker. We introduced Bill 2; we believe Bill 2 is a proper response in the Saskatchewan way as to how we deal with the *Mercure* decision.

We have also made it clear, and I would hope the members opposite would believe also, that as we move towards a bilingual country, which we support, and I would hope the members opposite support, that is going to take some money. It is also going to take some time. And we would hope that members opposite would support the initiative being taken by this government to respond to that very difficult issue and that decision of the Supreme Court of Canada.

**Mr. Shillington:** — New question, Mr. Speaker. In this morning's *The Globe and Mail*, the Premier says the province could spend hundreds of millions of new dollars on French language education, and that largesse is piled on top of tens of millions of dollars he's going to spend, apparently, assisting bureaucrats in Saskatchewan to learn to speak French. Two days ago you didn't have \$15 million, if anyone believed that figure, to translate the laws. Now you have hundreds of millions of dollars.

I wonder if there's any possibility that in light of the fact that we have a multicultural province, multicultural organizations which serve large and vital communities and who have had their budget cut by a quarter of a million dollars — it struck me, Mr. Minister, that it might be worthwhile for us to have Geoffrey York call the Premier a second time and ask him about multicultural grants, and maybe you'd treat them with the same generosity as you're now apparently treating the French-language issue.

**Hon. Mr. Andrew:** — If I had any advice for the Premier, or for any other of my colleagues, it would be to not spend a lot of time talking with Geoffrey York, because he has a habit of getting things wrong and twisting them in the wrong direction.

Let me carry on from the earlier part of that question advanced by the hon. member. What the Premier has indicated is Saskatchewan would be interested in a language institute, and the basis of that would be the

following, Mr. Speaker. Twenty years ago when Mr. Trudeau put on the push for more and more bilingualism in this country, what he did was put an institute in the province of Quebec, wherein people in Quebec could participate in French immersion so that they could qualify to go . . . or English immersion, pardon me, so they could qualify for positions in the civil service, or positions in the RCMP, or positions in the Canadian military.

What we find ourselves with today is many people in rural Saskatchewan, who do not have access to French immersion programs, find themselves effectively prevented from participating or going into the RCMP, or going into the military, or qualifying for a job in the Canadian public service.

We believe that the federal government has a responsibility to provide that type of service in the province of Saskatchewan, or a part of western Canada. That is what we are asking for. That is not going to cost us money; that is going to cost the people of Canada money, and that's the proper person, that's the proper group that should be paying for it.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** — Order. We are getting questions which are somewhat long again. However, on the other hand, we are getting . . . answers rather. I'm sorry. On the other hand we are getting questions which will provoke long answers, so I ask questioners and those answering to once again be conscious of the type of question you ask and the type of answer you give, regarding length especially.

#### Surcharge on Vehicle Registrations

**Ms. Atkinson:** — My question is to the minister responsible for SGI (Saskatchewan Government Insurance), and it has to do with your plan to introduce a \$25 dollar surcharge on all Saskatchewan vehicles. This plan was first revealed in a leaked cabinet document in January, and at that time you said that the document . . . or the idea was being discussed. Can the Minister assure Saskatchewan vehicle owners today that that \$25 surcharge has been eliminated?

**Hon. Mr. Taylor:** — Mr. Speaker, the member well knows that I indicated that we would be looking at various aspects of SGI if there is certain concerns about regulations pertaining to windshield, bumper height, things of this nature. Certainly there may have to be some increase in rates, but those are under consideration, and when decisions have been made I'd be more than pleased to share them with the member opposite.

**Ms. Atkinson:** — Supplementary. You're hedging, Mr. Minister, and you're hedging, I believe, because we have two by-elections going on in this province. If that's not the case, if that's not the case that that surcharge will be introduced after those by-elections, let us know today. Let the Saskatchewan taxpayers know today that there will not be a \$25 surcharge. And if you are going to introduce a \$25 surcharge, let us know before those by-elections take place.

**Hon. Mr. Taylor:** — Mr. Speaker, again we see the

member opposite trying to mislead and confuse and pull figures out of the air. I just want to make this assurance to you, Mr. Speaker, that we are looking at various aspects of the administration of SGI. When those things are figured out, I will be forthcoming with the answer, but I can assure you that the rates and the increases of SGI and the auto fund will be nowhere near the increases under the NDP government in Manitoba that brought about their defeat.

**Ms. Atkinson:** — New question. The minister obviously will not answer and the people of this province should realize that, that this minister won't answer.

Now, Mr. Minister, when are you people going to get your hands out of the pockets of Saskatchewan drivers? Last October there were increases in license and registration fees, and on January 1 your government said that insurance premiums jumped an average of 10 per cent. I have here a registration and insurance premium for a 1977 Plymouth Volare which in one year increased from \$250 to \$300 — a 20 per cent increase. Can you explain that, Mr. Minister?

**Hon. Mr. Taylor:** — I can explain, Mr. Speaker, that there are several types of car models in Saskatchewan, and they all change in different amounts of registration. I can assure the member opposite that when the details of the increases, if there are to be increases, are worked out, they will be brought to this House, and the member opposite can react to them then. Anything other than that right now is just pure speculation on her part — again, an attempt by that member and that side opposite to pull figures out of the air to try and mislead and confuse the public of this province.

**Ms. Atkinson:** — Further supplementary. Mr. Minister, what you've just told this House is that you'll be announcing further increases after the by-election. That's what you just told us.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — I have another registration and insurance premium here for a 1979 Honda Prelude which increased from \$325 to \$373, up 15 per cent. And then I have a registration for a utility trailer which increased from \$27 to \$48, or a 78 per cent increase. How do you explain that to the people of this province? Explain that, Mr. Minister.

**Hon. Mr. Taylor:** — First of all, Mr. Speaker, I've long since learned not to believe the figures that the member opposite often quotes and tries to mislead with. I have indicated that when the changes regard many aspects. . .

**Mr. Speaker:** — Order. The hon. member is attempting to answer, but we're having difficulty hearing him.

**Hon. Mr. Taylor:** — When those changes regarding many aspects of the administration of SGI are finalized, they will be forthcoming and subject to concern and discussion and debate and whatever may come forward in this Chamber, which correctly it should be. But until that time, any attempt to pull forward figures and confuse

the people, I think is misleading, not in the best interest of this legislature by the member opposite.

### Accessibility of Day Care

**Mr. Prebble:** — Thank you very much, Mr. Speaker. Mr. Speaker, my question was going to be to the Minister of Social Services, but he's taken a sudden unexplained leave from the Assembly, I suspect in light of representatives from the day care community being here.

**Some Hon. Members:** Hear, hear!

**Mr. Prebble:** — Well the minister is back, Mr. Speaker, so I will address my question to the minister who I'm happy has returned.

My question is to the Minister of Social Services, and it concerns his government's very inadequate day care budget.

Mr. Minister, there's a serious lack of accessible and affordable day care to working families in this province, and that's a major obstacle to low-income families and single parent families seeking to work.

Can the minister confirm that the new provincial budget fails to increase the monthly day-care subsidy paid to low- and middle-income families? That subsidy, for the sixth straight year, Mr. Minister, has been frozen at a maximum of \$235 a month when the cost to families of getting day care is averaging \$340 per month per child.

Now my question to you is this, sir: can you tell the low- and middle-income working families of this province when the six-year freeze on day-care subsidies is going to be lifted by your government, and will you explain why you did not increase that subsidy this year as a means of providing support to the working families of this province?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Schmidt:** — Well, Mr. Speaker, first of all I apologize for stepping out briefly. I just received a report that the president of the Melville NDP had resigned due to his party's policies on certain moral issues, and I stepped out to get the details.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Schmidt:** — I might say, Mr. Speaker, that it takes a brave man to follow his convictions and stand for what he believes in.

On the question here . . .

**Mr. Speaker:** — Order. Order.

**Hon. Mr. Schmidt:** — On the question here, Mr. Speaker, on the question before us on day care: it is clear that there is a major change under way in day care in Canada.

The federal Progressive Conservative government is implementing a national day-care program. We have been trying to adjust our program to fit into that program.

I'm busy preparing a day care Act, because this province has never had a day-care Act.

And while we are preparing this day-care Act, we will examine all of the subsidies, 80 per cent of which go to single mothers right now, I might say. We'll examine all of those subsidies, and Saskatchewan will have a new day-care act with a comprehensive program that will be fair, will give people a choice, and will help those people in need.

**Some Hon. Members:** Hear, hear!

**Mr. Prebble:** — Well, Mr. Minister, we look forward to the day, on this side of the House, when the member for Melville himself chooses to resign as a result of the destruction that he's caused to the lives of so many people in this province.

**Some Hon. Members:** Hear, hear!

**Mr. Speaker:** — Order. Order, please. Order. Order, please. I think that we have a . . .

**An Hon. Member:** — Why didn't you call him to order?

**Mr. Speaker:** — Order. Is the member for Saskatoon Sutherland challenging the ruling of the Chair?

I think here is an excellent example of a member that has referred to another member leaving the House and then returning, and then when that member has the opportunity, commenting on why he had to leave, and then that again causing members to take exception to it. The reality is that if we apply the strict rules of the House, no doubt both members are not exactly following the guide-lines. And I think if we just follow the guide-lines, then we don't have these problems.

Now the hon. member for Saskatoon University stood up and was again commenting on the same issue, the member, the comment he made. So just stick to the guide-lines, we don't have these problems.

Order, order. I'd like to ask the member for Quill Lake to please be quiet while the question's being asked.

**Mr. Prebble:** — Mr. Speaker, I'll be happy to abide by your ruling. I have a new question to the Minister of Social Services.

Mr. Minister, the throne speech states that the government intends to introduce new standards for day care in Saskatchewan. Yet your day-care budget, Mr. Minister, is so inadequate that there is no money in the budget to improve standards. In fact, Mr. Minister, the budget for staff who monitor the quality of day care has been reduced by \$70,000 in the current fiscal year, and your underfunding, Mr. Minister, is leading to a situation where staff salaries in day cares are intolerably low, and there's no new money for programs like hot lunches for children.

Now my question to you is this, sir: which day-care standards does your government propose to change; and more importantly, why is there no money and no staff in

your budget to implement urgently needed improvements in day-care standards and day-care quality? When are you going to start making children a priority and provide the necessary funding for decent staff salaries and decent support for those children in day-care centres around this province?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Schmidt:** — Well, Mr. Speaker, it seems that the member opposite has dusted off his standard NDP speech on day care — hasn't changed in 20 or 30 or 50 years. And what we are concerned here about is children and how they are cared for. And the federal government and the provincial government are co-operating so that children can be cared for in different ways, either in the home through choice and through the tax system, or in day-care centres.

This province has never had a day-care Act. We will be introducing such an Act and when we introduce the Act, then we will be debating the Act. But I'm not prepared to debate the Act today. I can say that we have increased the number of spaces considerably from when the NDP were government and that the improvement in the whole situation is general progress. And so there's no need for their rhetoric. The Act will come before the House, and they will see what will be done.

**Mr. Prebble:** — Final supplementary, Mr. Speaker. Mr. Minister, last year you promised that you were going to create 220 new spaces, and yet we haven't seen a single one of those yet, Mr. Minister.

Now, Mr. Minister, when you talk about changing standards, do you have in mind changes to the rules and regulations which will make it easier for large, profit-oriented day-care centres to open up in Saskatchewan. Is that what you have in mind?

If not, will you give a clear commitment here today that your government will continue Saskatchewan's day-care system as a non-profit and as a parent-controlled system. Because that, Mr. Minister, is the only way that you can assure that meeting the children's needs will be the first priority of the day-care system, rather than one of private profit.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Schmidt:** — Mr. Speaker, we will not continue the day-care system as the NDP had it. They had 3,900 spaces, we have 5,700 spaces, so we don't ever want to go back to that situation.

We will have more spaces as time goes on, and we will give parents a choice. And if parents do not choose a certain type of day care, then we won't have that kind of day care. And if parents choose that day care, that's the kinds of day care we will have.

#### Tabling of Public Accounts for 1986-87

**Mr. Van Mulligen:** — Mr. Speaker, my question is to the Minister of Finance. Mr. Minister, you will know that one of the main functions of this Assembly is to review the

spending of the government of the day. You will admit that it's difficult for this Assembly to do that when it does not have the *Public Accounts* to work with.

My question is: can you tell this House when you will be tabling these accounts, and specifically the *Public Accounts* for the 1986-87 fiscal year.

