

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

NOTICES OF MOTIONS AND QUESTIONS

Mr. Goodale: — Mr. Speaker, I wish to give notice that on Thursday next I will move:

That the Legislative Assembly of Saskatchewan recognizes Senate reform as an important vehicle for strengthening the impact of western Canada at the centre of the national decision making in the Parliament of Canada;

And that this Assembly endorses the principles underlying the Triple E concept for reforming the Senate as an appropriate basis upon which to build a national consensus for a Parliament of Canada which is more legitimate, more representative, and more effective.

INTRODUCTION OF GUESTS

Hon. Mrs. Duncan: — Thank you, Mr. Speaker. It's a pleasure for me to introduce a number of people sitting in your gallery. We have today with us a delegation from Cumberland House. We have Mayor Lennard Morin, Deputy Mayor Cyril Roy, Councillor Paul Settee, and also we are graced with the presence of Pierre Settee, the Chief of the Cumberland House Indian Band.

Mr. Speaker, these gentlemen are in Regina today putting the final touches on an agreement which will set in motion a mechanism to resolve a long-standing issue of concern to the people of the Cumberland House area.

I would hope, gentlemen, that you find the proceedings interesting this afternoon, and I would also hope that our agreement this afternoon will prove successful for you and the people you represent.

I would ask all members to please welcome the gentlemen from Cumberland House.

Hon. Members: — Hear! Hear!

Mr. Swenson: — Thank you, Mr. Speaker. It's a pleasure for me today to introduce to you, and through you to the rest of the members, 11 students from Bushell Park Elementary School at CFB (Canadian Forces Base) in Moose Jaw — or outside of Moose Jaw. They are seated in your gallery, and today they have their teacher, Carol McDonald with them, besides chaperons Mrs. Day, Mrs. Reinhart and Mrs. Haverstock.

It's very special, Mr. Speaker, to have an institution like CFB in one's constituency. It is so much different, I suppose, than what we normally find in Saskatchewan because this is the number one training base for the entire Canadian Armed Forces in Canada, and as such they do many unique things out there, including the Saskatchewan air show which we are all so proud of.

My wife and I were out last Friday to pilot graduation, and as always it was a very special occasion. And I'd like to commend these students and the people at CFB for the very necessary and good job which they do in training people for the defence of our sovereignty and our international obligations.

So I would ask all members in the legislature to join me in giving them the usual welcome.

Hon. Members: — Hear! Hear!

Hon. Mr. Taylor: — Mr. Speaker, it gives me pleasure today to introduce 14 students, grade 3 students, from the Cowessess Education Centre in Grenfell. They are seated in the north gallery here, in your gallery, Mr. Speaker. They are accompanied by their teacher Mrs. Lois Delorme, and chaperon Mrs. Myra Delorme.

I will be meeting you a little later. I guess we're meeting out on the lawn, which is a very correct place to be meeting on a nice afternoon like this, so enjoy your treats. We'll have pictures, and I hope you enjoy what takes place here today.

I want all members to join with me to welcome these young students to the legislature.

Hon. Members: — Hear! Hear!

ORAL QUESTIONS

Price Fixing by Oil Companies

Mr. Solomon: — Thank you, Mr. Speaker. My question is to the Minister of Consumer and Commercial Affairs. Mr. Minister, there's a deeply disturbing article in the weekend Star-Phoenix which charges that oil companies operating in this province are price fixing. The story quotes officials of your department as saying that Saskatchewan oil companies collect profits higher than the national average. It also says your department investigated such allegations two and a half years ago.

In light of this most recent allegation, Mr. Minister. Have you opened your investigation into gasoline price fixing?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Meiklejohn: — Well, Mr. Speaker, I would say to the hon. member that our department is checking on the current allegations. However, I would point out that when it comes to the matter of price fixing, and as it relates to the gas prices, that this is under the jurisdiction of the federal government, and I assume that this type of information will be forwarded to them.

Mr. Solomon: — Mr. Speaker, supplementary to the same minister. Mr. Minister, the mandate of your office is to protect consumers.

Some Hon. Members: — Hear! Hear!

Mr. Solomon: — It's our view that consumers are not being adequately protected if your department is not

willing to investigate charges of price gouging against them.

Is it true, Mr. Minister, that the profit margin for non-leaded gasoline is highly inflated; and are you prepared to call a public inquiry to investigate all of these allegations of price gouging by oil companies?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Meiklejohn: — Mr. Speaker, I would point out to the member opposite that the concern of the Department of Consumer and Commercial Affairs is to protect consumers. And that we are doing on an ongoing basis.

With regard to the allegation that he's making, that we are not doing anything, we certainly are investigating it. Any allegations of this nature, of course, would fall under the Combines Investigations Act. That, of course, is under the jurisdiction of the federal government.

We are checking on the prices as they exist right now. I think we are very fortunate in Saskatchewan that our gas prices, I believe, at the present time are the lowest in Canada, and we're certainly very, very appreciative of that.

Mr. Solomon: — Mr. Speaker, a supplementary to the same minister, Mr. Minister, your government is notorious for giving breaks to the large oil companies. Just this year you gave them another royalty tax holiday. It's become government policy to let these companies run roughshod over the provincial treasury in your government.

Is it now becoming government policy to also let them run roughshod over the consumer; and if not, why not set up a public inquiry so that these charges can be heard in a free and open forum?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Meiklejohn: — Well, Mr. Speaker, in answer to the member's question, I would certainly say that there's no doubt about it that there has been some assistance given to oil companies over the past six years; but at least, Mr. Speaker, I think we can be very proud of the fact that at least we still have the oil companies operating in Saskatchewan. I think with the previous administration they had chased most of them out.

We certainly are aware of the situation. We know that gas prices in some parts of the province certainly are higher than in other parts. Traditionally they've been higher here . . . or in Saskatoon than they were in other parts, and I certainly have a concern about that. We haven't had the good fortune of having some of the gas price wars in Saskatchewan that they have in other parts of the country.

But I can assure the member opposite that we are investigating this situation, and we will be ensuring that if there are price fixing, or suspicion of that, that it's the federal government that will be following up on that and dealing with it.

Mr. Solomon: — Supplementary, Mr. Speaker. Mr. Minister, Saskatchewan continues to have the highest inflation rate in Canada — 5.8 per cent in Saskatoon and 5.4 per cent in Regina. One of the major contributing factors to this is the high cost of gasoline. On top of that, taxpayers of this province have subsidized the oil companies to the tune of lost royalties to over \$2 billion.

Don't you think the Saskatchewan consumers deserve a public inquiry which would tell them if they are paying too much for their gasoline now?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Meiklejohn: — Well, Mr. Speaker, I don't have any doubt but what the member opposite has the same information that I have in my hands, and there's no indication here that it's higher gasoline prices that are responsible for an increase in the consumer price index. As a matter of fact, it states in here that declines in air fares, gasoline prices, and household furniture, and equipment costs exerted considerable downward movement. So I would think that that's just the opposite to what the member is saying.

Suggestions for Drought Relief

Mr. Goodale: — Mr. Speaker, my question is to the Premier, and it has to do with the drought on the prairies this spring, which is afflicting large portions of the southern and western Saskatchewan, and which is especially troubling right now to livestock producers.

At the western premiers' meeting last week, Mr. Premier, you and your colleagues called for urgent federal action to help deal with this near crisis situation. But in response to that, it appeared that the federal Minister of Agriculture implied that he had not, to date, received any detailed suggestions from the western provinces as to what the Government of Canada should do.

Mr. Premier, will you tell us today what detailed suggestions the Government of Saskatchewan has put forward to the federal government for drought relief measures; when were those proposals put forward to the federal government; and what will be the total expected cost of those measures, both provincially and federally?

Hon. Mr. Devine: — Mr. Speaker, we have advised the federal government of the drought conditions in south-western Saskatchewan, and certainly the Alberta people have advised them of the threat to livestock in southern Alberta, and an estimate of what it will cost per head or per ranch and farm to provide some relief either to move cattle or move water or move feed. I am going to Ottawa tomorrow and will be meeting Thursday with the Minister of Agriculture, the federal minister, to go over some of the numbers. I believe Minister Wise has called a meeting of all the western ministers of Agriculture for Calgary at the first of the week, so we'll be providing him first hand with the information.

With respect to the total cost, I don't have the total cost, but we'll take him what we estimate it will be for the province of Saskatchewan; Alberta will do the same; Manitoba will do the same, and we'll lay all that

information before him and then be prepared to co-operate. I've said at the outset that: (1) our program will be retroactive so that people want to deal with moving feed or water or cattle now that we're going to be there to help them; and secondly, that we are prepared to co-operate with the federal government in a joint program. The feds know that, so we will discuss all the figures with them as early as Thursday afternoon.

Mr. Goodale: — Mr. Speaker, I gather from the Premier's answer that the federal minister was correct in suggesting that no detailed game plan has yet been proposed. I take it, from what the Premier has said, those proposals are just now going forward. That does seem a bit late, Mr. Premier. But I wonder today if you could give us your assurance that any federal money that will be forthcoming in drought relief will be in addition to provincial commitments and will not be used just to subsidize or offset the cost to the provincial treasury in Saskatchewan. I hope you will assure us that the Saskatchewan government will allow federal money to flow through directly to farmers and ranchers and go directly into their hands.

And secondly, Mr. Premier, I wonder if you could assure us that the Saskatchewan government will argue very strongly that any federal contribution to drought aid should be new money, and should not just be recirculated out of the federal soil conservation fund at a time when soil conservation is more important, not less important, in a very dry season.

Hon. Mr. Devine: — On that latter point, Mr. Speaker, I would point out to the hon. member that the four western premiers asked for new money, and particularly when they were dealing with the question of drought and soil erosion, because in some cases it's been drought and dry weather and wind that has caused soil erosion; in some cases the Swan River area of Manitoba it's been water; and the ditches are full of top soil, and something should be done there.

And we asked for additional maintenance and early announcement of deficiency payments. At the same time we wanted top up on crop insurance in the event we look at not only difficulties for the livestock sector but obviously for the grain sector in south-western Saskatchewan and Alberta.

So the combination of four or five programs — some will be topped up because of existing programs, some with respect to drought should be new money, and we are prepared to co-operate on all of them and work with the federal government in coming up with the money to be directed, as I have said here, in a retroactive fashion, and that's been out there for some time, as our information and meeting with the livestock industry have pointed out, and we've had several meetings with them.

And that information has been shared with the federal government for weeks and weeks. They know that we're on top of it. They were happy to see the rain in the eastern part of the province, and hope for some in the south-west. And it will be going to farmers and not to truckers or not to people who will be moving feed.

Canadian Unity and Free Trade

Mr. Lingenfelter: — Mr. Speaker, my question is directed to the Premier, and I want to welcome him back from the trip that he took to British Columbia on a 32-metre yacht, along with the white Lincolns that waited to take him here and there.

I want to ask the Premier: in light of a report . . .

Mr. Speaker: — Order, please. Order. Recognize the member for . . . Order, order, order. Would the member pleased be seated, and I would like the members to please be quiet, and coaching from their seat is not necessary.

Mr. Lingenfelter: — As I was saying, Mr. Speaker, I welcome the Premier back from his taxpayers-paid trip to British Columbia on the 32-metre yacht, equipped with three bars and hot tub.

I want to ask you: in light of a story, Canadian Press story in the *Star-Phoenix* last week, which indicated that the four western premiers said Thursday, "They are willing to risk Canadian unity in their fight to get a free trade agreement ratified," and the quote from Getty, "We are prepared to have disunity if it's over free trade," I want to ask you, Mr. Premier, if you agree with that statement coming from your amigo from Alberta.

Some Hon. Members: — Hear! Hear!

Hon. Mr. Devine: — Well, Mr. Speaker, I would inform the hon. member that the boat that we were on was of no cost to the taxpayer whatsoever. And he doesn't believe it, but I'll just tell him it's the fact. So it is no cost at all; so you can throw it out, if you will.

Secondly, with respect to the whole decision on trade and the implementing legislation, we're being reviewed now and I would be prepared to look at it; and hopefully, we can get southern Ontario to not hold up an opportunity for the rest of Canada for the sake of a handful of farmers — a hundred or two — that have been offered pretty extensive compensation.

And rather than deny us the opportunity to have market access, as your own research pointed out in 1974, for potash and oil and gas and pulp and paper and livestock industry worth \$375 million a year to Saskatchewan, we would hope that Ontario would co-operate and not just play politics, frankly, because we know that the Liberals across the country haven't frankly made up their mind whether they support it or not.

Obviously, Premier Bourassa supports free trade. Premier McKenna supports free trade. Donald Macdonald supports it; Issy Asper supports it. And then we find out that the Premier of Ontario doesn't. I think that if they make up their mind, the country would be a little bit safer in its dealings internationally.

Drought Relief for Farmers

Mr. Lingenfelter: — New question to the minister. In light of the fact that, as you were floating around in English Bay

on this yacht you also were saying that you were discussing the drought, the drought is Saskatchewan, and in light of the fact that we have today a press release from George Sinner, the governor of North Dakota, declaring drought emergency proclamations for the state, in light of the very serious drought that has occurred in western Canada, as well as in the western United States, can you tell us when you will have an agreement with the federal government?

You're telling us when you're having more meetings. But for the farmers and ranchers in Saskatchewan, can you tell us when there will be an agreement whereby federal and provincial money will be put out to farmers to keep them on their farms and ranches?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Devine: — Well I notice, Mr. Speaker, that the hon. member did give up on free trade rather quickly, and then he moved to the question that's already been asked. So the combination of the two don't make much of a question period for the hon. member.

I just say, as I said to the hon. member, that I am meeting with the minister federally on Thursday. He's called a meeting for the first of the week with all the western premiers.

And I would point out to the hon. member, whether he realizes it or not, that the east side of the province received a great deal of moisture, certainly the south-east. And Estevan, we've received anywhere from two to three to four inches of rain recently — now whether that went into North Dakota or not, but it borders on North Dakota.

This province of Saskatchewan is a lot different than North Dakota. And if he hasn't frankly figured that out . . . And Montana, frankly, is very dry, in the south-west part of . . . south — west of here. But obviously, Mr. Speaker, the hon. member hasn't figured that out.

Mr. Upshall: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Premier. Now, Mr. Premier, obviously some time between getting out of your white Lincoln and walking to the yacht and sitting in your hot tub by one of the bars, sipping on your Shirley Temple, somebody acknowledged the fact that there was a drought in western Saskatchewan.