**Hon. Mr. Lane:** — Mr. Speaker, I would hope the tabling of the *Public Accounts* will improve the opposition's ability to judge the expenditures of the province, because to date their ability has been found woefully wanting, Mr. Speaker. And their voting against the latest budget and its increase in expenditures for day care and increasing the number of spaces is an example of the inadequacy of the opposition.

I'll give the answer to the hon. member soon.

**Mr. Van Mulligen:** — Well I won't thank the ... Supplementary, Mr. Speaker. I won't thank the minister for the specificity of his response, but I wonder if he can enlighten us just a little bit more. What does he mean by "soon"? Does he mean sooner or later? Does he mean this spring? Does he mean this fall, or some time in between? Will he set a new record, the record that he set last year for late tabling of the *Public Accounts*, or will it be May 5, the day after the by-elections? When, Mr. Minister, when?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — I urge the hon. member to calm down a bit. I know the difficulties that the members opposite have been under in this session. And their inability to deal with the issues of the day, like French language and issues of that nature, I think — I'm sure indicates the difficulties they have and the pressures that they're facing internally, of which the public is becoming increasingly aware.

I've indicated to the hon. member that I will be tabling the *Public Accounts* soon, and the hon. member will have ample opportunity, if he bothers to read them. And secondly, Mr. Premier, because this is a very important change for the opposition, if they are prepared to read them correctly, they should be able to enhance modestly their ability to scrutinize public spending.

**Some Hon. Members:** Hear, hear!

**Mr. Van Mulligen:** — Supplementary, Mr. Speaker. Every Finance minister in the last 44 years has tabled those in decent time until you came along. Isn't it true that these *Public Accounts* are complete, that you're simply sitting on them for political reasons? How do you justify playing politics with the public's right to know how you spent their money? How?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — I find it interesting, Mr. Speaker, that the hon. member asking the question and the supplementary today about government expenditures is one of the many members on that side of the House that just voted against a budget increasing day care spaces; increasing spaces for rural day care, Mr. Speaker; increasing expenditures for health care; increasing

expenditures for hospital; increasing expenditures for education; increasing expenditures for seniors, and say, Mr. Speaker, that they're now concerned about public expenditures.

They voted against the budget, Mr. Speaker. I think that's the biggest example of their concern.

**Some Hon. Members:** Hear, hear!

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

#### COMMITTEE OF FINANCE

#### Consolidated Fund Budgetary Expenditure Trade and Investment Ordinary Expenditure — Vote 19

**Hon. Mr. Andrew:** — Yes, Mr. Chairman, I'd first of all like to introduce our officials. Don Wright is the deputy minister sitting here. Paul Haddow was on the trade negotiations secretariat; Terry Tarowski director of administration, and Gerry Adamson, trade development.

Perhaps the committee would permit a short statement by me only in the sense that today a significant report did come down from the Economic Council of Canada on the final evaluation of the free trade agreement. As you know, many have been waiting for the Economic Council of Canada's report. Originally the Economic Council of Canada had completed a report, a simulation, a computer simulation as to the impact of the free trade agreement on Canada. That was done well in advance of the actual agreement being signed and, therefore, the details of the agreement. And there was some debate between academics and I suppose ... and between politicians, as to the value of the Economic Council of Canada's report, given that premise.

Today, however, the Economic Council of Canada has released its final evaluation of the Canada-U.S. free trade agreement. And this is putting into their model the agreement as initialled by the two countries.

The conclusion is the following: the Economic Council of Canada is highly supportive of the Canada-U.S. trade agreement. The free trade agreement will provide significant benefits to Canada in the form of lower prices, higher productivity, more efficient allocation of resources, more stable business climate, higher levels of earning and investment.

It goes on to say, Mr. Speaker, that likely result of the agreement will be 250,000 additional jobs for Canadians, a 5 per cent decrease in the consumer price index, 5 per cent increase in investment, 29 or 36 industries will benefit from it.

They also ran a model in the event that there was not a free trade agreement and in fact that either country said no to the free trade agreement. The impact of that scenario, in the view of the Economic Council of Canada, would be a net loss of jobs in this country of 22,000, a 0.5 per cent decrease in investment, and a small decline in

economic growth and real disposable income.

The economic council goes on further to say that all provinces will experience an increased output and increased employment. What it does say, though, that I think is . . . certainly substantiates the view held by the Government of Saskatchewan throughout this process, is in fact that Saskatchewan stands to gain higher than the national average, stands to gain greater than the province of Ontario and the province of Quebec.

If I could go on further in the report, it shows where agriculture, mining will be two of the largest benefactors of this particular agreement, and I think again that speaks very, very good for a province like Saskatchewan.

What it projects, the final thing, and then I will sit down and take questions . . . (inaudible) . . . the base case and the simulation of the Canada-U.S. trade agreement will show Saskatchewan gaining 2.71; Prince Edward Island's 2.89; Nova Scotia's 2.61; New Brunswick, 2.57; Quebec, 2.46; Ontario, 2.31; Manitoba, 2.63; Alberta, 2.74; British Columbia, 2.64. The long and the short, the three provinces that will stand to gain the most according to this model would be the province of Alberta, the province of Saskatchewan, and the province of Prince Edward Island.

I think that this does reflect, certainly I think people across the country recognize the Economic Council of Canada, recognize the work of the Economic Council of Canada, and today's report is a testimony to the view that we have taken all along, that the free trade agreement will have a positive impact upon Canadians, upon the creation of jobs, and upon the growth of our economy.

#### Item 1

**Mr. Mitchell:** — Mr. Chairman, that was an extraordinary way to start the estimates of this department, something quite beyond my experience in my year-and-some in this House, to see the minister get up before any questions are asked, immediately after introducing his officials, and launches into a defence of the free trade agreement, based upon a report issued this morning by the Economic Council of Canada.

That certainly puts a new meaning on the term "defensiveness." One wonders why the minister is so extremely sensitive about this issue that he would take the extraordinary step of not waiting for questions to come from this side of the House about the free trade agreement. I mean, what makes the minister think that we intended to ask any? He laughs, he says, ironically.

Minister, I heard the news reports on the report of the Economic Council of Canada this morning. I do not know what document you were referring to, but the CBC reported it this morning on their newscasts all morning. They said two things, Minister, that you did not mention. One thing that the CBC report said is that the Economic Council of Canada was divided — was divided within itself — on whether or not the impacts of the free trade agreement were going to be beneficial to Canada.

The second thing that they said, Mr. Minister, the second

thing they said, is while there would be 250,000 jobs created in Canada under the free trade agreement each year for 10 years, that was not any more than would have been created in Canada if there were no free trade agreement.

Now as I say, I don't know what document you're referring to there. I assume you're referring to briefing notes. But the Canadian Broadcasting Corporation was quite explicit on that, on newscasts all through the morning, and I'll repeat the point to make sure that you get it. While their computer print-outs showed that 250,000 jobs a year would be created in Canada if there was a free trade agreement, that was no more than the jobs that would be created in Canada in without a free trade agreement.

Now you've raised the subject of this economic council report, and I'd like you to respond to the two points that I've made before I get into some general remarks about your department in general and about this trade agreement in particular.

**Hon. Mr. Andrew:** — With regards to the opening statement, one would look at this particular issue of free trade between Canada and the United States as a significant economic political issue in this country. The announcement today by the Economic Council of Canada, I think, is a significant announcement.

Now the hon. member asks why I stood and responded to that. I was anticipating questions in question period today, but I've been anticipating questions on this subject for the last three weeks since the House has been in, and I have not yet received a question on free trade, which I thought was a fairly fundamental and fairly pressing issue. Now perhaps the members opposite do not see it that way, but certainly their utterings outside the House would tend to be of the view that they would take a completely opposite position than does the government, and does most provinces across this country, and that's the reason for the response.

With regard to the second part of your question, the Economic Council of Canada said today the following: that under their simulation and their model, that the free trade agreement will have the effect of creating 250,000 additional jobs in Canada through the time of the agreement. Without an agreement there would be 22,000 fewer jobs in Canada.

Now I think what you have to understand is this, and the view that perhaps a lot of times is not properly advanced by many of the people commenting with regard to the trade agreement, jobs are going to be created in this country with or without a trade agreement — we all know that — as we're going to be a growing economy and a growing country.

Now the projections are that still the vast number of jobs in this country — and that would be true of this province as well — are still going to go as our economy grows. So the majority of jobs are going to be created with or without a trade agreement. There has been a debate as to whether it's going to have a positive impact or a negative impact. Whether you listed to the Premier of

Saskatchewan or to Bob White of United Auto Workers, you would have two different views of that.

The Economic Council of Canada said in its report today — clearly said in its report today, whether CBC read that or not — that with the trade agreement there will be an additional 250,000 jobs created in this country. Without it, their model would say there would be a minus 22,000 jobs created because of the — I suspect, without having gone into the model myself — but because of the growing protectionism within United States. And so that's where, I think, the long and the short of the statement today by the Economic Council of Canada.

**Mr. Mitchell:** — Are you saying, Minister, that in the document that you were reading from or in the briefing from your officials, that the economic council did not say what the CBC said, in other words, that normal growth would have produced the same number of jobs anyway? And secondly, does your briefing not also disclose that the economic council within itself was sharply divided as to the impact of this agreement in terms of whether or not it had economic benefits for Canada?

**Hon. Mr. Andrew:** — Let me try again. There are going to be, in the estimation of the Economic Council of Canada, approximately — I'll give you their exact projection — the annual yearly increase of jobs in this country over the last few years has been between 250 and 350,000 created each year, all right? Now that will depend on whether we are in a growth period nationally, like we are now, or whether we're in a recession period, like we were back in 1980, 1981, 1982-83, where there was a significant reduction from that. That's what is going to continue, has traditionally happened, and certainly under the existing federal government, that's the type of job numbers that have been created.

What this says is that on top of that with the trade agreement and during the time of the phase — in of the trade agreement, that there will be an additional 250,000 jobs created — all right? — on top of what is normally to be created. That's what the economic council said. Now you can disagree with the economic council, but that's clearly what the economic council said.

Now your second question is, was there a unanimous view within the economic council? There was not, nor has there ever been. And that is because, as you are aware of, that there is a variety of people within the Economic Council of Canada representing a variety of industries or a variety of people.

I'm advised that the only ones that disagreed with the simulation was those representing organized labour. And I guess the question to be asked is whether they disagree with it on academic technical grounds, or whether they disagree with it because their superiors are telling them to disagree with it. But that's the one that disagreed with it, which was the labour representatives on the economic council.

**Mr. Mitchell:** — Well then, Minister, it certainly appears that the Canadian Broadcasting Corporation got it all wrong, because their newscasts this morning were quite to the opposite effect of what you've said. But you have

the advantage over me because you have a document in front of you which, I take it, is a copy of the release from the council. And I'll have an opportunity overnight to get a copy of that release, and we may come back to that tomorrow or in the days ahead.

I want to address some general remarks to the House and to you and your officials about the department and about the free trade agreement and other issues that arise within the mandate of your department.

It has been our observation from this side of the House for many years now that this government has failed to develop and implement a comprehensive, long-range, economic development strategy for this province. That is particularly true with respect to the subjects of trade and investment which both fall within the purview of your department.

When this subject was raised last year, about all that you could say was that we will build upon our natural strengths, and I pointed out to you at that time, as did another of my colleagues, that that has been the policy of governments with respect to development in western Canada for about the last 20 years.

It was the basis for the department of regional economic expansion's programs since the early 1970s. It was the theory upon which the Thatcher government said that it was proceeding in the 1960s. It was the stated policy of the Blakeney government during the '70s. It is the stated policy of the federal Conservative government now, as it was the Liberal government before them. And I would hope that this year we would be able to hear from you a more imaginative and comprehensive and a bit more specific notion than that we will simply do the obvious thing, which is to build upon our natural strengths.

We've been doing that in Saskatchewan for a long time, and I submit, and we have submitted over and over again, that it's incumbent upon the government of this province to do more than just think in terms of building upon our natural strengths. It is time that we had a comprehensive development strategy which took into account all of the factors in Saskatchewan and moved us beyond simply a matter of doing the obvious, and starting to do some things that would really get this economy going.

There was a hey-day in this province in the 1970s during which all kinds of things happened, all kinds of development took place, where all kinds of wealth was created, and unemployment fell to its lowest levels ever — records that your government has never been able to equal in the six years that you've been trying . . . not to equal; you're not even able to come close to it.

Now Canada is facing problems of growth, as is the world. Canada's also facing problems of adjustment, and this is common also to other industrialized countries. And it is true, and you'll agree with this, that the modern economic world is an interdependent world tied together in many important respects, and it is becoming an increasingly competitive world. You and I have spoken about these matters in the past.

There are a number of nations, however, Mr. Minister,

who appear to be doing better than others. And if you haven't already done so, I would recommend to you that you consider some of the literature about how some of the countries, how some of the industrialized countries of the world have been moving in the economic sphere, and in particular in the international economic sphere. I have in mind countries in Europe, of which West Germany is perhaps the outstanding example.

One thing that — one strain, one feature of these countries that becomes immediately obvious in looking at them is the role that their governments play in the economy, in the development of the economy, in the encouragement of the economy, and in particular, the role that they play in export industries.

It is no accident that Japan has the trade record that it has. It is no accident that Japan enjoys the trade surplus with the rest of the world which it enjoys. It is a result of deliberate government policy pursued since that country began to recover from the Second World War, and which it pursues right down to the present time. And I assume that you know the details of it, Minister. I assume that you know the way in which the government co-operates with the private sector and assists the private sector in identifying market opportunities; in encouraging research and development; in assisting the manufacturer in the start-up phase of manufacturing; in the protection of the local economy while providing a protected market while that industry is gearing up.

By the way, I'm not recommending that, I'm just noting that Japan has been doing that over the years. And on, to assist industry in identifying the market opportunities and actually marketing the — assisting in the marketing of the product in the importing countries. These are things that Japan has been doing for years. These may or may not be appropriate in the Canadian context in that precise form, but that's not what I'm arguing. I'm making the point, a more general point, that there is an example of a country that sees government as having an important role to play in the economy, and in particular, in the export economy.

And I look at our country and our province, Minister, and I hear the rhetoric of your Premier and other ministers, and I see you and your counterparts in Ottawa trying to head in exactly the opposite direction — trying to pull government out of the affairs, the economic affairs of the nation; trying to create in this country something similar to what has been created in the United States, which is a market-driven economy in which the government is supposed to play a minor role and a decreasing role. And that's what I mean when I say that you appear to be headed in exactly the wrong direction, in exactly the opposite direction.

Now I'll be interested in your comments to that, because I have heard ministers on that side of the House say that your party believes in a market-driven economy, and anyone who's familiar with the literature on international trade knows all too well what that means.

The Americans have been trying to persuade the countries of Europe and the countries of Asia to adopt a market-driven approach themselves, and they've not

been able to do that. Countries like Japan have said no; that may work very well in California or Alabama or in New York, but it will not work in Japan. In Japan something else is required, and they have, as I indicated, done something else.

They've been an active, a proactive government — not bound by any right-wing ideology that sees the government as being pulled entirely out of the affairs, the economic affairs of a country, but governments that are prepared to assist the private sector to do what is necessary in order for the economy of the country to succeed.

And this is what we've been arguing on this side of the House. We've been criticizing your approach to economic affairs, including international trade, as being an ideological, right-wing approach. You seem to feel that somehow you can just sort of sit back and watch the private sector and hope and pray that somebody in the private sector will somehow get it all right and make it happen in a way that benefits our country.

That's what the political leaders and the economic leaders in the United States are talking about all the time, and we hear, to our alarm, Canadian politicians parroting those words in Canada.

If you read, as I know you do, the literature from the Fraser Institute in British Columbia, you'll know exactly what I mean when I talk about a market-driven economy and their idea of the role of government. And it is disconcerting, to say the least, for us on this side of the House and for all progressive Canadians, to note the Fraser Institute advocating a position at a particular point in time and to hear some two or three or four years later representatives of your party starting to spout those lines as the public policy of this country.

Now, Minister, what I'm saying is that you're headed in the wrong direction. I don't advocate for a moment that we convert the Canadian economy into the Japanese economy. We couldn't do that if we wanted to. Cultural differences and certain other differences in our country make that impossible.

But at least we can learn the principle. And the principle is that the private sector, as important as it is — and we acknowledge that — can't do it all by itself. And you abdicate your responsibilities by pulling government back and pulling it out of the equation and pulling out the services that it can offer to the private sector in order to assist it and encourage it and help it along in the tough international domestic ... or international competitive market that we see out there.

(1500)

And your free trade agreement, Minister — and I say you, because you've been one of the strong advocates of this agreement across this province — this agreement and the philosophy underlying it prove the things that I've been saying to you. This is a document which is written on the assumption that government is doing exactly what I said: is pulling back and getting out and allowing the market to operate unhindered and unchecked. And this is a



wrong-headed approach. It's the wrong prescription at the wrong time. The cure is worse than the disease.

As I said, we on this side of the House have argued for years that we require a mixed approach, a co-operative approach, where government doing what it can will assist the private sector doing what it can and the co-operative sector doing what it can. And everybody pitches in and makes the whole system work better.

And we do that because we were born and raised in this province and we've seen it done and we know that it can be done. And we want to continue doing it that way.

The business community in this province has always been small and has always been struggling and has always needed help. We've been criticized in the past for not helping it enough. And I don't know, maybe we did, maybe we didn't. But I do know, and I know you'd admit, Minister, that the 1970s showed an era of prosperity in this province never before equalled before or since. So it did work, and we know that.

And this is consistent with the roots of this province, the traditions of this province. The co-operative movement has been the backbone of the development of the agricultural industry in this province. Much of this province was built by co-operatives as a result of people working together to address their needs. And per capita we have more co-operatives operating in this province than any other part of Canada.

And we also have a strong tradition of public ownership as a vehicle for economic development within the province. It's a tradition that has evolved over time to meet our distinctive economic circumstances. And the whole of Saskatchewan, Minister, cringes at the radical, right-wing rhetoric that we hear from members opposite with respect to this question of public ownership.

We see privatization cutting through the whole fabric of our society, from government services through Crown corporations to agencies. And the rhetoric would make us believe that you intend to divest government entirely of any meaningful role in this economy. And this is wrong, Minister. Generations of Saskatchewan people will tell you that it's wrong. And what you're doing is quite out of step with the way people in this province see this province, see themselves, and see their future.

I suggest that you have in that respect committed a cardinal error. You cannot succeed in your attempt to impose on this province, to superimpose on this province, your ideology of a market-oriented economy, systematically ignoring the traditions that I've talked about. What we need here is a deliberate plan that balances all of these factors, that carefully balances these factors and co-ordinates all sectors of the economy.

Now I had intended in my opening remarks to get into the free trade agreement, Minister, but I don't want to ... you've already got a page full of things that I'm sure you want to respond to, and this agreement is going to occupy the lion's share of our time during this estimates, and I'm just going to save those remarks for now and give you an opportunity to respond to the points I've made to this

point.

**Hon. Mr. Andrew:** — Let me try to get at your questions in a variety of ways. The main gist of your question, I think, was this: that you do not agree with the policies of the provincial government or the federal government as it relates to economic policies; that it's causing Canada to lose ground relative to the rest of the world.

Now I think the hon. member would agree with me that the best measure of growth in an economy is the gross domestic product. Would you agree with that? I think the member acknowledges that.

Now if you look at the various countries of the world, and let me list them ... and this is not my ... I'll refer you to the *Economist*, page ... March 25, 1988 edition of the *Economist*, the back pages where you will normally find the statistics for world growth. Now let me read off the countries that are measured: Australia, Belgium, Canada, France, West Germany, Holland, Italy, Japan, Spain, Sweden, Switzerland, United Kingdom, United States.

Now if you're to look at all of those major, economic developed countries of the world, guess which one has the highest gross domestic product. And the answer is Canada. And I think that's something that we as Canadians should quite be proud of. Too often we sit and say to ourselves, well, the Germans or the Japanese are miles ahead of us. Perhaps in some areas they are, but in gross domestic product, in the amount of growth in our economy, Canada stands at 5.7, and that is ahead of all those other countries of the world. Now it seems to me that says something for Canadians. That says to me that Canadians are not doing all that badly, thank you very much.

The member refers to West Germany as the ideal-type economy. Now if you look at and ask yourself how many new jobs, net new jobs, have been created in West Germany over the last five years, and the answer would be very, very skimpy, because they are one of the lower countries that produce the fewest number of additional jobs relative to all the other countries of the world. So while it might look nice in some magazines, etc., they are not in fact performing that well.

If you look at the unemployment rate today in Canada versus the unemployment rate today in West Germany, you will find that the Canadian rate is lower than the rate in West Germany. And that was not the case for probably five, six, seven years, but it is now. Canadian rate is 7.8 per cent; West German rate is 8.7 per cent.

So quite frankly, if you look at those numbers — and I referred you to that magazine which you can get from the library — you will find that Canadians are doing very well with regards to that.

Now you make some reference to: should we be doing ... Let me make one other point. If you were to look at the European economies over the last five years — and you can go to any area of measurement that you want, any statistical institute that measures growth in economies — which economy in western Europe, or all of Europe for that matter, has had the most significant growth in the last

five years? And the answer is Great Britain. The United Kingdom's growth rate has been stronger than that of West Germany, stronger than that of France, Sweden, any of those other countries.

So I think that you have to, if you're going to look at that measurement, you should look at in fact the details and the statistics that are coming out of that.

Now you also made a question — you're doing nothing as a country with regard to trade matters. Well I think when you look at the fact that Canada trades — about 77 per cent of all its exports goes to the United States, 77 per cent. And that's driven primarily by the province of Ontario where 90 per cent of all their exports goes to the U.S. market. And Ontario obviously is the largest exporter in Canada; they export much more than do any other provinces. They rely upon the U.S. market.

And while we all know that the U.S. are somewhat grouchy these days, and you see much more protectionism and protectionist Bills than we normally would, free trade agreement obviously sets about to try to come to grips with that. And I think if you look at the Economic Council of Canada's numbers alone, indicates a positive in that area.

Now you can say, what initiatives have you taken in trade? Clearly the Government of Canada supported by — what is it, eight provinces now, soon to be nine provinces with regards to the trade agreement? And I would suggest that that is in fact a significant initiative taken by any government. I don't think the hon. member would suggest, whether he agrees or does not agree, that it's not a significant initiative being taken by governments in Canada.

On the second front, with regards to the trade and other products around the world, we in Saskatchewan have a very significant interest in the current round of the GATT (General Agreement on Tariffs and Trade) negotiation because that GATT negotiation is primarily dealing with agriculture. It's referred to as the agriculture round of the GATT. And there is no doubt that the solution to our agriculture crisis today lies in the GATT.

And I think Saskatchewan has a great deal to gain by that initiative by the federal government supported by all provincial governments with regards to the way we approach the GATT negotiation. So I think that that is another initiative being taken by levels of government working in co-operation with each other with regards to that.

Now you asked the question, can we improve our numbers of trade around the world or into the United States? In other words your first question was, what initiatives are you doing in the field of international trade? That was your first question.

What we have done is obviously put a lot of effort into the free trade agreement, we're putting a lot of effort into the GATT negotiations, and we have identified three prime areas where we should be able to increase our trade. Obviously one is United States, number two is the Pacific Rim region, and number three is the European market.

Now that can be increased in two ways, in two significant areas. We have traditionally sold into those markets out of Saskatchewan, one, agriculture products. And for the most part that tended to go to the Pacific Rim regions and Europe, although the European market is quickly dissipating on us and everybody else with the common agricultural policy of the EEC (European Economic Community). That's number one.

Number two is in the area of resources. And we have traditionally sold as well to the rest of the world, and we are seeking further markets obviously for each of those.

We would see now our new area that we have to concentrate more and more on, is further processing of our goods here, finding some place or access into markets that would accept our further process markets. And so that's the further initiative being taken in the agriculture sector.

You also made reference then to the Japanese, and why the Japanese has shown the world that they can do things so much better because their surplus, their world trade surplus is so much better, whether it's with Canada, whether with United States, or the EEC, or whoever with. That's a double-edged sword when you look at your surpluses or deficits in the whole trade area. The Japanese I think, by anybody's measurement, have one of the most protective import markets in the world.

Canada for example has sold a fair degree of product to Japan. We take, let's say, our canola that is produced in this province, and it can be exported to Japan but canola oil cannot be. We could not further process any of that canola here in Canada and send it into the United States, perhaps like we could into United States, but we couldn't do that into Japan — very, very protective.

And what happens in Japan, you send your canola to Japan, they must process it there. They in fact do process it there because of firm import restrictions. They increase the price five times before they sell it to their consumer.

The same is true with their beef. If you try to access into that Japanese market with beef the best you could do would be raw beef. You could not put in packaged meats or you could not put in processed bacon or any of that other processed food into the Japanese market — very, very restricted.

And that's, quite frankly, one of the significant issues being debated today at the GATT, it's one, on the one hand, to get rid of subsidies that all countries are providing now to their agricultural sector. But number two, and why Japan is such a key player at the GATT round, is for Japan to start reducing some of those barriers that they have. They are clearly one of the most protected markets in the entire world, and I think it's not just Canadians, not the United ... it's the other industrialized world that is saying exactly the same thing.