Now, Mr. Premier, my question is this: who was in charge for Saskatchewan of negotiating with the federal government any package of putting forward any ideas on the drought assistance that will come to our province?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Devine: — Well, Mr. Speaker, the Minister of Agriculture will be meeting with the federal Minister of Agriculture on Thursday, so we will be going over the details then. And then there's a subsequent meeting with all the ministers, at least western provincial ministers and the federal ministers in Calgary, to discuss the alternatives.

So the combination of provincial ministers and the

federal minister will be reviewing in detail the options and the alternatives. And we are in constant conversation with the cattlemen and the livestock people, the stock growers, and others, to receive their best advice on what we should be doing and how it should be implemented.

Mr. Upshall: — Mr. Speaker, Mr. Premier, the situation has been ongoing now in Saskatchewan for a month or longer, in fact it goes back a couple of years in some places. You are now still in the process of wandering through this consultative mechanism that you have with the federal government. We still have no ideas. My question to you, Mr. Premier, Mr. Minister of Agriculture, is: why have you waited so long? Why haven't we seen something sooner?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Devine: — Mr. Speaker, it's been our experience that when we are negotiating with the federal government that we do so in a joint basis and that we provide them with the kind of information that we think is appropriate. Therefore we can receive federal funds in a forthright fashion, as opposed to just the alternative where the people of Saskatchewan and the taxpayers cannot handle the entire cost.

It's impossible. And I don't think the Saskatchewan taxpayer wants to look at the entire cost. The joint venture between us and the federal government is more appropriate. It may be a regional disaster and considered as such; and as a result, federal taxpayers can contribute to the province of Saskatchewan, and I think we can all feel fairly positive about that.

Pending Legislation on Free Trade

Mr. Mitchell: — Mr. Speaker, my question is for the Premier, who wants to talk about free trade today. The Canadian Press story about the impending legislation in the House, which has now been tabled but which we haven't yet seen, says, and I quote:

The legislation will go further and provide a general residual power Ottawa could invoke after free trade is in effect. That could be used to block provincial legislation that violated other terms of the agreement in resources, services, or investment.

Now my question, Mr. Premier is: what's going on here? Why would it be necessary for the federal government to take this kind of a general, residual power? Is this . . . we've never understood why the federal government wants — the power to override provincial legislation in the fields of resources, particularly, but also services and investment?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Devine: — Mr. Speaker, the legislation has been tabled, as I understand it, in parliament this afternoon, and my advice was that they — that is the federal legislation — focus specifically on the wine

industry because of the irritant in southern Ontario. We advised the federal government to be as careful as possible in dealing with this local irritant when they come to omnibus trade legislation. And it's my advice that they have been very selective in the way that they have allocated the legislation towards that particular problem. So I will say . . . I'm going to get a full briefing on it later today, and will be prepared to address questions.

I thought all of today would be on *Public Accounts*. We've been waiting six months for all these questions and nothing come up, and I had all this preparation and it's zero but . . . I was all prepared for *Public Accounts*, and it just didn't show up, but I'll be prepared on the legislation tomorrow, and I'll get a little bit of information so that I can respond specifically and will have to go through it in some detail.

Mr. Mitchell: — A new question, Mr. Speaker. Mr. Premier, you'll get your chance on *Public Accounts* tomorrow.

Some Hon. Members: — Hear! Hear!

Mr. Mitchell: — We . . .

Mr. Speaker: — Order, order. The hon. member's having a little trouble getting off his question. Order, order. Order, order. Order.

Mr. Mitchell: — I trust members of the House heard that you'll get your chance tomorrow, and tomorrow, and tomorrow, and tomorrow.

Mr. Premier, can I ask you a question in rather general terms? Assuming that the legislation is as the Canadian Press said that it probably would be, said it would be, that it could be used to block provincial legislation, then I want to know what would be the position of the province of Saskatchewan?

I mean, we in this province and in Alberta and Quebec have been zealous over the years in protecting provincial rights and in fighting hard to protect those rights and acquire other rights we may have. And assuming that this federal legislation does pose a threat of incursion into provincial jurisdiction, what will be the position of this government? Will you be prepared to stand up for Saskatchewan, or will we just see more saluting of the flag so far as this Mulroney-Reagan trade deal is concerned?

Some Hon. Members: — Hear! Hear!

Hon. Mr. Devine: — Mr. Speaker, as the hon. member knows, an Act of parliament does not change the constitution of Canada, and an Act of this legislature does not change the constitution of Canada. Under our constitution, we have control of resources, and a federal Act of parliament cannot change that. That's just very, very clear as a result of anything that we've seen in the past.

Secondly, Mr. Speaker, with respect to our own defence of resources, we have the capacity to control the production of potash and uranium, gas and oil, and all the resources under the constitution. And we have, under all

the arrangements with respect to GATT, the General Agreement on Tariffs and Trade, and we've had several treaties over the last 40 years.

You can rest assured that this government and the province of Saskatchewan will defend Saskatchewan's control over resources as long as we're sitting anywhere here and defending the people with respect to resource control.

Some Hon. Members: — Hear! Hear!

Resource Management

Mr. Tchorzewski: — Mr. Speaker, I have a question to the Premier. Mr. Premier, this is a very serious matter that has been raised in the article by the Canadian Press story, one which I think should be of concern to all of us, particularly here in Saskatchewan where in the '70s we waged a long, hard battle — I might add, joined by the province of Alberta — to protect certain rights the provinces had over their resources, rights over management, development and revenues. Even Pierre Trudeau, Mr. Premier, couldn't take them away, with all of his stubbornness and his fighting, but now you're proposing to let Brian Mulroney take those powers away with your blessing.

Some Hon. Members: — Hear! Hear!

Mr. Tchorzewski: — Now I ask you, Mr. Premier, when are you going to take a stand? Will you do it today — do what's right — and will you inform the federal government . . . if this newspaper article is correct, and if those powers that the provinces have gained after a long, hard fight are in that legislation, will you say that you are doing to withdraw your support from that deal which is bad for Saskatchewan?

Hon. Mr. Devine: — Mr. Speaker, I just pointed out to the hon. member, under our constitution the province is . . .

An Hon. Member: — It has nothing to do with the constitution.

Hon. Mr. Devine: — It has everything to do with the constitution — everything. And now listen. Under our constitution, the province has control of the resources, and no federal Act of parliament can unilaterally change the constitution.

Now when it comes to interprovincial and export trade, that's clearly in federal jurisdiction, and they are saying . . . they are saying that if a province is trading internationally and does not comply, there's two alternatives: one, you can have compliance legislation; or secondly, you're going to bear the brunt of the consequences as a result of a GATT (General Agreement on Tariffs and Trade) hearing, a general agreement on tariff ruling or a free trade ruling.

Now in the case of Ontario wine, they're guilty before GATT. They have not played fair. Our trading partners have said, Ontario wine, you're not playing by the rules. They've admitted that they're guilty. And now they say they don't want to participate in the free trade deal

because they don't want to play by the rules. What we're saying is, it would be an awful lot better off for the rest of Canada if Ontario would just play ball with the rest of the world and particularly with respect to a free trade agreement. So we have asked them to participate.

But I will clearly say again, if we can trade more freely world-wide, we're for that. Obviously you're not. Your research said that you were, and you were in favour of it when you were in power, because I've quoted your legislation, or your research here; it said you should have freer trade with United States and freer trade with the rest of the world.

Now we know what the constitution says. We can defend, and will defend Saskatchewan's control over resources, but we get a little annoyed at the Premier of Ontario saying we can't have a free trade agreement because he doesn't want to participate on wine, and he won't even do it multilaterally at GATT.

MINISTERIAL STATEMENTS

Ban on Open Fires in Saskatchewan

Hon. Mr. Maxwell: — Thank you, Mr. Speaker. Now, Mr. Speaker, all members of the Assembly will be aware of the horrendous forest fire situation facing the province at this time due to the combination of conditions, weather and the dry atmosphere. Now, Mr. Speaker, to put it in context, the five-year average at this date is 114 forest fires. At this time last year there were 189 forest fires. Today, Mr. Speaker, there are 243 forest fires already being seen in the province. In fact, last year we spent in excess of \$33 million just containing those forest fires.

The largest and worst fire to date, so far this year, Mr. Speaker, has been in the Buffalo Narrows area and it has consumed some 14,000 acres of timber. Now I believe that our fire-fighters — we have 503 of them in the field, together with 19 helicopters, 13 tankers, and 8 bulldozers — are doing a good job in containing fire.

Mr. Speaker, I feel that we can't stand by any longer and watch the situation unfolding as it is without a ban being placed on open fires for the foreseeable future in the province. So later this day, Mr. Speaker, in order to protect our resource as best we can, I shall be signing a ministerial order placing an immediate ban on all open fires in the province, and continuing until such times as conditions should improve.

Mr. Thompson: — Thank you, Mr. Speaker. I want to join in with the minister about the statement that he has just made on banning open fires in northern Saskatchewan. I just returned from Buffalo Narrows, and I want to indicate to the House that it is an explosive situation in northern Saskatchewan.

As you will proceed north from Big River, you'll find that there's very little leaves on the trees, the grass has not turned green due to lack of rain, and our rivers and our lakes are very low and the muskegs are completely dry.

And I think Mr. Speaker, that it is an explosive situation and I think that to take this action to ban all open fires is a

wise one, because we could end up losing the whole North if this continues. Thank you very much.

Some Hon. Members: — Hear! Hear!

MOTION UNDER RULE 39

Drought Conditions in Saskatchewan

Mr. Upshall: — Mr. Speaker, before orders of the day, I rise pursuant to rule 39 of this Assembly to seek leave to move a motion on a matter of urgent and pressing necessity, If I may, Mr. Speaker, I will just take a few moments to indicate the nature of the motion which I propose.

The issue, Mr. Speaker, is drought — the crisis conditions facing farmers and communities in Saskatchewan because of the alarming drought that is now upon us. I know that all members of the Assembly would agree, Mr. Speaker, that this is indeed a grave and pressing issue. I submit that it is also urgent.

The drought is now upon is in full force. Farmers and communities are suffering an action is needed, Mr. Speaker, right now. So accordingly, Mr. Speaker, I seek leave to move a motion along the following lines:

That this Assembly calls on the Government of Saskatchewan and Canada to implement immediately programs to assist farmers and communities faced with crisis conditions caused by widespread drought, and further to develop major long-term initiatives to reduce the impact of drought on Saskatchewan.

Some Hon. Members: — Hear! Hear!

Leave is not granted.

MOTIONS

Resolution No. 1 — Implications of Canada-U.S. Free Trade Agreement

Mr. Mitchell: — Mr. Speaker, I'll begin my remarks by . . . while the House is settling down after question period. I'll begin my remarks by reading the motion that is on the order paper and that is to be debated this afternoon. And I quote:

That this Assembly communicate to the Parliament of Canada its strong opposition to the recently signed Mulroney-Reagan trade deal; and further, that this Assembly maintains that this agreement goes far beyond the normal terms of commercial trade deal and requires Canada to give up control of important economic and social decisions.

That is moved by me and seconded by my colleague, the member from Regina North West.

Now it is well, Mr. Speaker, to begin a discussion of that resolution . . .

Mr. Speaker: — Order, order. The member for Saskatoon Fairview is attempting to make his remarks and obviously he's receiving competition from both sides of the House, as a matter of fact, and therefore I ask the Hon. Members to allow the member to continue.

Mr. Mitchell: — Thank you, Mr. Speaker. It will probably take the House some time to settle down after the excitement of question period, so I'll fill that time by talking about the run-up to the negotiations that led to the document that I have in my hand, the so-called free trade agreement.

When you have that discussion, Mr. Speaker, when you talk about the events that led up to the negotiations, you are talking for the most part about Canada's experience with the countervailing duty that the Americans have been using in the 1980s to protect their producers in certain situations.

Now that law, that countervailing duty law that the Americans have, is part of their trade laws, part of the Canadian trade laws too. To Canada's credit, we haven't used that very often in the past. We've been prepared to take our chances in the open market and to compete with products coming into Canada no matter what the circumstances.

We've used the tariff over the years, but as you know, Mr. Speaker, over the last 40-odd years we've been gradually chipping away at that tariff, sometimes dramatically reducing it, sometimes reducing it in gradual stages. But none the less, the progress over the last 40 years has been steadily towards a tariff reduction and eventual tariff elimination.

The United States though, in the 1980s found it necessary, or found it advisable to use its trade laws more aggressively. And we found that particularly to be the case with the countervailing duty. And we saw in the 1980s, countervailing actions taken against a number of products.

So far as Saskatchewan is concerned, probably the one that hurt the most and the deepest was the countervailing duty on pork, on hogs. That countervailing duty went into effect some two or three years ago now, and it remains in effect to this date, Mr. Speaker. This so-called free trade agreement did nothing to do away with the countervail on hogs, or with any of the countervails that are being faced by Canadian producers now.

The Americans did that on a number of other articles as well, a number of other imports. The House will know the story of the softwood lumber exports from Canada to the United States. They will know that the United States attempted to impose a countervailing duty on softwood lumber on the basis that they did not agree that Canadian governments were charging a sufficiently high stumpage fee.

Now you would think that the level of stumpage fee, which a sovereign country like Canada places upon its forest resources, would be the business of that country. But apparently it's more than that. Apparently it's also the business of the nation to whom the lumber is being

exported, because in the softwood lumber case, the American producers complained that they had to pay a higher stumpage fee than the Canadian producers, therefore the trade was unfair; the Canadian producers enjoyed a trade advantage, therefore there ought to be a countervail.

Now to no one's surprise, that application failed the first time it came up. That application failed, and no countervailing duty was imposed. But the American producers turned out to be a tenacious group of customers because they tried it again, and there was no new grounds for their application.

The grounds for the application was the same ground. They were complaining about the fact that Canadian stumpage fees are relatively low, that Canadian governments had elected not to charge as high a stumpage fee as the governments in the United States.

Now one would normally expect — I'm sure any right thinking person would suspect that the outcome of such application would be the same as it was in the first case. But something went wrong. Some element entered into the thinking of the federal government, and the panic button was literally pushed. The panic button was pushed.

Suddenly those forces in the United States around the forest industry, the American producers and their lobbyists, were able to convince the Canadian government that the threat of a countervail this time was real. And we pushed the panic button and we had a bunch of hurry-up negotiations, as a result of which the sovereign nation of Canada, incredibly, decide to place a tax upon its own lumber being exported into the United States. And the consideration for us placing a tax on it was so that the Americans would not place a countervailing duty on the lumber.