With regards to the development of the economy, and I don't want to get into a great deal of this because that is not a big part of my department any more, but if you're to look at, how do you build on your strengths, and you say,

you've done none of that . . . Well let's take the paper plant in P.A., for example, the Weyerhaeuser project. What we used to do there, or what the industry did there, it used to take the softwoods and make it into pulp and sell that pulp at a far lower price, perhaps in a fluctuating market, primarily into the United States. And we've been doing that for quite a while.

(1515)

With regards to the hardwoods, or the aspen, for the most part that aspen was used for fence posts. With this new technology and new process, what they're doing is blending the hardwood, the aspen that normally would make fence posts, into the pulp, end product being paper. And that paper product, of course, is in some demand around the world. So that strikes me as a value added being done here that was not being done before.

Let's take the whole area of the heavy oil. As you know — perhaps some of the other members of your caucus don't — but heavy oil has no place in Canada to be refined. So what we sought, in conjunction with the co-ops that you say that we are not prepared to deal with, have now expanded that process to the point where we can use our heavy oils that we produce in Saskatchewan, refine it here in Saskatchewan to be used by people of Saskatchewan and other people of Canada. Now that is adding value to something that we otherwise simply had to export out of this country through a pipeline.

The list can go on if we want to get into that. I'm simply saying, that's less to do with my department, with the reorganization. I will continue with that if you so desire. But that handles, I think, the bulk of the questions that you posed, with the following exception with regard to Japan. Let me add a couple things on Japan.

The Japanese . . . and you say we should be looking at the Japanese model for Canada. I wonder if you would subscribe to the Japanese model that says, our children should go to school 250 days a year, because that's what they do in Japan — 250 days a year as opposed to 190. I don't think it takes a wizard to figure out that if a student goes to school 25 per cent more of his time, he probably learns more. All right. That's number one.

Number two with regard to the Japanese economy, I wonder if you subscribe to their theory that says they shall really not have strikes. And if you're going to have a strike, first of all they don't have as many trade unions as we do. But if they have strikes, for the most part their strikes are conducted after work hours. So they work from, let's say, 8 o'clock in the morning till 5 o'clock at night. Then if they want a strike they can have a strike from, let's say, 5 or 6 to 9 o'clock or something like that. You don't see shut-downs like you would see perhaps in much of the other westernized world.

So I mean, those are two areas that I think Japan is much different than we, and I doubt you would be one that would subscribe to that view and similar views on how to run the economy.

**Mr. Mitchell:** — We could of course get into a long discussion about the Japanese system and what we could

or couldn't learn. I could just throw in the fact that most Japanese workers are secure in their employment for life, and they know that barring any major, major development, they've got a job there for all of their life. So they approach the employment situation with a great deal of security, which is something that we in this country do not enjoy.

But I don't want to get side-tracked on the Japanese point. I merely raised it as I tried to make clear to give you an illustration of a country where a government faces up to its responsibilities with respect to the economy.

They do some things that you don't agree with. They build a high tariff wall around their country. You don't agree with that; I don't agree with that, in the sense that I don't think Canada should do that; I never have.

But my point is simply that there is a government that is not timid, that is not shy, and that is not ideological as your government is, and as the federal government is on this question about the role of government in the economy.

On that point, Minister, you really make us wonder over here because while we hear the right-wing rhetoric of the Premier and other ministers opposite about the government involvement in the economy, particular as regards the government ownership and that sort of thing, and while we see you strongly supporting an agreement which minimizes, which practically eliminates the role of government as regards economic matters that touch trade between the two countries, that when it comes down to practice, you do something different.

Your involvement in the Co-op upgrader, for example, is the kind of an action that a New Democratic government would take because we believe that in appropriate circumstances governments should co-operate with the co-operative sector in order to make a project go, and so we think the Co-op upgrader is a good idea.

But it's interesting to notice that the government involvement in that project is absolutely crucial, and I don't know how you can possibly reconcile that with the approach and the attitude and the philosophy towards economics that is daily being spoken about from your side of the House and which is reflected so accurately in this free trade agreement.

Similarly in the Weyerhaeuser situation, you know they're building the paper mill, and I think that the paper mill is a good thing for Saskatchewan. We've always said that on this side of the House. We've attacked that deal because you practically gave away the plant to Weyerhaeuser. The pulp mill up there was practically given to Weyerhaeuser, along with all those timber rights and that sort of thing. That's the objection we took to that deal.

There has never been a major transaction in Canada with terms similar to the ones extended to Weyerhaeuser. No one has ever gotten such a sweetheart deal as the Weyerhaeuser corporation.

Imagine a deal, Minister, with nothing down and with

annual payments only if that pulp mill makes a profit which any pulp mill in the country would envy, an extremely high profit. Only then do they have to make a payment. And if they don't make the profit, they don't make the payment. And at the end of the payment period, whatever is left over as owing, because it wasn't paid on an annual basis, is not paid then either but is converted into some weird kind of a stock. And the Government of Saskatchewan, it's just difficult to see how it's ever going to get paid. That's the objection we took to that deal.

But we like the idea of the paper mill, we like the idea of an appropriate use of the poplar resource and the production of paper. That involved a considerable amount of government effort, and we agree with that. That's what we need in this province. We need the government working with the private sector and with the co-operative sector to make things go. And your government is looking in exactly the opposite direction with these exceptions of the upgrader and Weyerhaeuser.

And this trade agreement, this trade agreement, I repeat, stares exactly in the opposite direction from that kind of approach that I've been outlining. This agreement buys totally into the American market-oriented system, where government sits in a chair at the side of the room as a bystander without the tools to protect the people of Canada, having been divested of very important sovereign powers, having bargained away sovereign powers for nothing, for no return at all — just given them away and exposed this country to a foreign ideology.

And when we talk about a market-driven economy, we're talking about a foreign ideology. Whether you like it or not, Minister, it's a foreign ideology.

Canada was built upon the notion of the public and the private sector working together to get the job done. The national railway systems were built with that kind of a philosophy. Air Canada was established with that kind of a philosophy. The national radio and broadcasting systems were built on the basis of that kind of a philosophy, and our province was built on the basis of that kind of a policy. Petro-Canada is another good example of government involvement to the great benefit of Canada in an important industry. And yet this agreement goes in exactly the opposite direction.

Minister, I want to talk about this agreement for a while now. I want to say for the umpteenth time, for at least the third or fourth time by me in this House, and any number of times outside of this House, that my party on this side of the House has always favoured the reduction and eventual elimination of tariffs. In our view of the history of this province tariffs have cost the people of this province a lot of money and they should have been reduced and eliminated years ago. We go further than this agreement and say that they should be reduced on a multilateral basis, including Japan and the example that you've just given to us. And if that's all that this agreement were about, Minister, I'd be the first one to speak in favour of it.

Now I want to make that clear to you, we are in favour of trade and we are in favour of the reduction and elimination of tariffs. And this agreement does that. It takes the few small tariffs remaining between Canada and

the United States and identifies them and phases them out, for the most part, over a period of 10 years. That's a long time but I don't think it's an unduly long time, and we would favour that part of the agreement.

It's when you get beyond the tariff provisions into the other horrendous parts of this document that this agreement runs into trouble with people on this side of the House and with all kinds of Canadians — all kinds of people out there.

The federal government was quite right, Minister, in its communication strategy that was leaked to the *Toronto Star* when it observed that the more people find out about this agreement, the less likely they are to support it. And we're seeing that happen daily in this country, and we know it's happening in Saskatchewan, Minister. Our polling tells us so. Yours must be telling you so, because why else in this province in the course of a little more than a month do we see the massive conference in Saskatoon, do we see these travelling road shows coming in with Simon Reisman and now Premier Bourassa, all trying to persuade us that this agreement is really a good deal.

The people of Saskatchewan don't buy it, Minister, and the more they find out about it the less they buy it. Every crowd that I've spoken to has by the end of my discussion of this agreement, come up to me and expressed surprise . . . (inaudible interjection) . . . Some of them in Maple Creek too, Leader last night — Leader last night, for the minister from Maple Creek — have come up to me and expressed surprise that there would be something in this agreement that allowed Americans to come in and buy up our economy without us having any say about the matter at all. Real surprise. Surprise that the energy provisions contain the kinds of clauses that they contain. Surprise that all kinds of other things that are in this agreement are there, because they haven't heard that.

Especially they haven't heard it from you and your Premier. You've been walking around this province telling our people about the benefits that this agreement might confer upon them. I might say that I think that many of your statements about the benefits are wild exaggerations at best — wild exaggerations. But that's what you've been doing. You haven't been walking around this province meeting with people, telling them what's in the agreement.

I seriously doubt, Minister, whether you have ever, in front of any group, sat down and taken them through the investment provisions clause by clause; or taken them through the chapter on services clause by clause, and explained to them what are the possible implications for our country with respect to the chapter on services.

I think I can understand why you wouldn't do it. The Macdonald commission recommended that although they liked and recommended the idea of comprehensive trade negotiations, specifically recommended that services not be included. They came to that conclusion for two reasons. The first one was that no country in the world has ever entered into an agreement for the free trade in services.

But the second reason is even more alarming, Minister,

because the second reason was that no adequate research has been done anywhere on the impact of an agreement for the free trade in services such as appears in this agreement.

You must know that the Americans have been peddling the idea of a free trade agreement in services all around the world — all around the world, and nobody buys it. Israel says no. Mexico says no. The European community and Japan dismiss it out of hand, absolutely out of the question, and yet Canada goes for it in spite of the fact that the Macdonald Commission did not recommend it.

(1530)

What I'm saying to you, Minister, is that your party — and I include your colleagues in Ottawa, the Prime Minister and members of his cabinet and members of parliament on the government side of the House, as well as members of this government — have gone around this country and this province selling this agreement as though it were some marvellous new remedy, some marvellous Dr. Bondooloo's new ... a marvellous new product for curing all kinds of things: pimples, boils, warts and trade problems. You've been selling it.

You've been doing a sales job on the people, and that's not what they need and that's not what they want. They don't want to be handed a bunch of hookum on what benefits they might achieve from this; they want to know what's in it. And the Conservative Party in this province have not been telling people what's in it.

**An Hon. Member:** — It will give people choices.

**Mr. Mitchell:** — The minister who is talking to me from across the aisle doesn't know what's in this agreement because she has never read it. She has never read it. I'll go further, Minister, and say, with the possible exception of you, nobody on that side of the House has read this agreement — nobody, and yet they've been going around this province trying to talk the Saskatchewan people into supporting it. And that's disgraceful, Minister. That's disgraceful. That's not the obligation; that's not fulfilling the duties of a minister of the Crown.

This is one of — this is the most important single document that's come along in our lifetime. This document has more potential for doing harm to our country than any document we have ever seen. And it is irreparable harm, as my colleague says, irreparable in the sense that the things that are going down in this agreement, these are things of controversial ... these are controversial issues of public policy that have been debated in this country for years. But instead of putting them in the form of legislation in parliament where a subsequent government might amend them or might repeal them or might take a different view, the federal government is writing them as sort of add-ons to a trade agreement.

Imagine a chapter on the American buy-out of Canadian industries called ... under the heading "Investment." Imagine that going into a trade agreement, a trade agreement, not into a piece of legislation which can be amended but into a trade agreement where you can't

amend it without the consent of the other side. So it becomes written in stone.

Where does Mulroney get the nerve to dispose of an important issue of public policy in that way — in that way? What are the precedents in Canada for disposing of an important issue of public policy, like foreign investment in Canada, by adding it into a trade agreement, a binding international agreement, and thereby binding the hands, tying the hands of successive governments for ever, for ever on that important point of public policy?

Now let me just add more observation to that, Minister. Not only is that an important issue of public policy, but it is one on which Canadians have expressed their views for at least the last 25 years. They've been asked in poll after poll how they react to the idea that about 36 per cent of the Canadian economy is owned by non-Canadians. And they're asked questions like whether they favour steps by government in order to at least screen, at least to screen applications for foreign companies taking over Canadian businesses.

And on every one of those polls a strong percentage of Canadians — most often a majority — but in any event, in the worst polls at least a strong number, a high number have expressed their concern about foreign investment. And this agreement seeks to dispose of that important issue of public policy for ever by adding it on to a trade agreement and thereby locking us in on this question for all time.