That must rank as one of the most incredible deals in trade history. I just challenge anybody to show me a more incredible chapter in the history of our dealings with the United States on trade matters.

But in any event, we did that. And the case helped set the climate of concern in this country for effects of the countervailing . . . of the U.S. power to impose countervailing duties upon our trading future.

(1445)

And as a result, our Prime Minister, our federal government, decided that they would enter into comprehensive trade negotiations with the United States for the express purpose, Mr. Speaker, of ensuring that that sort of thing didn't happen again, that Canadian trade wouldn't be subject to that sort of harassment, and that our producers would be able to produce their goods in Canada and export them to the United States, and invest in their plants and invest in their distribution systems and their marketing system without being blind-sided somewhere down the road by countervail duty.

That was the purpose for entering into these negotiations. We called it by different names, but the one that we called

it by the most often was better access to the American market.

So we entered into these comprehensive trade negotiations. We hired Simon Reisman to head up the negotiation team and away we went. And it went on in a sort of high . . . in a very high profile way, both in Canadian cities and in American cities through the better part of two years. And finally they produced this document that I have in my hand.

And the really startling part about this document — there are many startling parts of it, Mr. Speaker, but the one that startles you the most is that Canada didn't achieve its objective. Canada didn't achieve any part of its objective. It is impossible for anyone to read this agreement and come to the conclusion that Canada has any better access to the American market than we had before this agreement was negotiated. The situation is exactly the same.

The American trade laws are word for word the same. Not only that, but this document explicitly recognizes that the Americans have the right, have the right to change those trade laws. They can change them in any way they want. As a matter of fact, they're trying to do that right now, Mr. Speaker, with the trade Bill that's being passed by Congress in the United States and has today been vetoed by the President.

That Bill will be voted on later today or tomorrow in the Senate and the House to see whether the President's veto will be overruled. But the point is, Mr. Speaker, that this agreement expressly allows the Americans to toughen up their trade laws to whatever extent they consider appropriate, and they have toughened them up.

Our access to the American market as a result of that Bill, if and when it's passed, will be less than our access was two years ago or yesterday. And this agreement does nothing to protect Canada's interests in that regard.

The notion of a countervail, Mr. Speaker, depends upon the finding of a subsidy. And Canada's sort of fall back position from gaining an exemption from the American trade laws was at least to have the Americans define in the agreement what they would allow and what they wouldn't allow; what subsidies would be countervailable and what would not be countervailable. And that was a position which we apparently took to the bargaining table.

We took a lot of other things to the bargaining table too, and so did the Americans. The Americans came to the bargaining table with big ambitious ideas about new rules for investment, about a new regime for handling energy, or the trade of energy between our two countries, and they brought with is a tired old idea that they'd peddled around most of the world and been refused invariably in every country that it was presented to. That was an offer for the . . . an agreement for the free trade and services.

Well the Americans came with this agenda of theirs. And we came with a very modest agenda. But one of them was to settle this question of subsidies once and for all so that the American trade laws could be brought under some

kind of control.

Well, Mr. Speaker, again we've failed. Again we've failed to improve our access one bit because we got nothing in this agreement respecting the subsidies which the Americans will or will not allow. We have nothing in this agreement respecting the subsidies which will attract a countervail. And that was our fall back position from the original position of complete exemption from the American trade law.

What we got, Mr. Speaker, what we got was an agreement to keep on working on the problem. And so Canada and the United States have constituted a working group that will continue over the next five to seven years to discuss the question of subsidy and try and answer the question that I've just posed: what subsidies will be allowed and what won't?

But we've done that, Mr. Speaker, having played all of our chips. All of our bargaining chips have been played. We've given the Americans pretty much what they wanted in investment. We've given the Americans more than they ever dreamed they would ever get in the field of energy. We've given them the first agreement in the history of the human race on the free trade in services. And we've given them other very substantial thing in this agreement. I might mention we've also given them substantial concessions with respect to many aspects of agriculture.

And what did we get in return? Well I'm going to be arguing this afternoon, Mr. Speaker, that we didn't get anything in return — nothing worth the price, nothing worth the price at all. And now we're going to go on in these negotiations over the next five to seven years to try and solve the fundamental original question of subsidy, without having any chips left to play, without having any leverage at all.

Now the Americans have fired the first shot in that war, or at least in that negotiation. The Americans have come forward with a definition of subsidy which apparently is just as tough as it could possibly be. The result of that would be that we in Canada will not be able to continue doing many of the things that we have taken for granted over years and years — many, many things.

An Hon. Member: — Give us an example.

Mr. Mitchell: — I'll give you lots of examples. Just settle down, sonny boy. I'm making the speech here, not you, you'll get your turn later.

My point is simply that we stand no chance at all of coming out of those negotiations with respect to subsidy with any agreement worthy of the name. And the end result, Mr. Speaker, will likely be that our access to the American market is going to be worse five years from now than it was yesterday. And that's disgraceful, considering that's the very reason why we went into these negotiations in the first place.

Now the House seems to have returned so some kind of order, and I will now begin to discuss some of the particular details of this agreement which I and my party

find to be so outrageous, so contrary to the vital interests of Canada. And again and again, Mr. Speaker, I'm going to be asking the question: why would we agree to this? Why would any sovereign country agree to the things that are in this agreement?

And I'll start with the field of investment. I've referred to that in previous debate in this House, but I want to come back to it again because it's a very, very important matter. The question of foreign investment in Canada raises directly the question of the ownership of the Canadian economy. That has been a matter of public debate and public controversy for at least 25 years.

It was brought to our attention during the Pearson years when Walter Gordon was the minister of Finance, and really brought to our attention the mounting problem that he saw in Canada, which was ownership of our economy by non-Canadians. Naturally, living next door to the United States, which is a country of enormous wealth, most of that foreign ownership tends to be American.

Now we've done quite a number of things over the last 25 years to monitor and, in some situations, control the level of investment by non-Canadians in Canada. We've done it principally through a review agency set up by the federal government. That's taken different forms over the years, Mr. Speaker, and it's followed different policies over the years. Sometimes it's a relaxed agency that allows foreign investments without much debate, without much controversy. Other times it's tough, and turns down, and has turned down many proposals for investment in Canada by non-Canadians.

It has established the practice over the years of attaching conditions, which is to say the agency will say, yes, we will permit that particular foreign take-over but only on certain conditions and here they are. And the Canadians became world famous at setting conditions that were in favour of Canadian businesses, and Canadian workers.

Now that item, the item of public policy, that public policy issue finds itself in chapter 16 of the trade deal. That chapter was negotiated in the light of the fact that since 1984, when the Conservatives were elected as the government of this country, there have been more than 2,200 — 2,200 purchases of Canadian businesses by American investors. They have been allowed by the present reviewing agency, which is called Investment Canada, that replaced the foreign investment review agency that existed prior to 1984, so that the present mode of the federal reviewing agency has been quite liberal. They allow foreign investment with practically . . . with very little resistance, shall we say, Mr. Speaker, very little resistance.

Now we find that the rules respecting foreign investment are to be changed very dramatically as regards American investors. Now the limit is . . . the limit above which there must be review is \$5 million. If an American investor is purchasing a Canadian business where the selling price exceeds \$5 million, it must be reviewed.

Under this agreement, Mr. Speaker, that is to be changed,

that is to be changed in very short order over a period of four or five years, at which time the limit, the threshold for review, will have increased from \$5 million to \$150 million.

Now the result of it will be that any American can come up into Canada and purchase any business that sells for less than \$150 million without any agency having any right to review it or to attach conditions to it regardless of what sector it's in, with the exception of the energy sector, which I'll deal with . . . my colleague's doing to deal with later. But for the rest of the economy regardless of what sector it's in, the American investor is going to be able to come up to Canada, purchase the business without Canada having any opportunity whatever to review the deal — no opportunity to say no, and no opportunity to say yes, but with the following conditions.

Now why would we do this, Mr. Speaker? Why would we do this? I mean, is it the public policy of this country that our economy, our businesses should be owned by non-Canadians? Does anyone dare get up and suggest that that is the policy? And yet that's what we're inviting.

We're stripping ourselves, we're stripping ourselves of the sovereign right to say not, or to say okay, but on the following conditions. There isn't another country in the industrialized world that doesn't have that power. Every country in the industrialized world, including the United States, has mechanisms in place which perform that role — I qualify that because the United States has the mechanism but hasn't used it under President Reagan, but has used it many, many times under other presidents, and no doubt will again. And their mechanism isn't going away, Mr. Speaker.

Why would we do that? And I searched and searched and searched for an answer, and I have one to offer, but it's the last one I expected to find. It occurred to me only recently, Mr. Speaker. It is simply this: this represents the policy of the federal Conservative Party; this represents the policy of the federal Conservative Party. They have never said it is our policy that the economy of this country may become owned by foreigners — they've never put it in those terms — but what they have said is: we welcome investment; investment creates jobs.

We're not talking about that, Mr. Speaker. We're talking here about take-overs. That's what the \$150 million applies to. A chapter also says Americans can come up here and invest in anything they like without any review. That's another subject that could consume the whole afternoon to talk about.

But the outrageous thing is that with respect to existing businesses, where they're not going to create one job, where all that's happening is the change in ownership, a change in the right of who gets the profit, who gets the dividends, who gets the benefits from the business — that's what we're talking about, and the right to control that situation is being stripped away from us.

(1500)

That's ridiculous. That is not in the best interest of

Canada. And the part about it, Mr. Speaker, that really grabs you is that this policy position of the federal Conservative Party is not simply going into a new piece of legislation, a new piece of legislation passed by parliament, which after the next election might be amended by a government which has a different policy on the issue.

That's not what we're talking about here. We're talking here about including those provisions, which you would normally expect to see in legislation, in a trade agreement of all places — in a trade agreement. That's chapter 16, sort of an added-on chapter to a trade agreement.

And by doing that, Mr. Speaker, they changed the whole nature of the provision. That provision, as part of this agreement, is no longer subject to amendment by a new parliament. Now longer is it subject to amendment by a new government in Ottawa who might have a different policy on the ownership of the Canadian economy.

Parliament just can't simply pass new law and render chapter 16 meaningless. The only way in which chapter 16 can be changed is if the United States will sit down with Canada and agree that it will be amended. Well good luck! Good luck to the government that tries to negotiate an amendment to this investment provision. I mean, this is what the Americans have wanted for years and years and years. This is a provision that is probably beyond their wildest dreams, and they're not going to agree to its amendments . . . to its amendment.

The only way that Canada can get out of the provisions of chapter 16 is to abrogate the entire agreement. That's the only way out. I will deal with the consequences of that later in my remarks, Mr. Speaker. But that's how serious this is. It's far more serious, far more serious than a mere Act of parliament, than the mere law of the land, because that can be amended and changed; this cannot..

The agriculture provisions are of particular interest to the province of Saskatchewan, and they are complex, Mr. Speaker. It is to the agriculture provisions that supporters of the agreement go when they try and find something in this agreement that is of benefit to Saskatchewan. And I'll concede those right up front, Mr. Speaker.

There is an elimination of tariffs, and in agriculture trade you will find tariffs with respect to beef, live and processed beef — there's a 1 or 2 cent tariff, depending on whether it's alive or dead, going both ways, and that goes away. So in the present market, that's of some advantage to Canada. In another market, it may be of advantage to the United States. Time will tell just how that works out, but for now there is an advantage there.

There is also a small advantage with respect to some cuts of pork which now attract a very small tariff — I think 1 cent a pound — that goes away. Now that's some benefit isn't it, Mr. Speaker? And yet . . . I mean, I say that ironically, of course; it's a very minimal kind of benefit, but that's about all.

There is a provision in here where both countries agree that they won't put on any quotas on meat goods. Now that's important for the beef producers because there is

normally an import quota put up by the United States and by Canada for the total amount of the beef that they'll take from other countries. Now we have never traded up to our quota with the United States, but we might some day. So it's important, I suppose, that they can't put any quotas on there.

It is very, very interesting indeed to inquire why that quota prohibition does not apply to pork. It applies to beef, Mr. Speaker, it applies to beef, it applies to . . . let me just quote the definition:

It applies to meat goods and that means the meat of cattle including veal. It applies to goats (That'll be of a lot of interest to Saskatchewan) and it applies to sheep, except lambs (which of course is the real market for sheep; I mean, that's what people like to eat, is the lamb not the mutton, but . . .) it applies to sheep, except lambs, whether fresh, chilled or frozen, but it doesn't apply to hogs.

Now why wouldn't it apply to hogs? I mean, if we're talking about a free trade agreement and we're talking about both countries undertaking that there won't be any import quotas, why not that undertaking with respect to pork and pork products? But no, that protection is not there.

Mr. Speaker, before I get on to the thing I was just going to talk about, let me also say that there is provision in here for the two countries to continue talking about reducing border hassles, about dealing with such things as animal health and veterinary drugs and feeds and that sort of thing, to try and get away from situations where border trade is hassled because of some hormone that Canadian cattle may have taken or may have the opportunity to take, or things that we have experienced in the past.

And the whole industry was pleased that these sort of discussions are going to be going on. The agreement provides, in article 708, for the establishment of working groups which will tackle some of these problems, and the industry hopes that that has a good result.

But that's about all you can say, Mr. Speaker. Literally that's about all you can say that is a definite plus for Canadians under the agriculture section of the free trade agreement.

On the down side, Mr. Speaker, there are considerable disadvantages to this chapter. And probably the most significant is that the agreement provides for the circumstances in which our domestic market can be satisfied, or can have access to American wheat, oats, and barley.

Now here is Canada, a major, major world producer of those grains, shipping to countries across the world, having from the very beginning satisfied its own requirements internally, now opens up those same markets to American competition. And that competition bypasses the Canadian Wheat Board entirely, Mr. Speaker. Not just a matter of our flour mills contracting with an American supplier to supply wheat, oats and barley directly to the flour mill.

Now people looked at that and they saw immediately that it just blew holes in the idea of a Canadian domestic price program which we've had in this country for some time. We in western Canada have profited from that program buy large amounts of money over the years. It has meant that Canadians have had to pay more for their flour, and hence for their baked goods, than would have been the case if there was no such program. Not a lot of money, but it's some money. That's going out the window. And the time at which it was to go out the window under this agreement is when the level of government support for wheat, oats, and barley, any of those grains, became about the same in the two countries. And they have elaborate provisions here for calculating how those government support programs are to be evaluated so you would know when the level of support was about the same.