Now I think that's ridiculous. I think that's irresponsible and wholly inappropriate. And when Canadians find out about that, Minister, as you would know if you ever took the time to explain that to them, Canadians' and Saskatchewan people's reaction to that is one of shock, surprise, horror. Even your own supporters are surprised to find that it's there — they can hardly believe it.

And so it is through this agreement, Minister ... and you ask, why is the NDP opposed to this? The member from Shaunavon asked that question yesterday in a speech which he made in this House. And that ... the answer, Minister, has nothing to do with the tariff provisions. We even like some of the attempts to decrease the border hassles. But what we're opposed to are these many, many provisions in the agreement which strips Canada, which strips Canadian governments of their ability to care for the crucial, the crucial public interest of Canadians in the future.

Now I could go on for hours. I mean, I could make a speech that goes for three or four hours on these very themes, but I won't take your time, at least at this point in these estimates. But I'd like your response to that because ... and in particular, Minister, I would like to know why the two levels of government are pursuing the communication strategy that they've been pursuing where they emphasize only the benefits, but choose not to tell Canadians in detail what is included in this agreement.

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

**Hon. Mr. Hodgins:** — Mr. Chairman, before our minister clarifies many of the misconceptions of the member opposite, I'd like to have some leave to introduce some guests.

Leave granted.

### INTRODUCTION OF GUESTS

**Hon. Mr. Hodgins:** — Mr. Chairman, I'd like to introduce to you, and to other members of the legislature, some friends of mine from the fine town of Naicam, just 30 miles to the south of Melfort within my constituency.

We have with us in the west gallery, the mayor of Naicam, Mr. Bob Davis. As well, with him is his town administrator, Ruby Lindsay. And in addition we have some other members of the community who were in to visit with me this afternoon. We have Eric Hutchison, Earl Durant, and Danny Parker, and I'll be pleased to be meeting with that group a little later in the day. And I would ask all members of the legislature to join with me in giving a big welcome to these fine people from the town of Naicam.

**Hon. Members:** Hear, hear!

### COMMITTEE OF FINANCE

#### Consolidated Fund Budgetary Expenditure Trade and Investment Ordinary Expenditure — Vote 19

#### Item 1 (continued)

**Hon. Mr. Andrew:** — The hon. member again has asked a series of perhaps 10 or 12 questions, and I will get to that in a minute. With regards to . . . And I will try to go through some of the key ones that you raised, and deal with them in order, if I could.

First of all, you said your party always supports free trade. We understand that. The Premier, a day or two, showed a document of the NDP in fact supporting free trade and supporting free trade with the United States, among other countries. And so I haven't heard that, quite frankly though, from a lot of NDP that were really, quite frankly, are not in favour of free trade. So you say now that you are in favour of free trade. I'm glad to hear that. Now you should tell that to some of the other members of your caucus and we could get that straight.

Now you also say that you see the GATT as the solution; you see the GATT as a solution. Now in 1979 the last round of the GATT concluded with an agreement, an agreement in a variety of areas. One of those areas was the area of liquor, beer, and wine. All right? Recently the GATT has come down and said, Canadians are cheating on their wine and the way they distribute wine, or beer and the way they distribute beer, and on spirits and the way they distribute spirits.

Now the members of your party, the NDP at the national party, has said we must not accept that GATT ruling. Canadians agreed to that under the GATT; we agreed to it as a country.

You were in Government in Saskatchewan, or your party was; Trudeau was in government in Canada when they signed and were a signatory to the GATT round. Now the GATT comes down and says Canadians are cheating. And the response by the NDP is that we must not accept that ruling. So I would like to hear your views on that if you say that you support that.

And then I would go further and ask you that the second GATT panel said that we are also cheating on the processing of fish. And the NDP has been very strong and says, we don't want to buy into that GATT ruling either.

So while it's nice for you to stand up and say, I support the GATT and all this stuff, every time a GATT ruling comes down, you're against it. So that either you accept GATT, the concept of GATT, or you don't accept the concept of GATT.

Now would the hon. member — also he refers to the fact that you give away sovereignty if you sign an agreement. One, he says, you give away sovereignty if you sign an agreement; and two, he says, what right does the Government of Canada have of signing an agreement, as if this free trade agreement was the first agreement on trade that this country has ever entered into.

It's been a member of the GATT since the very inception of the GATT, and it's signed each of those agreements as a sovereign nation. I don't think the member opposite says that he wants to throw away the GATT.

The Government of Canada also some 22 years ago entered into a trade agreement between Canada and United States in the auto pact. Again the Government of Canada signed that.

Now you say the government does not have the right to do that. Well they've done it many, many, many times before, and each time you ever enter into an agreement, a trade agreement, you give up a little bit. Each country does because it's no different than you enter into a contract between yourself and myself. We both give something up, I would assume, to enter into that contract. And that's exactly what we're talking about here.

If the hon. member can only quote the *Toronto Star* as his source of information on this trade agreement, that is clearly the most biased — that is clearly by anybody's standards the most biased paper as it relates to trade. The *Toronto Star* is against this agreement; it always has been against the agreement. It is against every aspect of the agreement and reports accordingly, and that's not true of virtually all other newspapers across this country.

Now the member also says, you should look at the polls. Well I say two things to that. Number one, I don't think governments should govern, nor political parties determine their policy, only by polls, and I think that's what we're seeing out of you in the last short while of time, number one.

Number two, if you want to look at polls and ask me if I've seen polls on free trade, I have seen many polls on free trade. And if you're suggesting somehow that the Canadian population does not accept this, clearly they

do. And right now every province of Canada is in favour, a majority of the people in each province is in favour of free trade, including Ontario — Ontario has the lowest support level — but everybody else, including Ontario, supports free trade. In Saskatchewan . . .

**An Hon. Member:** — Except for the NDP. Except Manitoba.

**Hon. Mr. Andrew:** — No, even Manitoba, where Manitoba . . . In fact, Manitoba government has been the strongest government against free trade, and the strongest support right now for free trade is in Manitoba, followed by Saskatchewan at some 67 per cent of the people. Now we can fight about all the polls that you can see in the newspapers or whatever.

You say that you are also in favour of small business. Well what about a month ago, the Canadian Federation of Independent Business, by and away the largest representative of small business in Canada, conducted interviews with their members across Canada, conducted interviews with their members across Canada, and what they found in Saskatchewan, for every business that was against the trade agreement, there was 12 in favour of it. Twelve times more small businesses supporting the agreement than against it. Now whether you think that is relevant or not, that is significant. And in Manitoba it was 15 times, and across the country it was what? — 10 times. For every one against it, there was 10 in favour of it, and that was universal across all provinces. Every province came out positive on trade, and that was small businesses, people that that are actually involved in trade. And so we can get into debate on polls; clearly the polls favour it. I don't think that serves us with much of a purpose.

(1545)

You then asked, you never talked to anybody in the industry. Well I can tell you, we talked to virtually every person who would be . . . or every industry that is directly affected by the trade agreement. We talked to the — and some of them, all of them were in favour of it. We talked to the cultural industry; I mean they wouldn't have been in favour of it regardless of what it said. We talked to the trade unions; they wouldn't have been in favour of it no matter what it said.

We talked to the high-tech sector in Saskatoon, your city, and they supported it. We talked to the uranium sector — something that you know something about — they supported it. We talked to the oil and technical services — they supported it; to the forestry sector — they supported it; to the breweries, to the breweries who are not affected by the agreement, and they supported it — manufacturing sectors of all kinds across Saskatchewan. Intercontinental Packers in Saskatoon which is . . . probably lots of people in your riding that work there, and they believe it's a good deal, and they believe that they will benefit from it, and they will be able to grow as a result of it and have better and more access into the U.S. market.

We talked to the agriculture sector across the province. They supported it, with the exception of the National Farmers Union, who wouldn't support it regardless of

what it said. If you look at the oil and gas sector, they support — the high-tech sector, the potash sector. So that we have met with all of those groups with regards to this agreement.

Let me throw this challenge to you. If you're serious about dealing with this agreement — as you say, let's deal with the specifics — then I challenge you to deal with specifics, and let's deal with it on a . . . let's deal with it one at a time. We will go through this agreement sector by sector, item by item. You give me your question or your concern; I will give you my response, and I will be as brief and as short as you. If you're genuinely interested in the details of the agreement and the impact it will have, rather than ask in 15 or 20 questions, that we simply both stand up and make 15- or 20-minute speeches on it.

**Some Hon. Members:** Hear, hear!

**Mr. Mitchell:** — Well I would welcome that, Minister, and we may well do that. It depends on, you know . . . we can probably have some discussion about that as time goes on to see whether it's appropriate to do it in this forum, or whether there's another forum, but I would love to do that.

Let me say, though, that there's something wrong in this House today, because I'm standing up here making statements in which I raise, as you say, 10 or 12 points. I'm not counting, so I don't know. Presumably you're counting. And then you're getting up . . .

**An Hon. Member:** — Not answering them.

**Mr. Mitchell:** — And you're . . . well he's not only not answering them, he's misstating my question. You're answering questions I didn't ask. Now I'm awfully glad to get the information, but I got this feeling like we're ships passing in the night, and we're not coming to grips with some of the issue. I didn't say you didn't talk to anyone in the industry; what I said is that you're not telling the people of Saskatchewan what's in this agreement.

You meet with a group, any one of the producer groups that you mention, and you review with them the provisions that relate directly to their industry — that relate directly to their industry. Usually it has to do with a tariff. With the uranium industry it would have to do with the provision, the specific provision relating to uranium. And I can understand why they would like that provision. I can quite understand that.

But you don't sit with that group of men and women and talk to them about the other parts of this agreement, the ones I've mentioned today, or the many other ones that exist in here. And when you come out of those meetings and you trumpet the idea that this group is supporting the free trade agreement, what you are saying, or what you should be saying, what they are saying to you is that they can live with — some of them even support — the specific provisions which relate to their industry, which usually has to do with a tariff-related matter. And it's quite wrong for you to be suggesting that that is informed support about all of the elements of this agreement.

You know, Minister, that I've met with many of those

groups, with many of the ones that you've met with. And by the time I finish, I expect to have met with them all. No one has said no, yet. And those groups are making clear to me, Minister, exactly what I just told you.

When they say, when they say that they support the agreement, if that's in fact what they've said, they are saying that they support the provisions that relate directly to them. Like the beef producers support those parts of chapter — of the agriculture chapter, chapter 7 — that relate to the production of beef and to the import of beef into the United States and to trade in beef both ways. That's what they're saying. They're not saying they support the chapter on energy, or they support the chapter on investment, or they support the way in which the cultural industries are handled, or they support the other dozens of bad news items that occur in this agreement.

So I didn't ask the question about whether or not you had talked to anyone in the industry, but now that you raise it I just make the point that their support, so far as it exists for this agreement, is a very qualified support. And too much ought not to be made of that by you.

Now nor did I raise the question of the GATT. I said that Canada ought to be reducing the tariff barriers to trade internationally. But now that you mention GATT, I don't know what I think about the provision with respect to liquor or fish. But in general I support the GATT arrangements; Canada supports the GATT arrangement.

Our approach to the GATT process has always been a bi-partisan, non-political approach to the issues of the day relating to international trade, and I would hope that they remain that way. I would hope that they remain that way.

We say that when we talk about trade questions in this province, we have to look at the world. We have to look at the United States certainly, but we have to look at the world. And what we've been urging you for a long time is to broaden your focus, broaden your focus — think beyond just the United States, think in terms of the international community.

Now sometimes you respond as though you understood what that meant. Sometimes you don't respond that way, Minister.

Nor did I say that Canada had no right to sign this agreement. Of course the Canadian government is the Government of Canada. It can sign whatever it pleases in a legal sense. What I was questioning was its moral right to dispose of controversial issues of public policy in this way. And that you did not respond to.

They deal with many issues of importance to the public by adding it on as chapters to a trade agreement, and by doing that they give these provisions a status far above that of any piece of legislation from parliament or from the legislature. They literally write it in stone, write it in stone, Minister, because they can't be changed without the consent of the United States.

And when you take chapters like investment and energy

and services . . . I seem to be amusing some of your officials, Mr. Minister, and I'm glad for that. But I do want to make my point.

When we're dealing with questions of investment and energy and services, it is important to deal with those in a responsible way. Now because they are as controversial as they are, Minister, they ought not to be disposed of in the way that this agreement disposes of them. They should be dealt with in a way which is sensitive to the fact that they are so controversial, that they are important public issues on which public opinion is often divided, and sometimes divided against the positions taken in this agreement.

And they ought to be handled in such a way that when public opinion in this country swings or changes or the public view is different than it is, that governments are free to act in that respect. And that's my quarrel with the approach taken by this agreement. It disposes of these issues in such a way that we Canadians cannot retrieve them.