Our government, for reasons that have been explained as far as I am aware, decided not to wait until the level of support for the two grains was the same before scrapping the domestic price program.

And so it was that on Christmas Eve of this year in an announcement which came over the air waves at 3 o'clock in the afternoon on Christmas Eve, prime media time, just when all of Canada is waiting on the edge of its chair to be told what is the most recent pronouncement from the federal government, we're told the domestic pricing program for wheat is gone, scrapped.

And all of a sudden Canadian wheat producers who were selling into our domestic market at a price of over \$7 a bushel suddenly find themselves without that program, and therefore selling into the Canadian market at the world price, which at Christmas Eve was about \$2.60 a bushel, something like that.

Well that represented an immediate loss to Canadian agriculture of \$280 million a year. That's a lot of money. Some people have drawn to my attention the fact that Ontario wheat producers were increasingly selling more wheat to the flour mills, and therefore eastern Canada was benefitting more and more from that program as time went on. Therefore, the argument seemed to go, we in western Canada shouldn't get too excited about it.

But, Mr. Speaker, in the last year of that program, 85 per cent of that domestic market was in fact being supplied by western Canadian wheat producers, 15 per cent was being supplied by Ontario producers.

So 85 per cent of the \$280 million benefit is still a lot of money. And where are we going to look for this money? Under the program it fell as a sort of levy against all of the consumers of flour and flour products. That's gone. Now that \$280 million apparently is going to be made up by the federal government. The Premier in this House has told us that it would be included in the adjustment mechanisms. The Prime Minister has given a similar answer. But they haven't said, are they just going to pay this year, or are they going to pay it next year also, or are they going to pay it for five years or 10 years, or how long is that going to go on, that adjustment assistance? So far as I'm aware, they have not yet given an undertaking to Canadian

agriculture as to how long that benefit will continue to be paid. Now that's an important, important question, Mr. Speaker, and the agriculture industry in this country is waiting anxiously for the federal government to give the undertaking so that they will know just how much they've given up as a result of article 705 of this free trade agreement.

Now article 706 is really an odd one, and it deals with poultry and eggs. And I'll — just to save the time of the House — I'll just talk about the egg part of it.

When you first read the agreement you say, well what's it mean? Because it is not apparent to us who don't produce eggs just what it does mean. What it says is that Canada will permit eggs to be imported into Canada from the United States. It's not a new thing, that's been going on for some time . . . well since ever, but it's been controlled over the last few years to a specified level. And this agreement says that Canada will permit eggs to be imported in any given year and the level, the level of import shall be no less than the following percentage of the previous year's Canadian domestic shell production. And then there follows percentages: 1.647 per cent for shell eggs, and other percentages for frozen or powdered eggs.

And when you look at it, it doesn't mean anything to you, it doesn't mean anything at all. But, Mr. Speaker, talk to an egg producer, talk to an egg producer about the effect of those provisions on the egg industry in Saskatchewan. They say that the negotiators of this deal simply didn't understand what they were negotiating. They simply took the American industry's numbers and converted them to percentages and put them into this agreement. And they say that the result of this agreement will be disastrous so far as they egg producers of Saskatchewan are concerned — disastrous. They just can't live under these provisions.

Now turning briefly to chicken and turkey, I will just say this, Mr. Speaker. These are bizarre provisions, bizarre provisions because, while we talk about the amount of the import of chicken and turkeys that may be brought into Canada for sale, we very kindly allow Americans to ship in here all of the really high-priced commodity items, all of the really high-priced cuts of chicken and turkey — the kind of stuff that the yuppies would cook on their barbecues on a Friday night at \$7 a pound or \$9 a pound. These are very kindly left to the Americans to supply while our Canadian industry picks up the dregs.

An Hon. Member: — Or on their yachts, cruising in the Pacific.

(1515)

Mr. Mitchell: — That's right. The very sort of thing you might expect to be fed on a yacht, sailing out of Vancouver harbour.

In any event, it goes on, Mr. Speaker. But one of the things that we're going to be doing, as the future goes along, is to be faced with, I think, with applications for countervailing duties with respect to agricultural imports into the United States. And I think the Americans have

given us fair notice that they're going to be doing that. They're going to be checking the agricultural goods that we are shipping into the U.S. for subsidies. And where they can find a subsidy with respect to an import that's doing harm to producers in the United States, they're going to be taking action under the American trade laws.

And what we have done in this agreement is to very kindly, very nicely identify all of the government's support programs for agriculture as regards wheat, oats, and barley. Very kindly we've done that, and we've done it page after page after page. Not only do we identify them as government support programs and therefore subsidies, but we actually go on to tell them how to figure it out, how to figure out the value of them.

And so we learn that the income foregone adjustment relating to Canadian Wheat Board delivery quotas — if anybody can understand what that means — is to be resolved, or is to be calculated in accordance with the following formula:

$$(A - B - C) \times D - E + F$$

And on and on it goes — an incredible formula for calculating the value of the Canadian Wheat board delivery quota system.

What is that, Mr. Speaker? Identifying that as a government support program, and then going the further step of actually telling the Americans how to figure out the value. You can just see their trade tribunals down there in Washington, or wherever they were, just looking at the free trade agreement and saying, oh yes, well here's how you calculate that subsidy, and that subsidy therefore is being paid, and therefore we're entitled to countervail against it.

Why would our government set us up in this way? Set us up in this way to provide us with the . . . Remember that this is directly related to article 706, and all that said was the triggering mechanism for when the Americans would be able to sell their wheat directly into the Canadian market. Some favour that is for us, isn't it, Mr. Speaker? Some wonderful favour!

And in connection with that wonderful favour, we have specifically identified all of these subsidy programs and showed the Americans how they should be evaluated. Well that's ridiculous. What responsible Canadian government would behave like that in sensitive matters of trade such as those that surround agriculture?

So while there are positive aspects — and if the member from Weyburn had been here earlier he would have heard me concede that there are positive aspects to the agriculture section — on the whole that agriculture chapter is not in the best interests of Canada.

Now I want to turn next, Mr. Speaker, to the chapter respecting services. And here we would be very interested in hearing the member from Weyburn tell us what his thoughts are with respect to the chapter on services. This chapter providing for free trade in services represents, as I said earlier, the first time in the history of the human race that two countries have entered into an

agreement for the free trade in services.

Now the Macdonald commission, which was inclined towards free trade and which recommended the negotiation — comprehensive trade negotiations to achieve a free trade agreement — considered the question of services and whether it ought to be included. The Macdonald commission concluded, Mr. Speaker, that Canada ought not to attempt to enter into an agreement for free trade and services with the United States.

There are two basic reasons for this, although the reasoning is complex. There are two basic reasons. The first is that no country in the world has ever done it, so we have no experience to tell us what will be the effect of it.

But secondly, and more seriously, there hasn't even been any research done on the impact of such an agreement. Do you understand, Mr. Speaker? No one anywhere — no economists, no political scientists — no one has actually tried to work out what will be the impact of an agreement for the free trade and services. And certainly not my friends opposite, and certainly not Ottawa.

This idea for free trade in services has been peddled by the Americans to every industrialized country in the world. They've tried it on Japan, they've tried it on the south-east Asia countries, they've tried it on the European Common Market, they've tried it on Australia, Mexico and Canada. Everybody said no, except Canada. And Canada enters into it. We enter into it in the most general terms imaginable.

This service sector is a speciality of the United States. The world recognizes that. In the provision of services the Americans are the world leaders. There are few areas of trade where the Americans can say that any more, but in the area of services they certainly can. In our trading relationship with the United States where Canada enjoys a substantial surplus, in the area of services the U.S. has a surplus. And the reasons for that lay in the structure of their economy and in the things they do — the giant credit card companies that work world-wide, and so on and so forth.

But suffice to say that the Americans are the giants here. And we enter into this little chapter which goes four pages, in which — in the most general terms imaginable — we open up our economy to participation by American firms who want to provide services covered by the agreement.

Now those services are just practically everything, Mr. Speaker — cover many aspects of agriculture, soil preparation, crop planting, cultivating, crop protection, crop harvesting, farm management, crop preparation services for market, livestock and animal specialty services except veterinary, and so on . . . (inaudible interjection) . . . except veterinary. I know, I know; it doesn't cover lawyers either, and I'm glad about that.

Mining services — practically the whole of the mining industry is included, Mr. Speaker; practically all of

construction; practically all of wholesale trade, vending machines, direct selling; practically all of insurance and all of real estate; many, many commercial services, such as commercial cleaning, advertising and promotion, public relations, credit bureau, collection agencies, telephone answering, janitorial services, hotel reservations. All sorts of professions — engineering, architecture, survey, accounting, auditing, agrology, librarian services — not veterinarians and not lawyers. Lawyers helped negotiate this agreement, Mr. Speaker, and whatever you say about lawyers, they're not dumb. They exempted themselves from the agreement.

And most ominously, I think, Mr. Speaker, is this concession — health care facilities management services. We have conceded to the American providers of health care services the right to come up here and run our hospitals, our nursing homes, our medical clinics, our dental clinics — anything that fall under the heading: health care facilities.

Now what we do in this chapter is to say to these American entrepreneurs that they have the same right as any Canadian to establish those services, to have access to and use domestic distribution systems, establish a commercial presence and invest as they may find necessary, subject only to the chapter on investment which only applies to purchases of more than \$150 million.

It means literally that the giant firm in the United States, firms that provide hospital services, will be able to come up into Saskatchewan, for example, will be able to buy hospitals, lease hospitals, build hospitals, run hospitals, bring themselves under our hospitalization plan, certain aspects of our medical care plan, and continue to provide those services for ever.

And there will not be anything that we will ever be able to do to affect that situation. We will never, ever be able to say: hey, something's wrong here; this is not working as it should. All of these nursing homes in Saskatchewan that are now being run or leased or owned by an American health care firm is not providing a service to our old people, or not providing a good enough service, or the service is too expensive.

We won't be able to say: we want to stop this, or we should do it some other way; we should do it through our municipalities, or we should do it through co-operatives, or we should do it through non-profit companies owned by families of the people living there, or anything like that.

We'd deprive our children and our grandchildren for ever of all sorts of policy options about what they may want to do or not do in order to provide certain kinds of health care services where the Americans have established a presence pursuant to this article 14, this chapter 14 of the agreement.

Now why would we want to do that? What was wrong with the service sector as we saw it in Canada here before this agreement? Why did we think it necessary to specifically open it up to the American investors in this way and provide them with all sorts of protection so far as

the future is concerned? Why would any country do that, and particularly why would they do it when there's no precedent for such an agreement in the world, where country after country had turned down the idea. And where the Macdonald commission, which the federal government likes to cite as an important . . . today in this House the Premier cited Macdonald as an important supporter of this agreement, when that commission recommended against the inclusion of such a chapter.

Well we're told — let me just enlarge on the idea of what we've been told — we have not been told, the people of Saskatchewan and the people of Canada have not been told what is in this agreement. The people of Canada have not had this agreement explained to them. The people of Canada have been subjected to a sales job, and the people of Saskatchewan have in particular been exposed to a sales job by their governments that they should buy this agreement, that they should look on this agreement as being a great benefit to them, and they should support it on the basis that it has all these benefits in it.

Now we've heard the most ludicrous, outrageous statements being made by federal ministers and by the provincial ministers as to the benefit that ordinary people in this country will enjoy as a result of this agreement. We've heard estimates as to how much money they're going to save and have in their pocket, and how much better off they're going to be. Well I want to deal with that, Mr. Speaker, because it's important, and because I think that it's just not true, that it misrepresents the effect of this agreement.

Let me start by just going back to the Christmas Eve announcement that the domestic wheat price program had been scrapped. That meant immediately that the price of wheat as it entered the flour mill was being reduced by almost two-thirds. In other words . . . well specifically the price was being reduced from about \$7 a bushel to about \$2.60 a bushel. That's quite a dramatic drop at the flour mill for the price of the raw commodity wheat. Now in that same announcement, at 3 o'clock on New Year's Eve on the CBC — which is where I heard it — there was, in the same newscast, a report of an interview with a senior official, a senior executive of one of the major bakeries. And that senior official was asked to comment on the fact that the domestic wheat price program had been scrapped. And he of course welcomed — this is a bakery — he welcomed the announcement. He welcomed it, but he said Canadian consumers ought not to expect to see any decrease in the price of bread as a result of that drop. Now imagine that, Mr. Speaker, the price of flour gets cut in about three, and we're told by the bakeries, the same day, the same hour, that that will not result in any decrease in the price of bread.

(1530)

And that was happening at the very time when these ministers were going around this country telling us how much money we're going to have in our jeans pocket as a result of this agreement. And I asked myself: if a saving like that, if a saving like that in the price of wheat is not going to result in any drop in the price of bread, then how are any of the gradual, phased-in tariff reductions in this agreement going to result in any money in my jeans? How

is that going to happen?

Now the next story that I want to relate to you happened some weeks later, like two or three weeks later; it couldn't have been longer. I read a report in the Toronto *Globe and Mail* by a reporter who had gone out with this free trade agreement to two major department stores and asked: what would be the effect of this agreement on prices in the stores? Now the reporter went to talk to senior executives of Sears and The Bay, and they were asked that question, and they both gave substantially the same answer. They said consumers ought not to expect to see any decrease in the price of goods in the store. They said the tariff coming off under this agreement is simply too small and it's coming off over too long a period of time and you will not notice any decrease of prices in the store.

Now that's the second thing. Now if you take those two things together, you can legitimately ask yourself: in what circumstances are we going to find price reductions, price reductions under this agreement? In what circumstances will we find it?

And I must say, Mr. Speaker, after all these months of the government trying to sell this agreement like it were some magic cure, some magic potion — cure your warts and your harelip and your big mouth all at one time; just have a little dose of it and it'll fix you up — at the very time that all that sales job takes place, we hear these two little stories: the price of wheat and the Sears and Bay people telling us there'd be no decrease of the price in the stores.

And then ask yourself this: what has been our experience in this country, what has been our experience in this country with respect to tariff reduction? Keep in mind that we've been reducing tariffs steadily under the GATT and the various renegotiations or negotiations under the GATT for the last 40 years.

And some tariff drops have been large and immediate. Some have been phased in like these are — phased in. This is phased in over a period of 10 years. And who among us can remember any circumstance in which those tariff reductions have led to a decrease in prices?

Now I've raised that challenge all across this province, speaking to countless groups, thousands of people. Does anyone remember a circumstance in which a tariff reduction has led to a decrease in the price of the goods that we ordinary Canadians buy? And the fact of the matter is that no one is able to come forward with such an example.

And so I conclude, Mr. Speaker, that the argument that this agreement is going to be saving us Canadians money that we can jingle in our pockets is just hokum. It is not true, and it just won't happen. If this agreement has merits, if this agreement has any merit at all, it is certainly not meritorious because it's going to save you and I money, and that you and I are going to have more money in our pockets as a result of it.

I come back, Mr. Speaker, to the question that I've been asking all afternoon, that I've been asking for the last four or five months around this province.

Why would our country have agreed to these things? Why would any sovereign nation have agreed to some of the things that are in this agreement? Probably the most outrageous chapter is the energy chapter, which my colleague from Regina North West is going to address in just a few minutes.

Throughout this agreement we have made enormous concession to the Americans. We have satisfied their wish list, Mr. Speaker. You take the American wish list as it existed when it went into these negotiations — this agreement satisfies substantial portions of that list. This is better than the Americans ever thought it could be; I think the way the Finance Committee of the Senate has handled the matter is eloquent proof of that.

At the start of negotiations, that committee just didn't want the negotiations to start, and only with a lot of arm twisting was the President able to convince 11 out of the 21 members that they should give the green light for negotiations to start, and negotiation started with an 11 to 10 vote from that committee. And yet, just last week, that same committee took a long look at this agreement and pronounced by a unanimous vote that they approved it. They came out warmly supportive of it, and they're obviously going to push for it, and little wonder, little wonder. This document does more for them than they ever thought possible.

Now why would we do these things? Why would we have the . . . why would we include the provisions on energy that we're going to talk about later? Why would we have these outrageous provisions with respect to American take-overs of Canadian businesses?

Why would we agree to the first agreement on free trade and services in the history of mankind, and right in the teeth of our best advice on the point? And why would we have made the substantial concessions with respect to agricultural trade, and many other aspects of the agreement that I haven't touched upon, respecting government procurement and the banking industry and all kinds of other things? Why would we have done it? That question haunted me for months — "haunted" is the right word because it was so frustrating not being able to find the answer to it.

One answer could be that it was poorly negotiated, and I think it was poorly negotiated. But that doesn't explain how come it's so one-sided, how come it is so contrary to Canada's interests.

The second possibility that I considered was that the Prime Minister had so much political capital tied up in the idea of a free trade agreement that he just had to deliver something, and this was all he could get. And I think to some extent that's true. But that also is not a satisfactory explanation of just why he had to give away so much, because clearly the Americans would have accepted much less. This goes much further.

An Hon. Member: What did he give away?

Mr. Mitchell: The member asked, what did he give away, and if he had been here for my speech, he would have heard. I recommend *Hansard* to him tomorrow.

But why would these things have been done? Then the answer occurred to me, Mr. Speaker. It occurred to me on the same day that the Deputy Premier told us in Crown Corporations that this government intended to sell off Crown corporations in such a way that we would never be able to take them back.

Now that remark is for another day, but it gave me the clue; it gave me the clue to this agreement. The federal government doesn't think it's given away anything. Some of my friends opposite don't think we've given away anything because they agree with this nonsense, Mr. Speaker. They agree that in 1988 and for ever onwards it is appropriate to open the Canadian economy to unlimited — practically unlimited — American take-over.

They agree that it is appropriate to practically strip ourselves of any meaningful control or jurisdiction or sovereignty over the energy industry. They agree that it's appropriate to deal with services in this way and open the service sector of our economy to American participation for ever, a service sector which is so important because it employs seven out of every 10 Canadians — seven out of every 10 Canadians — the real giant employer in this country.

They agree with these things, Mr. Speaker. But rather than simply incorporate them into the legislation of our country, they have decided to add them on to a trade agreement. These chapters represent the agenda of the Conservative Party in Canada. And they're not content merely to enact that agenda as a legislative program, which is the democratic way, which is the way in which government programs normally come into effect in this country, but they have rather added them on as chapters in a trade agreement.

Now I explained to you earlier, Mr. Speaker, what is the significance of that. The significance is that if an NDP government is elected federally in the next election, or if a Liberal government is elected in the next federal election, that new government would not have the power to enact legislation that was contrary to this agreement. This agreement is binding and can only be amended with the consent of the United States, and that's what we've got here, Mr. Speaker. That's why I framed the question in the way I did to the Premier during question period today.

That hidden agenda is the fact that these enormously important policy issues are being cast in concrete, are being cast in concrete through the technique of this agreement. And these important issues of public policy are being taken off the public agenda in Canada, being removed from debate between us in this House or Canadians anywhere as to what the law ought to be or what our policy ought to be. Our policy is what's in this agreement; that's what the Conservatives would lead us to accept, and that we can not accept, Mr. Speaker.

Some Hon. Members: — Hear! Hear!

Mr. Mitchell: — And that's why members of our party, at all levels in this country, right across this country, are so

diametrically opposed to this agreement. It represents the Tory agenda in Canada. It puts it into effect in such a way that it can not be changed by our parliaments or by our legislature, and it is simply not acceptable. We oppose it and we will continue to do so for as long as we can.

And as a result, Mr. Speaker, I move the motion, seconded by the member from Regina North West:

That this Assembly communicate to the Parliament of Canada its strong opposition to the recently signed Mulroney-Reagan trade deal; and further, that this Assembly maintains that this agreement goes far beyond the normal terms of commercial trade deal and requires Canada to give up control of important economic and social decisions.

Thank you, Mr. Speaker.

Some Hon. Members: — Hear! Hear!

Mr. Solomon: — Thank you, Mr. Speaker. I am pleased to second the motion put forward by my colleague, the member from Saskatoon Fairview, on the issue of the Mulroney-Reagan trade deal as has been read out in this Assembly already.

Mr. Speaker, I want to emphasize what my colleague has said, in that no one in Saskatchewan, and in particular in our party, is opposed to increased trade between Canada and the United States and other countries in the world. Everyone knows that Saskatchewan and Canada have to trade to prosper, and that's not the issue; it has never been the issue in this Assembly.

The issue is whether this particular deal meets the needs of our province and our country. The issue is not our desire for more trade with the U.S. and the world; the issue is this particular Mulroney-Reagan secret trade deal. And I maintain that this agreement is not satisfactory because it goes well beyond the normal terms of a commercial trade deal and requires Canada to give up control of important economic and social decisions.

(1545)

Mr. Speaker, I'd like to talk about basically the energy section of the trade deal and relate it in some short term to the privatization philosophy of the Conservative government in this Assembly, and the Conservative government in Ottawa as well.

But I want to commence my remarks with regard to the energy deal by talking about the trade deal in general. And I want to remind members that a Toronto newspaper, I believe it was *The Toronto Star*, leaked and printed a government document confirming that it was the deliberate strategy of the Mulroney Conservative government in Ottawa not to inform Canadians of the details of the so-called free trade agreement at that time.

And that was very disturbing news from the opposition's point of view, Mr. Speaker, and in particular since it was coming from government elected by Canadians for Canadians, we had a government of Canadians not

wanting to share the details of this real historical agreement with the people that got it where it was. And it can only mean, in my view, the holding back of this detail and information to the people of Canada and of Saskatchewan that the more you know about the Mulroney-Reagan trade deal, the less you will like it.

And as we hear more and more information coming forward as the member from Saskatoon Fairview is travelling about the province talking about the issue, and as information is coming available to more and more individuals, not only in the political realm but normal ordinary Canadians, they are saying that perhaps there was a very good reason for the Conservative government in Ottawa and this government in Saskatchewan to keep the deal secret because the details are absolutely astonishing, Mr. Speaker, absolutely astonishing.

And it means, as one reads through the agreement, that Canadians like the deal less and less, and it means that we have surrendered, in very simple terms without firing a shot, some very significant, independent, and sovereign issues that any country in the world have really mobilized their forces to defend over the years. And we can discuss all the countries around the world that have really gone to the barricades so that they had control over their resources when other countries wanted them. They went to the barricades when they wanted to control the economy in their own country, when foreign nations wanted to influence the economy and have control over that.

But in Canada with the government that we have, Mr. Speaker, we have basically surrendered some very fundamental principles of independence and sovereignty to a nation without even consultation with the public, let alone storming the barricades and mounting a defence and mobilizing the people of this nation to stop that from happening.

But this agreement, Mr. Speaker, is far worse than a simple agreement to reduce tariffs, as my colleague from Saskatoon Fairview has outlined. It deals with far more than tariffs, it deals with our sovereign nation. It deal with things like the elimination of the two-price wheat system, unfettered U.S. purchasing of the Canadian economy, and, of course, American influence on whether certain public services can be offered to Canadians by Canadian governments. And the issue I want to deal with today, Mr. Speaker, us our future ability to use resources, our resources, to diversify an to control our economy as we see fit.

The United States wanted the removal of Canadian tariffs, and guaranteed access to our energy supplies, and the elimination of Canadian government involvement in our economy, so they could gain better control and better access to Canadian markets. And the U.S. got those objectives as have been outlined earlier.

Canada, on the other hand, wanted the removal of the U.S. trade remedy laws to gain better access to the U.S. market. But we, as a nation, did not obtain that. The U.S. simply got what they wanted and Canada did not.

The deal, in my view, will make the Canadian economy

more like the U.S. economy and will integrate the two economies very quickly. Supporters of the deal say the deal is good because they want the U.S. market system in our nation and they believe that the U.S. market system allows the rich to get richer. Opponents say the deal is bad because they know the U.S. market system means more inequality, more poverty, less prosperity for ordinary farm families and working families, and fewer and weaker social programs, and of course a loss of Canadian independence as it relates to resource and resource revenue. In short, opponents say the deal is a sell-out of Canada, and New Democrats on this side of the House, Mr. Speaker, support that view very clearly.

The agreement, the part of the agreement that I want to talk about today, outlines basically the move toward a continental energy policy which simply forces Canada to share our energy and resources on a guarantee basis with the United States. The implications of the Mulroney-Reagan trade agreement energy provisions are massive and wide-ranging. They appear to be inconsistent with the provisions of the constitution regarding provincial ownership and control of resources. There are important ambiguities in grey areas in the agreement that offer fertile ground for a U.S. challenge to any provincial laws regulating prices, imposing indirect taxes or controlling production or even conservation of resources — in short, the major provincial controls secured by the resource amendment of the mid-'80s.

Premier Don Getty and our own Premier of Saskatchewan maintain that their provinces will not lose any control of their energy industry under free trade or their right to conserve its resources. That may be the case in theory, but there are elements in the free trade agreement that could hinder Alberta's and Saskatchewan's ability to exercise those rights. Moreover, this trade deal gives the U.S. almost totally unrestricted access to Canadian energy resources. And that includes oil and natural gas, coal and hydroelectric power on the same terms and conditions, Mr. Deputy Speaker, as Canadians who live here.

Let me briefly list what we have abandoned in this agreement in relation to energy before I discuss them in greater detail: number one, we have agreed to share our energy with the U.S. even when Canadians run short; secondly, we have agreed to abandon the potential for new industrial development based on preferential energy rates; third, we have agreed to abandon our energy export controls and agreed to allow Americans the ability to buy up the ownership and control of even more of our resources; fourth, we have abandoned our 80-year policy of protecting future Canadian requirements through mandatory reserves; five, we have agreed not to charge Americans higher prices than Canadians regardless of market conditions and regardless of shortages; and sixth, and finally, Mr. Deputy Speaker, we have agreed to consult on energy regulatory actions in the future with the Americans.

All of this given up in five short pages of the *Canada-U.S. Free Trade Agreement* — five short pages and we've given up all of those items with respect to resources and energy in our country.

It must be remembered that Canada has been exporting our oil to the United States since the beginning of oil production. In Saskatchewan this has normally been about 60 per cent of our production. Canada as a nation has been exporting approximately 800,000 barrels of oil per day to the U.S. over the last three years. Only four years ago the level of exports was 400,000 barrels a day, and that was the highest in our history. So our exports have basically doubled in the last three years, from 400,000 barrels a day to 800,000 barrels a day. And that should tell you something, Mr. Speaker, with respect to security of supply and closeness of supply and also price of the product.

But there has never been a time in our history when the United States has not been prepared to buy all the oil we were prepared to sell them, and that's the point I want to make now.

The problem, in fact, has been the reverse. We have never been able to satisfy their demand. Why would they want to ship oil from the Middle East, thousands of miles away, when they can pipe it in directly from Saskatchewan and Alberta and Canada, which is right on their boundary? Obviously they would prefer to purchase all of the oil we could possibly pump out of here, as well as any other oil we could guarantee them in the future.

What this U.S.-Canada trade agreement has done, Mr. Deputy Speaker, has assured them that they can continue to have access to those supplies at an uninterrupted rate, and in fact can have, even more importantly, specific access over a guaranteed period of time at a rate that is not diminishing even though there are shortages that may arrive at the time.

With Article 904 of this agreement, Canada has agreed not to restrict the supply of energy to the United States below the level of what they have received over the previous three years. This means that the Americans are entitled to continue to receive about 800,000 barrels per day from us at the moment, and we are powerless to deny them 800,000 barrels a day in the event of shortages. If exports increase to maybe double that, 1.6 million barrels per day, and 10 years down the road there's a shortage, we have to guarantee them 1.6 million barrels a day of oil.

So I would ask you, Mr. Speaker, and members opposite, and Canadians as a whole, to watch the export of oil to the Americans over the next short run, because I believe they're going to increase. So when the shortage crunch does arrive, we're going to still have to provide them with a significant amount of oil without having to put Canadians first. It'll be Americans first and Canadians second on this deal.

But we have given away our sovereign rights, in essence, to control and manage this vital resource. Even in cases of short supply or exhaustion of a resource, the U.S. is to be given proportional access, which is the average of their consumption over the previous three years. Doesn't this seem to be an intolerable situation? Why would we surrender our sovereignty in this manner?

Some would argue that we had to give up this control over our own resources in order to get access to the American

market. But again I ask you to think about this. When is the last time the Americans didn't want any of Canada's oil and natural gas? Well there's no answer to that, Mr. Deputy Speaker, because they've always wanted it in gargantuan appetites that we could never satisfy.

But let me give you the American response to a couple of controls that a province can legally implement today, prior to this agreement, that they won't after the agreement is confirmed in Washington and Ottawa, but which will be challenged under this agreement if it goes through and when it goes through.