Now your answer may be, your answer may be that we can terminate this agreement. If your answer is that, I would say in response that that's easier said than done, that if this agreement is implemented and becomes a binding agreement between our two countries, then it will be a very, very serious matter internationally and diplomatically and at international law to try and walk away from it. A very, very serious matter indeed.

The international community would expect that the United States would take action in retribution for the abrogation of a treaty of the size and the weight of this. And in addition to that, the longer this agreement remains in effect, the more difficult it will be to terminate it. So terminating it is really not an answer.

And to think if we in this country wanted to get out of the investment provisions of this agreement, we have to put ourselves through all of the hassle of abrogating an international treaty. A ridiculous proposition, Minister, a ridiculous proposition.

We ought to be able to deal with issues of public policy like that in the traditional way in this country, which is to say, through our parliaments and through our legislature, and through the political process to respond to those issues in ways which the Canadian people consider to be appropriate. What they're doing, what we're doing, what the government in Ottawa is doing in entering this agreement is seeking to dispose of these controversial issues in a way which will put them beyond our reach, beyond our retrieval. And that's what I say is wrong. And in that sense, the Canadian government has no right to dispose of these issues in that way.

I want to make it clear yet again, Minister, my position with respect to free trade. I am saying that tariff barriers between Canada and the United States, and Canada and the world, ought to come down, ought to come down. They ought to be eliminated, in my view. And if that's what this agreement was about, an overwhelming majority of the people in this province would support the agreement.



But, Minister, that's the problem. That's not what this agreement is about. And I'm sorry to belabour that point, but I seem to have difficulty penetrating. I seem to have difficulty getting that idea across to you. And I can't stand still and have you stand up and say that I favour free trade in the sense that I would ever favour an agreement such as this. I do not, and I will not.

Now let me talk about culture, because you raised the question of culture. You said that the culture groups would never accept this agreement. And I put it to you, Minister, that they shouldn't be expected to. And I want to deal with that point before I sit down and listen to your response.

Article 2005 of this agreement deals with cultural industries, and it says: "Cultural industries are exempt from the provisions of this Agreement . . ." Exempt — exempt, and that . . . those are interesting words because that's what the Prime Minister was telling us for a long time, culture was going to be exempt. And that's what Reisman and others said, culture is going to be exempt.

Imagine the shock of the cultural community when they went on and read subsection 2 or Article 2005. And imagine how they felt about that exemption after they had finished reading subsection 2. And I'll read it to you because it's a short subsection. It says:

Notwithstanding any other provision of this Agreement, a Party may take measures of equivalent, commercial effect in response to actions that would have been inconsistent with this Agreement but for paragraph 1.

In other words, the exemption doesn't apply the moment Canada first does something which is inconsistent with this agreement. And when it talks about the agreement, it's talking about all 315 pages of it.

So the first time that we take any action that might interfere with the flow of American magazines or American records or what have you in the cultural field, the first time we take that kind of action we invite action from the United States of equivalent commercial effect.

(1600)

Now they're also concerned about that, Minister, because it was televised in Canada. One of the hearings of one of the senate committees, and I think it was the finance committee of the American Senate, in which this precise point came up. And Clayton Yeutter, who is the American trade representative, specifically said that that section was included in order to guard against the kind of action that I've just described to you.

So no wonder the cultural industry is opposed to this agreement. All Canada ought to be concerned about that, because at stake, at stake may well be the preservation of the Canadian culture. Certainly what's at stake are all of the things that we've been able to do in this country to protect our culture from incursions from our very large

and very dominant neighbour.

We all love to watch American television, read American books, but Canada has always taken measures, and strong measures, in order to preserve the Canadian identity, in order to preserve Canadian culture. And I know all members on that side of the House want those measures to continue, but Article 2005 flies directly in the face of that.

Now while we're on the subject, there is a specific question for you, Minister, in which our discussion to the agreement may start, and I know that there are a lot of people connected with one or the other of the cultural industries who would be glad to hear your answer.

**Hon. Mr. Andrew:** — Let me try to deal with perhaps three points that you raised this time, and specifically with the cultural question. You made the observation that when we spoke at these various meetings that we didn't give an overview but only dealt specifically with a given area, and that's not true. We in fact, as we've pursued these meetings, gave an overview of the entire agreement and then concentrated specifically on their industry and anything else that they wished to talk about with regards to the agreement.

I can tell you when we gave the overview the cultural industry people were primarily interested in the culture. When we gave an overview on the hog sector, how it impacted on the hog sector, there was no questions on culture, even though we touched culture. The hog guys were not terribly interested in the cultural issue — okay? — and on it goes.

With regards to the second point you raise and that is, is that they had no right to sign this agreement. The federal government entered into this agreement along with and in co-operation with the provinces. Now the two provinces that took a strong anti-trade position on this issue was the province of Ontario and the province of Manitoba.

Now I don't know whether to believe in polls or not, but if we're to believe in polls the Government of Manitoba is not long for the world, in which case you're going to have a government in Manitoba that in fact does support this trade agreement. That means now nine provinces will support the agreement. Only Ontario will be opposed to it.

Now that is more than simply the federal government; that is involving the provinces — of different political stripes — across the country, and it's not all one political party. Premier McKenna of New Brunswick supports this agreement, and he's not of our party, as does Premier Bourassa, and he's not of our party, as does Premier Bourassa, and he's not of our party. So you can go through that. Or Premier Vander Zalm. So it's a pretty widespread approach to this particular agreement.

Now you say that it's very, very difficult to get rid of this agreement, and it's ink and stone. Now both your leader, Mr. Broadbent, and John Turner are not of that view. They say, elect me and I'll simply tear this agreement up. No problem. Tear it up. No problem. Just rip her apart.

Now you're the first time I've heard somebody say, ah, ah yes, but that won't be able to be done. Well you should convince . . . you convince your national leader about that and convince John Turner about that, because they see no problem with that whatsoever.

With regards to the cultural industries — the cultural industries are exempted from this agreement. That was what we heard, that's what we communicated to the federal government, and that's the way this agreement was negotiated. End of story. Cultural industries are exempted.

Now the member goes on and says, but there's a clause 2. Read clause 2. I ask you to read clause 2. What clause 2 says is the following: "Canada can continue to subsidize its cultural industries." That's sovereignty. It can continue to subsidize its cultural industries, and nothing can be done about it. If the Americans don't like it and it's being used to . . . in the unlikely event of helping subsidize Canadian culture in the U.S. market, then they can retaliate, as we can against theirs. And that's a normal type process.

But what the hon. member tries to confuse the public with is: can Canada continue to pump a billion dollars into the CBC pursuant to this agreement? Now you might think that we should continue to do that. I think a billion dollars is too much for the CBC. But we can still do it. Canada still has the right to spend a billion dollars a year on the CBC. Can we still make grants to the Canada Council? Clearly, we can still make grants to the Canada Council. Can we, as a provincial government, make grants to any multicultural society or organization within Saskatchewan? Yes, we can. Can you make grants to the arts groups? Yes, you can.

Now you also leave the impression, you . . . to a lesser degree publishing, I'll come to publishing when we get to your friend Mel Hurtig, but let me deal with the second part that you raise, because the implications of what you raise, I think, are wrong. And that is: we must have in Canada, you say, a right to exclude American literature from coming into our country. Now if that literature falls under our proceedings of criminality or whatever, sure, we can exclude it. But why would we, as a nation, want to say we cannot have American writers put their magazines or put their books into this country? Why should we exclude any writings from around the world to our country? And why should we exclude, why should we exclude American movies? People want to see American movies. They see them here, they see them in Europe, they see them in Japan, in South America, and the entire world. Why would we want to say: no American movies; we have to have a way to stop them from coming into our country. Or American writing or books. We should not stop their literature coming in here or their movies coming in here any more than we should stop European movies or Japanese movies or movies from any other part of the world, provided that they're not seditious or treasonous or whatever.

And that should be our standards that we set. But if you're suggesting somehow that we should exclude American books from Canada, I think that's a shameful approach to be taking with regards to this. We can subsidize our

cultural industries every bit as much as we can today.

Canadian culture, this is where you're coming to next. Canadian culture will be gone because somehow the Americans will simply take our culture over. And when you talk that way it strikes me that you put down Canadians; that our culture somehow is not strong enough to survive against United States culture or any other culture of the world. And I believe we can. And I think that really describes how you look at this agreement versus how I look at this agreement.

I have great confidence in the Canadian people; I have confidence in our culture. Our culture means more than United States. Our culture is something that is fundamental to us and is defined by us. And for you to somehow suggest if we get a few more American books, or a few more American movies, or we enter into this trade agreement, then we will lose our culture — we will lose our culture.

And I think that is a terrible curse on the Canadians and how they stand up as a distinct group in a distinct society and a distinct culture. And what you're basically saying is you have no confidence in them being able to stand for themselves, being proud of themselves, and being able to preserve their culture.

This agreement does nothing to take away from that. What you are basically saying is that you are afraid, as a Canadian, to be proud, as a Canadian, to move forward, as a Canadian. And that's really the long and the short of what you're saying.

**Mr. Mitchell:** — Oh, that is neither the long nor the short of what I am saying. That's just the interpretation you chose to put upon it for your own particular purposes. I'm not saying any such thing. I used that as an example. I don't believe in censorship except in the most extreme cases, Minister, nor does my caucus. And when I used the example of American books, it was a for instance.

There's a better for instance, I think, and that is the situation with respect to movies. And your party in Ottawa is considering legislation that will deal with that situation, where we find American companies practically controlling all of the places where you and I can go to watch movies, and the movies that are played there are American movies, and it's hurting the Canadian movie industry.

And there are many of us, and I think you're among them, who feel that something should be done about that so that we can continue to have a viable movie industry in this country in the future, and that's an example.

There are many such things, Minister, where . . . many possibilities where Canada may want to do something in the future to do what we have always done, and that is to try and protect our culture. That's taken different forms over the years. It's taken the form, for example, of Canadian content on AM radio broadcasts, for example. Will we be able to do that under Article 2005? I've mentioned the case of the movie houses. I do that as not a considered example, but one that occurs to me just as I speak to you.

But I speak really, Minister, on behalf of . . . or having read a great deal of material from the cultural industries across this country. And whether you can understand their concern or not, they are deeply distressed about the threat posed to culture in this country by subsection 2 of Article 2005.

Now you would have us believe in that House that that provision is of no consequence at all, that it is something which could never be used, and that the cultural industries have nothing to fear. And yet I just don't know of anybody in the cultural industries that agrees with you. They read 2005, subsection 2, in a much different way than you do.

Now I want to just deal with another point that you have, so I don't leave any loose . . .

**An Hon. Member:** — Can I respond to your question first . . . (inaudible) . . .

**Mr. Mitchell:** — Well just one more point here . . . loose ends in the debate.

I think that after the next election this agreement will be . . . something will happen to it. It'll either be torn up or it'll be set aside, or something will be done about it. That will be Canada's chance. That will be Canada's chance to get out of this agreement. That chance will only occur once, and that's at the next election, and that must be the central issue. And we want an election as soon as possible on that precise issue.

**Some Hon. Members:** Hear, hear!

**Mr. Mitchell:** — Because I, horror of horrors, Mulroney is re-elected as the Prime Minister of this country, then this agreement is going to be implemented. And when it is implemented, when it goes into effect, it becomes very, very difficult to get out of it. In fact, I argue that after the passage of a few years it becomes practically impossible to get out of it.

Now the Deputy Premier from his place is asking me questions. If he had been here earlier, he would know the answer to those questions. Now Canada just simply can't walk away from this agreement by giving six months' notice after it is implemented. We're only going to have one chance, and that's with the next election.

**Hon. Mr. Andrew:** — Well, I would agree with you that the next election, I would hope that the central issue is free trade. But I noticed your leader, Ed Broadbent, saying, oh, there's going to be much more issues than free trade. So he's doing a fast song and dance side-step away from not wanting to fight the election on this fundamental issue.

Now let me go back to the definition of culture. You've got your book there that you've been referring to. Let me read it clearly to you so you understand: "Cultural industries are exempt from the provisions of this agreement," — fairly clear. What does cultural industries mean? They mean the following: they mean publication, distribution, or the sale of books, magazines, periodicals,

or newspapers. All right?

(1615)

Now that's cultural industry. They are excluded. The hon. member from Rosemont, he asks the question for his friend, Mel Hurtig, about publications. Yes, they are. They're a part of culture.

Number two: the production, distribution, sale, and exhibition of films or video recordings; you asked about that. They are included in the cultural industries.