And here's the example: one of the western provinces, anticipating an improvement in market price, limits current production of oil, much the same as the Saskatchewan government did with potash. As I've pointed out, restrictions on quantity are only permitted during clearly defined emergencies or where conservation is needed because of resource exhaustion. Production controls aimed at ensuring higher future returns are disguised restriction on trade rather than conservation. Attempts to restrain production to secure higher prices was, of course, the very power the provinces sought to entrench throughout the energy crisis.

On the other hand, what if a province decides to limit production because it foresees a shortage that will hurt provincial consumers? Preferential reservations that actually reduce the flow of gas and oil to the U.S. clearly, under this agreement, are prohibited. Even in those limited cases in which restrictions are permitted, shortages must be prorated between domestic and export prices.

As well, Canada has agreed that it will not bank supplies at the expense of export customers. We can't even store oil and energy as a contingency of future shortages, according to this agreement.

They've also guaranteed that any of the so-called surplus tests used by federal or provincial regulatory agencies to gauge whether proposed exports are a surplus to the requirements of Canadians, will never be relied on or be applied to restrict flows to the U.S. In some the treaty provisions are only too clear, and provincial production cuts of this nature are undoubtedly in violation.

In the same Article 904, we have also agreed that we will not charge the Americans a higher price than what we charge ourselves for our resources. In other words, we've locked Canada, we've locked our country, into the world price, no matter what that price does or where that price goes. This may not seem very important, Mr. Deputy Speaker, when the price of oil is around \$16 or \$17 a barrel. But how will we react when OPEC (Organization of Petroleum Exporting Countries) regains control over international pricing, as they almost certainly will, and drives that price up to a new heights?

Do we in western Canada really want to commit ourselves to pay these prices, no matter how high they may go? Do we want to blind ourselves or bind ourselves — worse yet — to pay these prices for a resource which we own and for which we can now charge ourselves

whatever we wish in the public and the national interest?

Mr. Deputy Speaker, cheap, abundant energy has always been one of Canada's most important competitive advantages in international trade. When the 1973 oil crisis sent western economics into a tail-spin, Canadians learned just how precious that energy resources were, as governments took steps to protect consumers and industry from the full impact of rising prices.

(1600)

For the past 15 years the debate over energy supply and pricing has revolved around the fact that petroleum is a non-renewable resource. Once it's gone, Mr. Deputy Speaker, it's gone. But with the new round of oil shortages expected in the next 10 to 15 years, the Conservatives have signed a trade deal that gives the United States guaranteed peacetime access to Canadian energy supplies.

The agreement opens the door to a short-term increase in Canadian export earnings for oil, gas, coal, uranium, and hydroelectric power. But shortly after the deal was announced, a senior Canadian investment banker noted that the U.S., and I quote:

The U.S. wins twice in the long term — once on access to energy supplies and again on the basis that we can no longer use cheap energy as an element of national or industrial policy.

In a letter to Energy Minister Marcel Masse last fall, the Consumers' Association of Canada asked, and I quote:

How can a government which has the interests of Canadians at heart enter into an arrangement with a foreign power which would provide that power even greater access than Canadians to the diminishing supplies of these essential commodities?

I have here from the Toronto *Globe and Mail*, January 22, 1988, an article which reports, and the title is, Mr. Speaker, "Trade deal likely to hurt Canada on energy, official says." And I want to just quote from this article, Mr. Speaker, because it's very important:

The proposed free trade deal would probably force Canadians to pay more for oil, natural gas, and electricity and make their supplies of these energy resources less secure, while giving them very little in return.

And this is from a senior official in Ontario's Energy ministry. The report by Bruce MacOdum, assistant deputy minister for policy and planning, prompted a Liberal MPP on an all-party legislature committee studying the trade pact to describe western Canadian oil and gas producers as hypocrites:

Producers who support the deal, which would reduce the ability of the federal and provincial government to regulate energy prices and supplies, are the same hypocrites, the same guys that want government to stay out of their business

when times are good but demand help when market forces drive prices down, Rick Ferraro says.

They want to have it both ways, Mr. Deputy Speaker.

And I continue and end here. I resent the double standard they're presenting. They're saying we don't want the government to regulate what they can do with the energy, and on the other hand they're the recipients of tremendous amounts of Canadian taxpayers' incentives and encouragement to find the resources.

So we're subsidizing the hunt for oil. We're subsidizing the production of oil. We're subsidizing, according to reports of the *Star-Phoenix* this last weekend, Mr. Speaker, the oil companies as well through price gouging of the companies in Saskatchewan. And now, through this agreement, we're doing all of this great subsidy from the taxpayers of Canada so we can find more oil and produce more oil and pipe more oil out of this country so the Americans can have access to our energy at the same price as we charge ourselves, yet we've been subsidizing the hunt for that oil.

At present, provinces may impose minimum oil and gas prices in order to ensure fair returns for diminishing assets. But because the trade treaty prohibits minimum import or export prices, provincial governments can no longer set minimum prices, even though the resource amendment purportedly confirmed this power in 1982. As it stands, such price setting is prohibited, and Ottawa will have to ensure provincial compliance. Ottawa has already stated that it will undertake all necessary measures to make the agreement fully binding on the provinces.

And I have here, Mr. Deputy Speaker, a copy of that very memorandum and it relates . . . It's actually from the federal Department of Energy. It was released in November, 1987, by accident. It was not scheduled to be released. And it's a series of questions and answers made up for . . . I believe it was the cabinet in the Conservative caucus in Ottawa. But to emphasize the point I've just made, one of the questions they ask here and I'll quote from it:

Can provinces continue to price their energy resources differentially intra-provincially vs. extra-provincially (including exports)?

And the answer here, written in its own memo of the Government of Canada, the official answer to this, as given to us by the trade negotiating office is:

It is our expectation that the provinces will not take actions incompatible with the spirit and intent of the Free Trade Agreement.

And I go on.

The fact is that provincial compliance with the price discrimination clause will not be written into the agreement. However, the provinces are apparently bound by the constitution — section 92A — not to price discriminate as between intra-

and inter-provincial sales. The question of provincial compliance with the agreement is a very sensitive issue which the Prime Minister wants to deal with himself.

End of quote from this memorandum — inadvertently leaked, actually inadvertently sent out in the mail to a group of people — that outlines very clearly that the provinces will have to comply with this agreement and that any prices will be binding, or price setting will be binding on the provinces as it is on the country. And if the Mulroney government intended to grandfather the provincial right to set fair prices, why wasn't this clearly stated in the agreement? It obviously has not been.

The question is not whether free trade changes provincial law, Mr. Deputy Speaker. The issues are the extent of the damage to provincial power and whether the impact is automatic or whether the federal government will be forced to strike down a provincial law that offends the treaty.

Recently federal Energy minister Marcel Masse admitted that the market, not the provinces, will be the key to determining price and policy in a free trade deal. While he doesn't believe the deal impinges on provincial rights, he admitted that the matter might have to be decided by the courts. And he stated, and I quote, Mr. Deputy Speaker:

If you have a disagreement of any kind about the constitution, the Supreme Court will decide who is right and who is wrong.

Technically, provincial powers to regulate the energy industry may remain intact under free trade. What isn't clear is the extent to which the province will be able to exercise those rights, given the fact that the market will dictate the price and the numerical superiority of the Americans will obviously dictate the market. Canadians are concerned with these developments, Mr. Deputy Speaker.

The non-discriminatory pricing principle has other negative implications as well. For example, this suggests that Canadian governments can no longer offer special rebate programs which give farmers or small-business people a competitive edge on the price of energy.

In addition, the agreement prevents the province from deliberately lowering energy prices to promote industrial growth. Cheap energy has always been Saskatchewan's hope for economic diversification. Under this agreement that hope would be lost, because we would no longer be able to sell our energy to ourselves for less than what we charge Americans.

The prohibition against discriminatory or preferential pricing is total. It covers even the special circumstances in which restrictions on quantity are possible. Regulated prices must be the same on both sides of the border in virtually every circumstances. I know the members opposite, this Conservative government, don't understand that in northern North America, which is our country, Canada, we have sufficiently greater energy requirements on a per capita basis with respect to our

winter. We have to heat our homes, we have to provide more energy expenditures into our business sector, in our industrial sector. But they don't understand that, because in most aspects of winter they're down South. They don't know what's going on down here.

What they have done with this free trade agreement, Mr. Deputy Speaker, is they've given that advantage, that one minor advantage that we had, which was quite significant in the overall economic picture of subsidized energy prices, they've given the right of future governments to even determine that.

The member from Weyburn keeps talking about wanting to get into the debate. He's anxious to get into this debate. He's never spoken at a public forum on the issue of the Mulroney-Reagan trade deal. And if he has, he's put forward the government, the Conservative provincial government's program on the free trade agreement. And of course if you look at it, it's only about one-twentieth the size of this.

And I think it's prepared by Dome Advertising because nobody would want to know the truth. They'd prefer to have smoke and mirrors and selling perceptions put out by an advertising firm rather than talking to the people that put this together, or listening to the politicians who have read the document on what this really means in terms of energy and other matters in Canada.

In effect, the federal and provincial government has given up the right to establish a Canadian energy plan that would help build up the economy and resolve regional economic disparity by providing the option of cheaper energy for Canadian consumers and industries . . . (inaudible interjection)

The member from Weyburn again is begging to get into the debate and I'd gladly sit down if I could have his assurance that he'd get up here and say a few words about this agreement; in particular, what the position of his government is as it relates to energy — how they believe that energy and oil companies are such a great instrument of economic policy.

I'm sure he'll want to get up in this debate, Mr. Deputy Speaker, and talk about how important our resources are, like coal, which he sold. The first item of business when they got elected, they did away with our coal resources that were required for the operation of our power plants in this province.

I'm sure he'll want to get up and talk about deregulating natural gas and selling off natural gas — huge quantities of natural gas pools which belong to the people of this province. He sold them off to a corporation, Saskoil, which, in their bragging terms, is now in the private sector. And he'll go on and talk about the great things this government has done with respect to energy and what their policy is with respect to energy.

And their policy I've already given, as the member from Weyburn is squealing from the seat, and outlining very clearly. And what he is squealing about is that what they have done with our energy, Mr. Deputy Speaker, is that they've given it away to not responsible governments,

who are responsible to all people in this province, they're given it away to the corporate sector. They prefer to have the economy of our province controlled by corporations outside of this province, and in many areas outside of this country. And of course the polls reflect very clearly, Mr. Deputy Speaker, precisely what people think about those policies.

Mr. Deputy Speaker, the United States is an energy-hungry nation which can't produce enough energy to meet its own domestic needs. Canada, on the other hand, is a relatively secure and friendly source of supply. The American market is there; we should be charging the Americans a fair premium price for our energy, a price which gives Canadian farmers and small business a competitive edge, a competitive advantage.

And we should be developing our energy supplies in such a way as to guarantee our national long-term prosperity. It must be emphasized that this approach is not — it is not, Mr. Deputy Speaker — an anti-American approach, but it's a straightforward approach, common sense business practice, and it's pro-Canadian.

Every sovereign nation has the right to decide the price it will charge itself for its own resources. If you list the hundreds of countries in this world, Mr. Deputy Speaker, every one of them except Canada, under this agreement, have the ability to control the price and control the production of their own resource. But we, as an independent nation, no longer will have that right, Mr. Deputy Speaker.

We have not come out of a war in which we've lost that right. We have not fought a battle in which lives were lost over the issue of sovereignty and independence. What we've done is we've had Conservatives, behind closed doors, making secret deals and coming out and announcing the free trade deal as we see it today.

Mr. Deputy Speaker, every sovereign nation has the right to decide the price they will charge itself for its own resource. Other countries have consciously excluded energy resources from trade agreements, recognizing the strategic importance of maintaining an independent stance in this area.

There are other areas of concern as well. For instance, there are grounds for concern that future Canadian requirements for oil and gas will be threatened. It is generally forecast that demand for natural gas will outstrip supply within the next 15 years, thus undermining Canada's future energy security.

Oil reserves will also begin declining at an increasing rate by the year 2005 — which is only, for the member of Weyburn's information, it's only 18, 17 years away from now. Of course, for him, he'll be so far away from this building by then, it'll just be a memory in his mind.

But given these circumstances — or what's left of his mind — given these circumstances, Mr. Deputy Speaker, wouldn't it have been more prudent for our government to be doubly vigilant to ensure that Canada obtained and retained domestic control of this vital industry. It seems to me it would have been. Instead, it has turned its back on

our long tradition of ensuring energy supply and security through mandatory reserves.

(1615)

Finally, in the area of ownership and control of our energy resources, we seem to have taken a step backward. We now have a policy that foreign take-overs of financially healthy energy companies will not be allowed that's in existence up till this date.

The federal government argues that this policy remains in place under this trade agreement, yet it is not mentioned in the agreement itself. On the contrary, a number — and a growing and alarming number — of Canadian oil and gas companies are being or have been bought in whole or in part by foreign interests in the last year, Mr. Deputy Speaker — Husky Oil for one, Dome Petroleum, Sulpetro, Bow Valley Industries. And industry analysts predict that that trend is nowhere near being over. In fact there are even rumours that Petro-Canada, Canada's largest oil company, is next on the sell-off list.

This will put serious pressure on the goal of 50 per cent Canadian ownership of the oil and gas industry. As at least three royal commissions and task forces, the Gordon, Watkins and Gray royal commissions, concluded, the question is not one of being for or against foreign investment. The issue is setting sensible rules for the game or, one could say, a reasonable Canadian presence, especially in sectors which are important for future growth and prosperity, such as energy.

The point is that some kind of policy is needed in this area, that it does matter whether a lot or most of the commanding positions in our industrial energy sectors are held by subsidiaries with headquarters elsewhere. We need a significant and competitive Canadian presence in the sector, and this position, Mr. Deputy Speaker, I maintain, is not extreme. All of our industrialized trading partners go much further, including the U.S. over Robert Campeau's bid for federated stores, hardly a strategic industry.

This abandonment of Canadian responsibility and authority can have detrimental consequences for our economy and energy future. It must be added, it is not only the Canadian oil and gas companies that are put in jeopardy but those hundreds of firms that supply and service the major developers and producers in the energy sector.