Three: the production, distribution, sale, exhibition of audio-video music recordings; you asked about that. They are included in culture. The publication, distribution, sale of music in print or machine readable form — that's included.

Now what you were asking about is the films, specifically the production and distribution. That's what you were concerned about — the distribution of films. That is included in the culture. The question you're asking about is the Bill presently before parliament being spearheaded by Flora MacDonald. That is perfectly consistent with this agreement.

**Mr. Mitchell:** — Exactly. We're right on point here. Those are the cultural industries by definition. Subsection 1 of Article 2005 says they're exempt. But subsection 2 comes along and says — and I'm now talking like an American — you do one thing, you do one thing with respect to those industries that's inconsistent with this agreement and the Americans, we Americans can take measures of equivalent commercial effect. That, Minister, is what the industry's worried about.

**Hon. Mr. Andrew:** — What the agreement says . . . to the hon. member, what the agreement says, if we would do and subsidize — let's say subsidy, which is the most likely — if we were to subsidize our cultural industries to the degree that it distorts trade between us and United States, distorts trade, okay . . .

Now let's look at trade and culture between . . . Canada's culture that we export to the United States, first of all, is not a great deal, all right? So if we distort trade, then they can bring action against us just as we could bring action against them. If they were to subsidize something very strongly to push it into our market, we could also respond to them, they to us.

So what we're talking about that you should not confuse is, as it distorts trade. So if we are giving money to the cultural industries in Canada, for the most part it is not for to subsidize their trade, it's really to keep them going. Right? And therefore there is nothing inconsistent in this agreement for us to subsidize our cultural sector so they can do that.

Now with regards to your concern about the movie-houses and how all the Americans are dominating the movie-houses. Cineplex Odeon, which is one of the largest movie houses in Canada or United States, is owned by a Canadian located in Toronto. So very often we get into this view that somehow the Americans own

all the movie theatres. That's not true, and that's somewhat of a distortion by you. But the other question, as it relates to culture, I hope that I've described it to you in a way distorting of trade.

**Mr. Lyons:** — Thank you very much, Mr. Chairman. Before I get into the main substance of a couple of questions I'd ask the Minister on the agreement and its effect on the economy and the policies of the Government of Saskatchewan, I just want to ask the Minister a point of clarification to the statement he made in regards to the statement released today by the Economic Council of Canada.

Did I understand the Minister correctly to say that the Economic Council of Canada is predicting that 250,000 new jobs will be built on top, on top of any jobs which will be created over the length of the agreement, over the length of the implementation of the agreement — that is 250,000 jobs over a 10-year period of time? Is that correct?

**Hon. Mr. Andrew:** — That's exactly what I said.

**Mr. Lyons:** — In other words, Mr. Minister, what you are saying has just again clarified that the Economic Council of Canada is saying that there will be, on average, 25,000 new jobs in each year; is that correct?

**Hon. Mr. Andrew:** — The Economic Council of Canada says, is that there will be 250,000 jobs over the 10-year implementation phase. That means, 25,000 jobs a year, and that is on top of the jobs that are normally created in Canada. And that's exactly what I said to the hon. member.

**Mr. Lyons:** — I thank the minister for that point of clarification, because I think it underlines to everybody in this country, in this province, precisely the kind of terrible price we're paying for your government's support for this Mulroney deal.

If those jobs, which you have just said are 25,000 jobs a year across Canada, if prorated over the strength of each of the individual provincial economies, I believe it will add up to something — and I'm being quite generous — that it would add up to something as 100 to 150 new jobs in Saskatchewan each year alone. And that, sir, I submit, is not worth a candle. The price that we're paying for this agreement is not worth a candle, given the numbers that you've just quoted. However, that's not the intent of my question.

The question I want to ask regards government economic policy and the development of this Mulroney-Reagan trade deal. As part of the economic strategy of this government — and you've consistently, consistently harped on this boosterism — one of the primary programs to develop and diversify the economy in this province is a program called "Buy Saskatchewan." It's a program which, by the way, that I can support, because it encourages the kind of development of a manufacturing in the secondary and tertiary sector in the economy in Saskatchewan. It's an initiative, I think, that all members on this side can support.

In most tendering agreements — and I've just had the opportunity to look at some of the tendering agreements related to the Shand-Rafferty-Alameda project — in the tendering agreements, in the tendering agreements is a provision . . . (inaudible interjection) . . . And, Mr. Chairman, I'm quite sure the Deputy Premier will have his opportunity to speak in this debate, should he have the courage to rise in his seat at some future point in time.

That in these tendering agreements, there is a provision that those who tender and those who act as general contractors must buy Saskatchewan. They must give . . . and the Minister of Economic Development is shaking his head, yes. I wonder how this "Buy Saskatchewan" program will fare when section 14, section 14 of this agreement comes into play.

It's the part — part 4, called "Services, investment and temporary entry." And what it does say, and I'll not bore the people of this province by reading out the legalese, in Article 1402(1), rights and obligations, and 1402(2), which says that:

The treatment accorded by a Party under paragraph 1 shall mean, with respect to a province or state (and that means the province of Saskatchewan), treatment no less favourable than the most favourable treatment accorded by such province or state in like circumstances to persons of the Party of which it forms a part.

All of which means to say is that we here in Saskatchewan, when it comes to treating those who bid on services, must treat everybody in North America alike — pardon me, everybody in the United States and Canada alike, under those covered services.

It goes on to say, Mr. Minister: Services Covered by this Chapter. And under Services Covered by this Chapter, includes: Construction services: Building, developing and general contracting services, Special trade contracting services — it's my understanding that the definition of building, developing and general contracting services means that any general contractor of any point in North America has to be treated equally when bidding on government contract work. That's Annex 1408 on page 201 of this agreement.

Could the minister please explain to the House how business people here in Saskatchewan who, under the government policy of Buy Saskatchewan, are being urged to produce goods in Saskatchewan, now have to compete on equal terms with every other firm in that particular service sector. And how you can go before the Americans and justify a Buy Saskatchewan policy which discriminates, and your tender documents which discriminates, and which are discriminatory to anybody else outside Saskatchewan — and there may be nothing wrong with that — but how can you square off this discriminatory treatment of contractors in Saskatchewan, through the Buy Saskatchewan policy, with your support for an agreement which basically does away with that policy?

**Hon. Mr. Andrew:** — I would refer the hon. member to

Article 1304: Coverage. And I will read it for him so he can understand it and I will read it clearly:

The obligations of this Chapter (that's the chapter on procurement) shall apply only to procurements specified in Code Annex 1 . . .

Now then you move down two or three pages to Code Annex 1, all right, and each of the things that are in that code are the federal government departments. So what the agreement means and what we have said and what everybody else associated with the agreement have said, is the agreement under this trade agreement relates to procurement by the federal government of Canada and the federal government in the United States. It does not apply to provincial governments and it does not apply to state governments. That's what the agreement says in bold-face print. I would simply ask the hon. member to read the agreement.

Can the Buy Saskatchewan program of this government continue under this agreement? Yes, it most definitely can. And that is in black and white, if you are to read it.

Now the first question you asked is with regard to the Economic Council of Canada study. And what does the Economic Council of Canada study say with regard to the number of jobs that will be created in Saskatchewan pursuant to this trade agreement?

It says that in Saskatchewan there will be an additional 8,579 new jobs created in the province of Saskatchewan — not a hundred jobs, as you say, but 8,579. That's not me speaking, that's the Economic Council of Canada. So I simply ask the hon. member, read the agreement before you get off on a tangent with regard to what it means.

**Mr. Lyons:** — Well, Mr. Minister, having read the agreement and having read chapter 14, and having read the specific reference to the province and to a state, and to the specific references of equal treatment and the fact that it can be non-discriminatory, I stand by what I say.

Certainly, certainly chapter 13, chapter 13 outlines those things under the federal classification code. Right? Those things under the federal classification code. But it doesn't specifically, it doesn't specifically . . . and here I think that we're seeing a little bit of flimflammy from this side of the House . . . from that side of the House, when it comes to dealing with the contracting of service on a provincial basis.

You say, you say that the provinces are allowed to discriminate — are allowed to discriminate against foreign bidders, to put it plainly. That's what you're saying.

And that's not what the interpretation of this agreement by other people, in terms of international law, are saying. In fact, the Prime Minister himself has said that there will be legislation introduced into the House to ensure that all provinces conform, that all provinces conform to this trade agreement. And when the Premier of Ontario challenged him on that, the Prime Minister made it clear that Ontario was going to fall in line along with everybody else through this legislation.

(1630)

I submit, sir, that you're confusing, and deliberately confusing, the whole issue of classification codes, which we'll grant . . . readily admit, is a federal provision, to the question of government and the ability of a provincial government to develop an economic policy which flies in the face of this free trade agreement, like the Buy Saskatchewan program.

Are you trying to tell the House, are you trying to tell the House that each and every province in Canada will be able to discriminate against foreign competition in the service sector? Are you saying that this agreement allows each and every province to go ahead and discriminate against that foreign competition? And if that's true, if that's true, then what precisely do the provisions of chapter 14 really mean?

**Hon. Mr. Andrew:** — Well, the hon. member is confused, and he's asking two questions. Go to chapter 13, and the heading of chapter 13 says "Government Procurement." What government procurement means is the right of government to buy. That means that every province in the country can set up its own policies on procurement or its purchasing policy. A government, if we so desire, could say you could only purchase from the province. Or another province could say exactly the same thing.

The hon. member then moves to a statement he alleges to the Prime Minister that provinces must go along with this agreement. There is only one element of this agreement that would affect provincial jurisdiction, and that is in the area of wine and spirits. As it relates to the province of Saskatchewan, wine and spirits do not now violate any rules that would be changed under the trade agreement. And let me go into that and explain it to you.

In the province of Saskatchewan, the mark-up of wines from Ontario, from B.C., from United States, and from Europe are all the same. We mark them up exactly the same.

What happens in Ontario, who are the offending province, they mark up their Ontario wines 1 per cent; they mark up all other wines 66 per cent. And that's the concern that is raised in this agreement. And that is the one where there is dispute between the Prime Minister, the Premier of Ontario. It's very narrow and it's specifically related to wines and spirits.

Saskatchewan does not violate it, Manitoba and Alberta do not violate it. Ontario is the primary person that violates this particular element.

But go to chapter 13 — Government Procurement. Government procurement involves all provincial governments, except they are not involved in the trade agreement, and they're not contained in the Annex attached I referred to earlier.

**Mr. Kowalsky:** — Mr. Minister, earlier you were talking about the Weyerhaeuser paper mill, which is a follow-up in the manufacturing from the pulp industry. And I want to follow that a step further.

In the northern forest belt, of course one of the objectives has long been to get an increasing amount of manufacturing done from paper products. And of course when the pulp mill was first built 20 years ago, we heard a lot of talk and speculation and hope on the part of people and business persons and certainly in Prince Albert, and I am certain in other parts of the North, northern Saskatchewan, that we could get some manufacturing industry into the province, built on the forest industry.

Now we know what it cost to get a paper mill into this province. The province had to provide a heavy subsidy and a heavy guarantee. Now let's go a step further. Is there any way that you can see that a private industry, after this agreement is signed, will be able to be helped out by government so that we can eventually perhaps get a small business that might be able to manufacture, say, business forms to compete with somebody maybe as big as Moore, but a small company that would do the local market — maybe duplicating paper, maybe tissue or towels — something that could be made from that product right here and sold here. Because you know what the disadvantages are — the disadvantage of distance from major market centres. So we have to be in a position to be able to subsidize either the transportation end of it or the energy of it.

And what I see happening in this trade deal is that it prevents the government of being able to regulate some of those industries in order to provide a base where they can compete against all the geographical and population disadvantages that we have in this province, so that we actually can work together and get that industry moving.

**Hon. Mr. Andrew:** — Under the trade agreement what is in place today in Canada will be in place tomorrow in Canada after the trade agreement. We were one of the provinces along with, I would suggest, other provinces, perhaps with the exception of Ontario, that said we have to have and maintain regional development policies of the federal government.

So for your specific question, can government subsidies by way of federal government or provincial government be given to a company in Prince Albert — is what you referred to — that could take some of the paper, the finished paper, from the paper mill, go a step further and make it into, let's say, computer forms or whatever kind of forms, and distribute it into the Saskatchewan market — absolutely no problem with that.

Where you would get in agreement now or get into difficulty now, or potentially could get into difficulty now and could get into it following the trade agreement, is that if you were to set up a business in, let's say, Prince Albert to do specifically forms, and looked for the U.S. as your big export market, and you made a great deal of subsidy to that industry that would then unfairly compete with a U.S. industry, you could be subject to countervail. But we all believe that countervail laws . . . I mean every country has countervail laws, including us.