Articles 1401 and 1402 of the services code of the final agreement ensure that U.S. companies have the right to be treated on the same basis as Canadian companies and the right to establish businesses in Canada. Over 150 services are included in the annex to the services code, including oil and gas field services. With the crucial principles of right of establishment and right of national treatments now recognized by this trade agreement, U.S. firms will be able to challenge any Canadian practices that tend to inhibit their ability to compete here.

And what did we get in return for this total capitulation? Even the Energy department, in its own internal study, concluded that Canada's energy industry will make only

modest economic gains in the short term under this agreement. Furthermore, even after the deal has been in place for 10 years, the most important benefits will be intangible and indirect.

Specifically, the Americans agree not to impose any tax, duty or charge on the energy they send to us. When was the last time the United States ever sent significant amounts of energy to Canada, and to which regions? When was the last time this happened, Mr. Deputy Speaker, and under what circumstances?

The Americans also agreed not to introduce or increase any tariff on our energy going into the U.S. The only hard prediction in the Energy department report is an estimate that the Canadian industry could save \$26 million annually by the elimination of existing U.S. tariffs on crude oil and refined petroleum products. There will be an additional saving of \$10 million a year because U.S. custom user fees will be phased out. As industry analysts have commented, that's basically peanuts in the energy industry.

As well, Mr. Deputy Speaker, who seriously fears that the Americans would throw up a tariff wall against the Canadian oil, the very oil they have coveted for years? In the final analysis, we have surrendered control over a key non-renewable resource.

The secret measures of privatization in the Mulroney-Reagan trade deal amount to a PC blueprint for surrendering Saskatchewan and its people to the ruthless exploitation of others. It's another stage in the Conservative strategy of destroying our freedom and our way of life in Saskatchewan. It leaves basically few choices for ordinary people. Under Conservatives, the choices for ordinary people in Saskatchewan is to be sheared like sheep or skinned like rabbits.

Their weapons, the Conservative weapons, in this outrage are privatization and free trade, unquestioning support for both principles. In one fell swoop they have combined blind incompetence in the management of our economy with deliberate destructiveness to create a recipe for disaster for ourselves and our children.

Viewed separately, privatization and free trade are difficult to comprehend relative to their impact on our lives. When considered together, as Conservatives already have in consort with their corporate allies, privatization and free trade form a strategy of blitzkrieg, a frontal assault by Conservatives to undermine and transform a free society into a corporate-controlled, totalitarian state — I wanted to say that for the purpose of the member of Weyburn; he likes that word.

But the stakes, very clearly, are high. Ultimately it means not only the destruction of our province as we know it, but a sell-out of our country. And I want to just draw these two together, Mr. Deputy Speaker, in summing up, and that is with respect to privatization and free trade.

The free trade agreement prevents the creation of new Crowns and government economic instruments without U.S. congress approval.

The theory that I am putting forward is that the Conservative governments, federally and provincially, are in the process of privatizing the assets we already own equally. They're privatizing or selling them off at discounted prices to their friends for the clear purpose that, hand in hand with the free trade deal because of this agreement, future governments cannot get back into those areas that existed under the free trade agreement before it was signed.

So if the government opposite sell off the assets of the people of this province, if they privatize our Crown corporations, they privatize the drug plan, they privatize the dental plan, they privatize the Saskatchewan Minerals Corporation and SaskCOMP and SMDC (Saskatchewan Mining and Development Corporation) and our uranium and our gold reserves and our natural gas reserves and others — when they've done that, Mr. Deputy Speaker, and future governments elected by the people of this province give a mandate to the future government to get back into those areas to provide basic services at reasonable prices to the people that they're elected to serve, the only way they can get back into that kind of business, Mr. Deputy Speaker, is with the approval of the U.S. Congress. That's what the agreement says.

I'll read the section of it for you because I know members opposite are doubting Thomases, and I want to just clarify for them, expose them for what they really are, Mr. Deputy Speaker. They're selling off the assets of the people of this province so that we as a government, or future governments, can never ever be able to get them back again.

I quote, Mr. Speaker, from a Crown Corporations Committee. It's a verbatim *Hansard* of February 3, 1988. In questioning, the Deputy Premier was asked about what his government's theory on privatization was going to be and what his philosophy was. And do you know what the Deputy Premier told us and the people of this province with regard to privatization and the assets of the people of Saskatchewan?

Let me answer that question by reading verbatim from *Hansard* in Crown Corporations. "(The) Hon. Mr. Berntson, (Deputy Premier) . . ."

An Hon. Member: — We don't want anybody using names. You know better than that.

Mr. Solomon: — I apologize for using his name, but I'm reading out here. It's the Deputy Premier, Mr. Deputy Speaker, and he said in response to that question:

I think that could happen here as well. We're going to do what we can . . . to make it very difficult for you people to take it over again (with reference to Crown corporations) when you get back into power, if that ever happens, because our desire is to have these things as broadly distributed as possible so that it's very difficult for you folks, if you should ever get back into power (to bring back the service of a Crown corporation).

So, Mr. Deputy Speaker, we've seen this free trade

agreement and very briefly we've heard some remarks from my colleague, the member from Saskatoon Fairview. We have heard as well, the sham, the give-away of our resources, the surrendering of our independence. We have forfeited through this agreement and surrendered our right to manage that resource and those resources without as much as public consultation.

The government opposite, who would go around expounding what a terrific government they are, what a wonderful government they are, have sold the people of this country and this province down the river with this agreement with respect to sovereignty and energy and other matters without so much as consulting with them. They've done the dirty deed behind closed doors, and they've come to the public explaining what the dirty deed is. It's a secret deal without the public's input, Mr. Deputy Speaker.

Countries have gone to war to protect their independence, to protect their sovereignty and to protect their resources. The Conservative government opposite and the Conservative government in Ottawa have surrendered these privileges of nationhood without so much as public consultation.

Mr. Deputy Speaker, the people of this province will judge whether they have been husbanding the resources and the assets of our province and our country at the next election. The people of Canada and Saskatchewan will judge whether the Conservative Party has had the best interests of our country at heart when they negotiated this deal, and they will judge very clearly from the facts that this government and the Mulroney government have not done their job. They've given up this nation to the corporate interests outside this country without so much as public consultation.

As a result, Mr. Deputy Speaker, I would support my colleague's motion on this issue.

Some Hon. Members: — Hear! Hear!

Hon. Mr. Hepworth: — Mr. Deputy Speaker, we've heard a lot this afternoon about the free trade agreement. And at the outset, Mr. Speaker, did you ever notice how when the NDP or Mel Hurtig or Bob White are referring to the free trade agreement, they never use the same terminology as everybody else — they never call it the free trade agreement? They curl the words. It's more like a snarl around their lips. They call it the Mulroney-Reagan trade deal. Did you ever notice that, Mr. Deputy Speaker? They never refer to it as the free trade agreement; it's always the Mulroney-Reagan deal, as if that's some kind of swear word, Mr. Speaker.

It's not so much that they're pro-Canadian in this debate on the free trade agreement; it's more that they're anti-American. And we've seen that in many, many instances with the NDP Party, Mr. Speaker.

But the point is, on this free trade agreement, Mr. Speaker, by every technical analysis, it's a sound commercial deal for this country and for this province — by every commercial analysis.

And I hear the Hon. Members opposite groaning and come kayaying. But the reality is, Mr. Speaker, why I make that judgement is I was at the free trade conference in Saskatoon some three months ago or so. And what did we hear there from one of the economists . . . one of the economists say at that conference? He said that they had interviewed — and it may have been the Fraser Institute — had interviewed economists across the country, at universities and those kinds of places, Mr. Deputy Speaker. They had interviewed, they had done a survey of economists across Canada.

Now one could argue that this debate certainly across Canada has been characterized by a lot of political rhetoric and a lot of jargon. And it doesn't really surprise me, perhaps, that the public are confused.

And so it seems to me that if you're looking for a technical analysis, what better place to get it than from the economists? The public would see them as the experts. Economists generally aren't viewed as people who get tied up in rhetoric and jargon like politicians are sometimes accused of. So the public would generally accept the unbiased opinion, if you like, of an economist.

Now when they surveyed these economists across Canada, Mr. Speaker, what did they find? They found that 96 out of 100 said we should go for this free trade agreement. Now certainly in that 96 out of 100 economists, some said yes, this isn't a perfect deal; it's not a deal without some warts; but all things considered, Canada should go for it.

And certainly, Mr. Speaker, Saskatchewan is one of those provinces where the scales weigh heavily in favour of us. So if it's good for Canada, certainly we in Saskatchewan have recognized for some good long time that it's good for us.

You know, when I heard that, that when they surveyed economists across Canada, that 96 out of 100 suggested we should go for the deal, what amazes me about that, Mr. Deputy Speaker, is where does the CBC constantly find that other 4 per cent? Even if they were just to randomly select economists to go on the radio and on the television for the analysis and commentary, just by random selection they would come out, 96 out of 100 of them would be in favour of the deal. And yet somehow they manage to find that 4 per cent. I don't know how they do it, Mr. Speaker.

(1630)

So by every technical analysis, including those of the economists, it's a good deal for Saskatchewan, it's a good deal for Canada. And why is it, Mr. Speaker, that this is a good deal for Saskatchewan, a good deal for Canada?

The one reason that has never really come out in all the debate, in my mind, to the degree that it should have, is that if Canada and the United States, who share the longest undefended border in the world, who trade between — there's more trade between our two nations than any other countries in the world — if these two countries can't cut a deal and have some trade peace, if you like, how will the United States and Japan ever deal

with each other on a sensible basis? Or how will the United States and the European Economic Community ever deal with each other in some kind of rational and sane way?

If these two countries can't put together a trade deal, Mr. Speaker, we will never see those other deals come about. And for Canada, those are equally important, Mr. Speaker, because those two other big trading blocs, Japan and the European Economic Community, and the distortions that their domestic policies are causing across the world, are the ones that are wreaking havoc on our farm community this very day.

So if we can't cut a bilateral deal, Mr. Speaker, we will never cut a deal multilaterally. GATT will know no success, and it will know no success particularly when it comes to agriculture.

And I might add, Mr. Speaker, that I was particularly pleased to hear our Prime Minister, Prime Minister Mulroney, as he's visiting the nations of Europe and continental Europe, dealing with Britain and dealing with West Germany on the whole question of farm subsidies. I know that our farmers were pleased to hear that he was taking that kind of initiative.

So what I say is, Mr. Speaker, this agreement offers us the opportunity to set a model for the world when it comes to trade peace. Get out of this cross-war that we're caught in, and get in to show the world that we have a vision, as opposed to division, when it comes to trade, Mr. Speaker.

Unfortunately, what could scuttle the deal at the end of the day is the political dimension. As I said earlier, it's the commercial analysis, the technical analysis of the deal, the hard-core economic analysis of the deal. By every measure, or by virtually every measure, it's a good deal for Canada, but it's the political challenge that could scuttle the deal ultimately. It's the doom mongers and the naysayers and the change resisters opposite that could scuttle the deal.

The anti-free-traders are all lathered up, and the arguments they put forth on various occasions, Mr. Speaker, run like this, they run like this, Mr. Speaker. They say if we go into this deal with the United States that we'll lose our cultural sovereignty; if we get into this Mulroney-Reagan trade deal that we'll somehow lose our cultural sovereignty — we heard this afternoon — and that we'll become, somehow, become in their minds, Mr. Speaker, the 51st state of the United States of America.

Well let's look at this argument because it's one they use often, and quite frankly, Mr. Speaker, it has little or no basis in fact or history. They say, Mr. Speaker, what are these anti-free-traders saying as well? They say, well if we get into this agreement we'll somehow lose medicare. We'll lose our unemployment insurance, we'll lose the right to have our oil patch working or not working, that we'll lose the egg marketing boards. I think we heard this afternoon that we'll lose the Canadian Wheat Board. We hear all of those things from the anti-free-traders, Mr. Speaker.

Well what is the reality? The reality is, Mr. Speaker, that

not one of those things is jeopardized by this deal. It's only the NDP who would push that line.

An Hon. Member: — Prove it.

Hon. Mr. Hepworth: — Well it's only the NDP, and the hon. member from Saskatoon wherever, shouts from her seat, prove it, prove it. I say, I say Saskatchewan farmers think this is a good deal.

An Hon. Member: — Read the treaty.

Hon. Mr. Hepworth: — And she says, read the treaty. Well I'll do better than that. Their favourite source of research is the CBC and the *Leader-Post* and the *Star-Phoenix*. And what do I see in those headlines? "Canada farmers said winners in free trade." "Pool sees free trade as a positive move." "New chance to expand canola production." "Durum producers longing for access to U.S. market." "Pact could prime flood of investment oil and gas." "Wheat growers endorse free trade."

This one I like particularly. It's the *Leader-Post*, January 21: "U.S. farmers don't see reality for the chaff." Mr. Speaker, you could insert NDP don't see reality for the chaff, and that article would be equally as true, Mr. Speaker.

I could go on and on and talk about how the uranium industry feels about it. I could talk about "Free trade, another step to Canada's independence." "Free trade seen beneficial to women" — another headline.

I could go on and on, Mr. Speaker, but I, at this time, would move that we adjourn debate, Mr. Speaker.

Debate adjourned.

Amendments to Rules and Procedures of the Legislative Assembly

Hon. Mr. Andrew: — Mr. Speaker, with leave of the Assembly, I would like to raise an issue and later move a motion with regard to some rules and procedures of the House, and also inform the Assembly with regards to a decision today by cabinet, a decision by the Board of Internal Economy.

Leave granted.

Hon. Mr. Andrew: — Thank you, Mr. Speaker. What I would wish to do is announce today that we have arrived at an all-party agreement with regards to how we will deal with salaries of the members, with services of the members, and with some rule changes proposed for this Assembly.

The Assembly will know that following, or right at the last minute of the last legislative session, last November-December, we brought in some changes to the legislation that empowered us as the Assembly, to refer out the question of salaries, etc., to a commission to said, etc.

What I would like to announce today is the following, and

I will deal with what I would say are four main areas: one is the area of salaries to members; two is the question of services to respective caucuses or services to our respective members; three, the question of members' benefits; and four, with regard to changes of the rules.

This is the first time that, in fact, we have done this as an Assembly in the middle of the day in the middle of a session, and not at the eleventh hour of the night that we propose to adjourn.

First of all then, let me deal with the question of salaries to members. What we have today, pursuant to the legislation, Mr. Speaker, is appointed the commission to look into the salaries. That commission will also review the pensions of the members, as well as review anything else done by the Board of Internal Economy. In other words, this commission will have the power to overlook and look into everything that is in fact paid to elected members of this Assembly.

That commission will be made up of the following three people: one, Ted Malone, former member of this legislature, now Queen's Bench court judge; Mr. Ted Turner, former president of the Saskatchewan Wheat Pool; and Mr. George Solomon, prominent citizen of the city of Regina.

This particular group will review and ask for papers and ask for information or recommendations from anyone that wishes to make them. When they come to their decision, they will report back through the Speaker to the Board of Internal Economy. I can advise the members of the Assembly, and all other people of this province, that when that report is then made back, it will become public.

The Board of Internal Economy then has the following option. It can ratify what that commission recommends or it can modify it. And if it modifies it, it can only modify it less — in other words, reduce what the recommendation is; it cannot increase the recommendation.

So that, I believe, is a step forward, and it's being done in a very open and, I think, proper way of dealing with that question.

Secondly, what we have agreed to, and this comes before, and has been dealt with by the Board of Internal Economy. As I said, this will deal with two basic areas: one, service to members; and two, benefits to members.

With regards to services, first of all we have made some recommendations in the Board of Internal Economy to make some increases, somewhat modest increases I might say, to the respective caucuses, and those increases have taken place and have been recommended. If I could perhaps capsulize what they would be, always subject to change in membership of each representative caucus of this legislature, but about a \$50,000 increase in research money.

To the members of the opposition, a corresponding . . . about the same type of increase to the member of the government caucuses. And to the independent member from Assiniboia, an increase of approximately between

35 and \$38,000, which will allow him, that member, to as well hire some people and do some perhaps more research than now he is able to do with a measly \$5,000 a year that he is granted pursuant to the legislative rules.

As well, Mr. Speaker, there is recognition by the Board of Internal Economy that the member, the elected member, has and is more and more becoming a full-time job. And in that regard, what we are proposing to do in the Board of Internal Economy is to increase to each member the right of that member to have one full-time employee working for that elected member.

And that would be by granting to the member one full-time secretary where now we had a part-time secretary to each elected member. That secretary can have the option, or the member can have the option, of either that secretary working in their riding office or working part time in their riding office and part time in their legislative office.

There will also be increases with regards to the members' office allowance that will increase about \$120 a month. Again, that is to cover off the cost of members providing: (a) the rent of their office space, the purchase of equipment, etc.

There will be an increase proposed for communication allowances, Mr. Speaker, that will be equivalent to the four mailings into one's riding per year. That is increased from three that exist now.

There will also be an increase in the area of travel allowance, Mr. Speaker, that allows for a member to travel . . . or the travel allowance will be calculated from the member's riding or home to Regina, and will allow that member 52 trips a year as opposed to 35 trips a year.

There is another important, I think, measure being recommended by the Board of Internal Economy, and that covers the situation where the House or the session is in progress. And many members, those that live some distance away, find it very onerous to work in the legislature all day and then simply to travel home some 4, 5, 600 miles in some cases. And so what we are doing now is providing for those members that live on a sched flight — Saskatoon to Regina, Saskatoon to P.A., given a proper situation — to be able to take a sched flight and deduct that sched flight from one of their 52 trips.

For those not covered by the sched flights, in particular a member like the member from Athabasca, the member from Nipawin, the member from . . . a variety of areas, over 350 kilometres away from Regina, they will be able to use government airplane when the session is on to travel to their home on Friday, travel back on Monday morning, Mr. Speaker, and I think that is a proper and appropriate thing to do.

(1645)

I believe that . . . Oh yes, and the final one, Mr. Speaker, is the area of per diems. Per diems will increase from their present rate of about \$94 to \$129 for the time that we are sitting in the legislature. That will now be restricted, however, to 70 days. In other words, should the session

run beyond 70 days, per diems will not in fact be paid.

What we are doing, though, and are recommending, is the situation that in the past you are paid when the session is on, but one is not paid for services when the session is not on. And as we, I think, all find now that it's one thing to be in this Chamber when the session is on for that 70 or 80 or 100-odd days that we're here, but we also spend a great deal more time travelling back and forth to Regina, going to various meetings or conventions both inside and outside the province. And to deal with that question, we have recommended in the Board of Internal Economy that each member will be allowed to have 24 days or 24 of those type of meetings a year and be paid corresponding to that \$129 a day.

Then if we move to the area of members' benefits, Mr. Speaker, we've dealt with four, or proposing to deal with four areas. One, back in the 1960s a rule was brought into this House governing members that Canada pension deductions were only taken off your cabinet salary, or the salary for extra duties, and was not taken off the salary of elected members or their MLA pay. And this was come to be known as the Ross Thatcher rule. We have recommended that rule be done away with and that CPP (Canada Pension Plan) contributions be made by all members on their salaries, reflecting that their salary is in fact a salary not different than anyone else's.

Number two, the members will be able to qualify for two services available to the public service: one, being the dental program; and two, being a program designed for and to cover the situation where members or their families suffer from marriage problems, from problems with alcohol, problems with drugs. And they will be able to have the services of professional counselling to deal with their problems just as everyone else will.

And number four, Mr. Speaker, we are proposing to bring in a program that adopts the situation used in virtually all legislatures of the country now, and that is a severance package. That severance package would work the following: at a time of an election certain people are defeated, or other people don't run, in which case they go through the difficult decommissioning from politics into the real world, or to real life again. And that, very often, has been very difficult on many members, and members obviously from both sides of the House have experienced that.

The rule we are proposing is the so-called Ontario rule that says each member will be entitled to six-months severance on their MLA pay, or their total pay as elected member. The first six months, if you've served six years or less — if you served four years then you would still get the six months — up to a maximum of 12 months for someone who had served 12 years or more. So if you have served eight years you would get eight months severance. And that is, I think, a recognition of the situation that in fact does exist.

Finally, let me turn to the rule changes that are being proposed now, not by the Board of Internal Economy, but again worked out by the various members. And if I could give you my layman's version of the rule changes, let me try.

The rule changes, as proposed, will deal with what is called in the industry, stacking of votes. Put quite simply. It would be the following.

On any debatable motion, with the exception of the throne speech and the budget speech debates, when either side calls for a standing vote and the bells ring, either the House Leader or the chief whip of either side can approach you, Mr. Speaker, or the chairman of committees, and ask that vote to be stacked; in which case it would not be voted on then, but would be voted on at a later time.

The bells would continue to ring until such time as the two whips recognize or catch the eye of the Sergeant-at-Arms, and the bells would turn off then in the reasonable and ordinary way. And that allows the use of the ringing of the bells to draw a person's point before this legislature, still to be used.

If the two House leaders or the two chief whips cannot agree on the time, then the Speaker must settle the vote, if it was a Tuesday today, set the vote Thursday, immediately following question period. This allows, I think, perhaps ability to manage the time of members in the House in a more appropriate way.

The proposal is that we would use this system for the balance of this session, and it would continue on in the third session of the 21st legislature, upon the agreement of both sides.

I think that, for the most part, sets out the four changes, Mr. Speaker, and before I move the motion, maybe make two or three observations with regard to this.

This job is never, ever an easy job for elected members to do. And we often, or more often than not, catch the wrath of the media — and that matters less to us — but sometimes the wrath of the population, as to dealing with our own salaries, and that has obviously befuddled many members that have sat in this House before.

Let me make the following observation. I think it's very important that we look at the fact that the last major re-look at members' salaries took place following the 1978 election. That's about 10 years ago, and traditionally you see a re-look about every 10 years. That's number one.

Number two, we have been able to accomplish this with the agreement of all members of the House, I hope, and I think that's important that we in fact do that. More importantly, I think, is that we're able to do it now as opposed to midnight of the day that we adjourn the House for the balance of the summer and to come back the next year.

This will be one at it relates to salaries. It will be done in a way that is, in effect, an arbitration that we cannot raise but must only lower if we so opt to.

I believe it is also important, Mr. Speaker, to — as all members, as we know how much we pay and how much, perhaps, that cost one for this job. And there's nobody

ever became rich sitting in this legislature, and I can assure you of that from either side of this Assembly.

And so I think it's important that we maintain benefits, and I would hope the commission maintain salary levels at a way that continues and assists in attracting good and competent people to this legislature.

With that, Mr. Speaker, I would like to move a motion . . . It is a long motion, so I would simply move the motion. I should think I don't have to read a three-pager — I stand in your hands if I do, and I would undertake to do it — but read a motion or move a motion seconded by the member from the Quills, Quill Lakes, with regard to the rule changes that are, as I said, dealing with the stacking of votes. With that, Mr. Speaker, I so move the motion.

Mr. Koskie: — Thank you, Mr. Speaker. The Attorney General, the minister of Finance has detailed the changes in some considerable detail. And I want to indicate that there apparently is no real good way or good time to deal with the matters that we're dealing with here today. As has been indicated, we tried it late at night and nevertheless had some major problems.

But I can say sincerely here that we spent some considerable time and some considerable care in looking at the particular services that have been increased. And I want to say that I'm perfectly satisfied, and I think it is important that we have appointed a commission which can in fact, as the member has indicated, review the salaries and can look at all of the benefits of the MLA in looking at that, and also in respect to the pension benefits.

I think all members will agree that the people that have been appointed to the commission are outstanding in their own individual fields and will do justice and care in making their recommendations and will be fair, I think, and will also support their findings.

I think in respect to the services to members, I don't apologize for increasing some of the services to the MLAs in carrying out their duties for caucus research or for increasing to a full-time secretary, because after all, the job has for most, almost all members, become a full-time job and more is demanded.

I think it only makes sense, in respect to travel allowance, what we have done to provide air service to those that are more than 350 kilometres from the legislature. And I can only think of my colleague that sits next to me, the member from Athabasca, who indicates that in order to make a trip home it takes eleven and one-half hours of pounding the road — one way. And certainly I think this will provide a service within a reasonable range, where driving to the legislature becomes really a very time consuming, and not only that, to some extent a very dangerous undertaking, driving that distance by oneself.

I think in respect to per diems, as the member indicated, there's some allowances of some 24 days, I believe, for carrying on duties outside of the legislature. This is not unique to the legislature in Saskatchewan; it is also found in Alberta where they have up to 10 days per month allowed to the members, if they are not sitting in the session, to carry on outside duties. And certainly we have

a number of outside duties.

I think in respect to the benefits as has been indicated by the Minister of Justice, we have never ever had a severance package. And I can vouch, not only for myself but for many of my colleagues, the trauma and the dislocation that takes place when an election takes place and you're expecting to be re-elected and suddenly find yourself on the street. It's a very, very difficult situation.

And I think in the political field it's somewhat unique, because after all, what you do do is if you're here for any length of time, indeed any time at all, what you start to do is to interfere with the development of your own particular private profession or occupation that you had previously. And so I think that a reasonable severance package which is adopted, based on the Ontario, makes some logic.

I can say in respect to the rule changes again, a lot of time has been spent on this. We initially started with the rules committee and it kind of got watered down or displaced. And we've carried on with trying to function of the House and we've arrived at a mutual agreement in respect to the stacking of the votes as was explained again by the Minister of Justice.

The essence of it is that it doesn't tie up, while we're doing estimates, for example, 30 members sitting in the House. They can be doing other things. It still provides that there will be a quorum in order for the House to operate, and that should be understood.

We have also discussed with the House Leader and the Minister of Justice, and we are working on a sort of a mutual understanding of getting an agenda for . . . in advance for the following week's work, and this has been working to some extent. And we realize that if commitment is given on a Friday for the next week's work, that there may be some circumstances which may need to vary the agenda. But nevertheless, we are working towards that. I think it will lead to a better functioning of the House, both from the improvement in respect to the stacking of the votes and also in getting in the next week's agenda.

(1700)

So I think what we have done here is sat down, as the minister indicated, with all three parties represented. We have discussed it, and that recommendations were taken to the Board of Internal Economy, and these are the recommendations that have come forward.

I don't think in any detail that they are excessive. I think that the public will not be perturbed by members having services which allows them to better function in the legislature.

And so I am pleased to move . . . or second the motion of the minister and concur with the recommendations that he has set forth.

Mr. Goodale: — Thank you, Mr. Speaker. I am indeed prepared to support the minister in the announcements that he has made this afternoon, and I do so for several

reasons. First of all, because the minister and the Board of Internal Economy of this legislature are following what is obviously a very open procedure this afternoon — they are doing what they are doing in public and on the floor of this Assembly. They're being candid, and that is consistent with the public's right to know, Mr. Speaker, and I think that's all to the good. There are no other proper ways to deal with issues like salaries and service for elected members. It must be a very public process.

The Assembly recessed until 7 p.m.

Secondly, Mr. Speaker, consistent with the enabling legislation adopted in the law of Saskatchewan last year, the matter of salaries is being referred to an independent external panel. That panel effectively removes from MLAs the sole jurisdiction over their level of remuneration. Someone else will rule on what the work done here by elected members is worth, and after that external panel has ruled, it will be up to this House to accept that ruling or to vary it downward. It cannot go higher. So in effect, Mr. Speaker, there's a cap.

Thirdly, the limited matters over which the Board of Internal Economy had retained jurisdiction are for the most part cost items relating to the expenses incurred by members in the performance of their duties. While I am not yet, Mr. Speaker, a veteran member of this institution, like some of those that have been around for a long, long time, I'm told that these expense matters, as the minister indicated in his remarks, are reviewed and adjusted about once every decade. The last major change, I'm told, occurred about nine or 10 years ago, and it's likely, Mr. Speaker, that the next change will not occur for another decade into the future, and I think that spacing is important to note.

And significantly, and I think this may well be the most important part, Mr. Speaker, significantly, everything that has already been done by the Board of Internal Economy on MLA expenses and services, to which the minister has referred this afternoon, all of that is referred to the external panel on MLA remuneration on salaries and so forth. So there's a discipline that's being imposed here, and I believe that that is a very important principle.

In those changes, Mr. Speaker, that specifically relate to me, and in my rather peculiar position in this Chamber as a single member and as the leader of my party, I see that the Board of Internal Economy has, at least in part, adopted some of the advice that was offered by the Saskatoon Star-Phoenix in an editorial that appeared on December 3, 1986.

Mr. Speaker, as for the changes in the rules that the minister has referred to this afternoon, the rules by which this Assembly is to operate in the future, I think you will have observed that those rule changes are of relatively minor nature. They have to do with the timing of votes in this Assembly. They seem eminently reasonable to me. And I think they're worth a try, at least for a while, to see if we can thereby improve the efficiency by which this House operates. Thank you.

Motion agreed to.