So under your specific question, under this agreement, subsidies are still allowed to be given to those industries to give them a kick start. And that's why we've wanted to

preserve regional development, regional development policies within Canada. Those are preserved; they remain unchanged pursuant to this agreement.

**Mr. Kowalsky:** — I want to get this straight. What about the case of energy supply? The problem that I see here is that you might get an industry which needs energy at a lower price and yet the agreement here says that we can't sell our energy to heat our factories here at any cheaper price than we could, say, sell to the Americans. We have to sell it at the same rate according to this agreement.

**Hon. Mr. Andrew:** — Do you want to get in then to the overall question of the energy sector of this particular agreement?

**Mr. Kowalsky:** — No, I just want to get into the energy sector as it would apply to a manufacture industry that wanted to set up, say, in the forest industry.

**Hon. Mr. Andrew:** — I'll deal with that question specifically then. You're talking, let's say, can we give a preferred price to an industry, let's say, for natural gas. What happens in Canada as we look at energy prices, all right, part of your price for energy is what is called your price for crude oil, your price for natural gas. On top of that we add a significant tax, both federal and provincial. If you were to go to the pumps today, for example, a fair amount of the tax is or the cost of gasoline or diesel fuel or natural gas is in fact a tax. Can we subsidize by reducing the price? Yes, we can. We can pull the tax part of it off, which is a goodly part of it, number one.

Number two, what we can do is allow those industries to buy directly from source under deregulation. So if a large, let's say another pulp mill was to be established in Prince Albert, they could buy directly from source and receive their natural gas therefore cheaper than perhaps you and I would, as we're part of the infrastructure system of SaskPower. All right. So they could do that and therefore could receive a lower price for their energy cost. Clearly, that can be done.

Can you then subsidize beyond that? You can subsidize beyond that if you wish, but you do at your peril if you are going to be accessing greatly into the U.S. market because it becomes a countervailable action.

**Mr. Kowalsky:** — In the event that you want to buy directly from the source, can that source sell to a Canadian company, to a Saskatchewan company, any cheaper than that same source would sell to an American company, or to an American customer?

**Hon. Mr. Andrew:** — The real answer to the question is: could you sell natural gas, let's say out of the Meadow Lake field to Iowa or Denver? Yes, you could. And the reason you could is there's a significant cost of transporting that natural gas down to Denver that would not be part of the cost that you would pay here, so the Prince Albert consumer could buy it cheaper.

You also, under the energy agreement, can enter into long-term contracts. You sell oil or natural gas in a variety of ways. You can sell it on an ongoing spot price, or you

can sell it, let's say, on a five-year contract. They could go out and negotiate, let's say, with . . . as the Co-op upgrader has, for example. They can go out and negotiate with a producer of natural gas and say, we want your natural gas over the next 10 years, and we're prepared to take it on a take-or-pay contract, and here's what the price is going to be; or they could go out and do exactly the same thing with regard to heavy oil.

They could go out and strike a far better deal, and Co-op in fact are going to be doing that, where they would go out into the oil field and say, I want this much heavy oil or sour crude or medium crude for the upgrader in Regina, and I'm prepared to pay you this much money, and we will buy it over a 10-year contract price at this amount. That is a legitimate deal. Now do you sell that into the United States on that basis? No, you don't.

**Mr. Kowalsky:** — Okay, I just want to reiterate then. Now my understanding is, of what you said is, that a Saskatchewan company can buy gas, make an agreement to buy it at X, say, cents per unit and after that, of course, a transportation cost is put on top of that. But that base rate, X, if it sells it to the — this company sells gas to the Saskatchewan company at X cents per unit, it has to also be able to offer that same price to an American company, or an American-based company.

**Hon. Mr. Andrew:** — Well I take it you go this way: if you are Weyerhaeuser or another pulp mill in Prince Albert and you go directly to the source person to buy natural gas from, then you are contracting with another business entity, and that business entity obviously is going to sell his product for the best price he can get.

Now the price might vary if you say, well it doesn't have to go as far, or I'm going to take this much quantity, or I would like to have a contract that runs for five years versus one year. You're going to get some price variations. But yes, what you would do is buy it directly from the producer, and that producer will sell to you in Saskatchewan or to somebody in the United States or to somebody in Ontario at the fair market price.

**Mr. Mitchell:** — In light of the answers that you've given to my colleague from Prince Albert, I'd like to refer you to Article 904 of the agreement and particularly to clause (b). Explain to us what these words mean, because it is quite clear from my reading of paragraph (b) that Canada will not impose a higher price for exports of natural gas to the United States than the price charged for such natural gas when consumed domestically. What in the world can those words mean?

(1645)

**Hon. Mr. Andrew:** — What that means is that, pursuant to this agreement, Canada cannot superimpose another national energy program system, and as you know, as you were deputy minister in the previous NDP government at the time, what that meant is that we were not getting fair market value or world price for our oil that we produced in Saskatchewan, sold to the United States, or sold to eastern Canada.

As you know, during that time we exported still 66 per

cent of our oil, crude oil, to the United States. What happened is the federal government said, if this is the fair market value or world price, we're not going to take that in Canada, and we're going to artificially say the price is half that amount for Canadians. Then they went and superimposed an export tax as it crossed the border to get world price. All right? This agreement says we should not be able to do that again, and we agree with that. And so did Allan Blakeney in 1981 in a front-page article in the Regina *Leader-Post*, March 26, 1981: "Premier says energy policies are insane." And we agreed with them on that.

Federal energy policies amount to mass insanity (speaking about the national energy program, where you had two different prices). Blakeney told economic conference sponsored by *Financial Times* in London, England, the benefits of the federal policy flow largely to Ontario at the expense of Saskatchewan.

He criticized the federal government for regulating the price at which oil and gas was to be sold, but not electric power; the major benefits of the lower price flow to Ontario, a province very much richer than the oil-producing Saskatchewan.

What has been done under this agreement is to prevent the reoccurrence of the very thing that Allan Blakeney criticized in 1981, which we criticized as opposition, which the premier of Alberta criticized with much more vigour, and pretty much all of western Canada criticized as a rape and plunder of our rightful revenues in the western Canada, particularly Alberta and Saskatchewan, by Ontario and the federal government.

What this says is, that can not be done again. And I would hope that you would also support that and would not want to see a reintroduction of such a policy of insanity, that Allan Blakeney said was insanity, and I believe was insanity as well.

**Mr. Mitchell:** — What's at issue here is the right of a sovereign nation to control its own energy resources.

**Some Hon. Members:** Hear, hear!

**Mr. Mitchell:** — Yes, it is. What's at issue here is Canada's right as a sovereign nation to manage and control its energy resources.

And when you have provisions like article 904, which says that we will not impose a higher price for exports to the United States than the price charged for that good, that oil, or that gas when it's sold in Canada, you are taking away from this country a very important power. We may or may not choose to exercise it, but we should have the right to choose to exercise it.

This provision was written by the oil industry. I think you agree with that. I think it was in consultation probably with the government of Alberta, and perhaps also with the consultation with you people who are known to be close to the oil industry, but this provision reflects precisely the position of the oil industry in this country.

And I go on to just go a clause up in clause (a) where we agree, where Canada agrees, that we will not reduce the proportion of the total export shipments of oil or of natural gas made available to the United States relative to the total supply of oil and natural gas, as compared to the proportion prevailing over the previous three years.

So we've not only guaranteed the . . . or taken the pricing mechanism out of our hands, or substantial elements of the pricing mechanism, but we've also taken out of our own hands the ability to control the flow. And how else can these provisions be read? I mean, anybody who reads them in another way is just dreaming in Technicolor.

This is a classic example of provisions that lace through this entire agreement where Canada has surrendered large amounts of its sovereignty — just given it away — and affected our right to behave as any independent nation in the world would behave to control our futures, to control our resources for the benefit of our children and our grandchildren. And these provisions, Minister, are inexcusable, and they're the very provisions that have the country so upset.

Just while I'm looking at that, which is page 146 of the agreement, I can't help but notice — page 147. As we've observed, and I think you agree, this agreement is generally not very sympathetic to the idea of government subsidies. It recognizes quite clearly the appropriateness of countervailing measures, and maintains intact the whole web of America trade law that we in this province, and in this country, have had so much trouble with. But this agreement, that turns its face so firmly against subsidies throughout, contains in article 906 a specific provision which makes subsidies okay for the oil and gas industry. And let me read these provisions into the record of this House. The heading is, and I quote: "Government Incentives for Energy Resource Development," and a specific provision reads as follows:

Both parties have agreed to allow existing or future incentives for oil and gas exploration, development and related activities in order to maintain the reserve base for these energy resources.

Now that's a stunning provision to find in an agreement which, by and large, turns its face against subsidies and agrees with the Americans that subsidies are a bad thing. Subsidies coming from government are a bad thing. Now I address both of those points to you, Minister.

**Hon. Mr. Andrew:** — Let me deal with the two questions you raise. With regards number one, to the ability to manage our resources. Read the agreement. There is the right, under that agreement, for provinces who constitutionally have the power to regulate the rate of production. That remains the same under this agreement. In other words, the province of Saskatchewan can say, our production rates this year are going to be a, b or c, and that's the sovereign right of a province to do that and continue to do that.

With regards to the pricing agreement, it says that we must effectively sell oil at world price, which is what we fought for in the agreement, because that's exactly what

we want. We must sell oil at world price to ourselves, to Ontario, and to the United States. In Saskatchewan, of the oil that we produce, 5 per cent of it is used in the province of Saskatchewan — 5 per cent. Sixty-five per cent goes to the United States, and 30 per cent goes east to Manitoba and to Ontario. All right.

Now we sell to the United States 66 per cent. The main reason we export 66 per cent of our oil to the United States is because no Canadian refiners have the capacity to refine it. And that's been the case for 25 years in this province. Even during the energy crisis and the energy scare, Saskatchewan still continued to export approximately 66 per cent of its production into the United States. That will change with the Co-op upgrader, or if other upgraders are built here or in other parts of the country where we can then enter into agreements that they can handle that. But as of now we're still reliant upon that U.S. market.

The agreement says that we must get world price and that we will not put an export tax, and the Americans will not impose an import tax, which is what their oil industry in United States wishes them to do . . . (inaudible interjection) . . . If you want to read, read what's going on in the United States. The oil lobby before the U.S. Senate on the trade agreement it says: throw the agreement out; we don't want it, and the reason we don't want it is we want a 10 per cent import tax on all oil coming into the United States. It's exactly what the American oil industry is saying. Read it. Phone somebody in Congress and ask them, and that's exactly the response that you will get.

Now do we want to have . . . You say we must have the sovereign right to set our own oil price in Canada. That means we want to have the right for central Canada, should the price of oil increase, to come back out here and steal our oil the way they did back in the '70s and the 1980s.

Let me read again from that article I referred to you, a quotation by Allan Blakeney. He also attacked the federal government's policy of keeping domestic oil prices at less than half the world level. Put boldly, for Canadians to refuse to develop oil resources at 25 or \$30 a barrel, and instead of importing foreign oil at \$40 a barrel, must be some form of mass insanity.

Those are not my words; those are the words of your former leader who said that we do not want this right to come back upon us, superimposed by the province of Ontario, which happened back in the oil crisis. We do not want that superimposed upon us again.

With regards to the question then, the next question you raised, with regards to subsidies, and why it was important to have that in. The three areas of the country that wished for that was the following: Newfoundland, so that they could have their program as it relates to the Hibernia field; and Sable Island around Nova Scotia; the people in the North in the Beaufort Sea development; and of course us here in Saskatchewan, particularly as it relates to heavy oil.

Without that clause in the agreement, what could in fact happen would be the following. The Americans would



say, you cannot export oil into the United States because your taxing regime amounts and is tantamount to a subsidy, and therefore we would lose access to the U.S. market because of our royalty process as it relates to heavy oils or other oils. So clearly we wanted that, otherwise they would be able to do through the back door what they could not do through the front door of a free trade in energy between the two countries. And that's exactly why that was done.

And so I think if you were to read the agreement as it relates to energy, you are left with only one thing and that is: preserve the right for me, please, federal government, to keep for yourself the right to come out and rape and pillage the western provinces should the price of oil go up again. And I think that is inconsistent with the policy of the NDP government from 1971 to 1982, clearly stated by Allan Blakeney on that particular point in time, and clearly contrary to the interests of western Canada and the oil provinces.

The committee reported progress.

The Assembly adjourned at 5:01 p.m.