

EVENING SITTING

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that **Bill No. 20 — An Act respecting the Reorganization of the Potash Corporation of Saskatchewan** be now read a second time.

Mr. Goulet: — This evening again I'm very pleased to enter into the debate on potash. I think I did mention the other day that as a member from the North, at a place where we have a lot of mining, and although I did have only a small experience with potash in regards to having worked in Colonsay and when I went to university in '65 I had heard about the potash boom, I've since, in the past week, Mr. Speaker, read a few more historical aspects relating to the potash industry.

An Hon. Member: — It will be the eighth time you've told us the same story.

Mr. Goulet: — The member from Regina South says this is the eighth time he's heard the comment. Well maybe if I say it 20 times he'll start understanding what's going on.

Some Hon. Members: Hear, hear!

Mr. Goulet: — I guess in relation to the aspect of the potash debate, I'd like to outline my debate in about three aspects. What I would like to do is go over potash and go over a little bit on the debate on public ownership and private ownership which the essence of the debate is . . . the essence of the Bill is about, and then I'll do a little bit of an historical background ranging from the years 1942 to 1961, and then during the boom years from '62 to '67 and then from '67 to . . . well from '68, I guess, to 1974, and then the year of public ownership of the mine in '75. And later on I will then talk about the PC phase of Potash Corporation of Saskatchewan from '81 to the present, and also deal then with the Bill. So what I'm trying to do here, Mr. Speaker, is trying to look at the historical development of potash throughout.

I think I've already mentioned that potash is basically used as a fertilizer, and that it was developed during the time that there was world development in agriculture. And also a great concern was developed internationally, was starting to be felt internationally, in regards to food production. So a tremendous demand on agricultural production was . . . and as such the era of fertilizers, and more particularly, the utilization of potash came into being.

The other day I had a chance to talk about the issue of public ownership, and I had mentioned the information that was provided for by the late T.C. Douglas, who was our premier in the province for many years. And I mentioned the fact that his viewpoint was fairly similar to the other NDP premiers that have since had time to govern. And basically, the idea of T.C. Douglas was to make sure that our political democracy had to be

combined with economic democracy, that we needed to have a mixed economy approach to development.

And as I looked at the statements by Lloyd, and more particularly by Blakeney, during the potash era, and also now the Leader of the Opposition, the same idea of a mixed economy approach is there. And I think the main reason for it is that most people in the past have felt that leaving the industry, the economic decision making, only to a few people, the rich and powerful corporations of the world, that the returns that the people could get from the ownership of that resource could not be forthcoming to a great extent. So the whole debate during that period centred in around the initial statements by T.C. Douglas which was followed up then by the rest of the province.

I also mentioned the other day that T.C. Douglas also did all kinds of analogies in regards to the development of the public ownership venture. And I was listening to the Premier this past year in talking about similarities that he had with T.C. Douglas. I must accept the fact that there are indeed similarities, Mr. Speaker. I mean, both of them were premiers of the province of Saskatchewan, and both of them did analogies in relation to animals.

And I can only recall I was reading a book on *Tommy Douglas Speaks*, edited by L.D. Lovick, and in here I saw the story about Mouseland and how the mice were being overtaken by the fat cats. And so Tommy Douglas utilized the story of how the analogies with animals in relation to dealing with the big corporations in terms of the fat cats and taking over and governing the whole era.

And as I look forward into the future, we look at Grant Devine, of course, trying to do an analogy also in regards to utilizing animals. And I refer just recently to the statements of the Premier in regards to ducks in this province.

And I saw that in the context where the . . . In both cases the premiers were trying to protect their policies. One was protecting the policy of the need for public ownership, and the other one was protecting the policy of government action in relation to what was taking place on the Rafferty-Alameda project and the problem that was taking place in regards to the wildlife federation taking the Premier to court and, in essence, showing the fact that the Premier had proceeded without following the law.

So the analogy I make here is that on the one hand we have T.C. Douglas teaching us a fine lesson about the contradictions inherent in our society; about the need to have public ownership and not leave everything to the fat cats; and that we need to be able to have a mixed corporate venture where we need to have a mixed economy approach with the utilization of public ownership and private ownership alongside it.

And in regards to our present Premier's position, he was protecting himself for not following the law, and I found that to be . . . The only source of similarity was that they both used animals in relation to their analogies and in respect of governing. So I just make that as a point as I get into the debate on potash.

As I looked at the early days of potash, one looks at the potash development in regards to the fact that 1944 was when the CCF (Co-operative Commonwealth Federation) government came into place, and that's when T.C. Douglas and CCF came into power. During that period of time there was very slow development in regards to potash, and the 1942 discovery in Radville and later on in '46 in Unity never did come out with any production. And although there was development of a potash policy in the early '40s, it was never really implemented.

There was talk about public ownership at that time, basically because the 1944 election had been based on implementing public ownership, but many of the advisers at that time felt that there should be a joint venture approach. The first joint venture approach was to be along with the federal government of the day. But the federal government did not want to have anything to do with public corporations because it was a time that the post-war period, when a lot of the anti-socialist and anti-communist hysteria was trying to take place mostly in . . . mostly in Europe and the West, and most of the cold war period was starting. So in many cases the federal government of course did not want to be . . . who were part of the cold war aspect, so that there was never any real strong desire to team up with this new socialist government in the province of Saskatchewan in regards to public ownership. So the joint venture idea fell through.

Then there was the idea to try to do joint ventures with the private corporations of the day, but because of the low level development of technology and things of that sort, it never did come through.

As I looked at the history of mining in here, of course the first attempt to do mining was during the 1951 period when a company called the Western Potash Corporation started mining potash in this province. They ran into some difficulties several years later because their technological advancements just weren't there. And a lot of the problems of water getting into the mine was not resolved, and they weren't able to have the shaft area engulfed in a protective shield against the water. So the aspect of technology created a little bit of havoc in regards to the lack of development in the area. And of course I mentioned the lack of technological development as well.

The potash corporation of America started their drilling operations back in 1952, and in '56, finally at Patience Lake around Saskatoon, the corporation finally started mining. And it was in this period that the mining really started, because starting from '56 onward, we had international mining and minerals corporation in Esterhazy. And later on we had IMC (International Minerals and Chemical Corporation) in around Esterhazy area and in '62, and Belle Plaine in '64.

So there was a whole host of mining developments that occurred from the mid-50s to the mid-60s era, and then later on then the Duval, Allan, and Lanigan mines came into operation in 1968. So the first point is that the mining really started rolling during that '50s period and the '60s period.

Now the solution to the technological problems that they had in the early '50s, in the mid-50s, became to be resolved in 1962 when a new technique was formulated and it was called a tubbing technique by IMC. And from '62 onwards, therefore, the new mines started utilizing this new technology and became a lot more successful. And as such there was a boom.

(1915)

I remember when I was at university in '65, there was a tremendous amount of talk about Saskatoon being the potash capital of the world, and there was many samples of potash that were available to people throughout Saskatoon during that time. And when we look at that period in time, there was about a 25 per cent growth rate for potash in that period, and combined with the world demand and combined with the agricultural development at that time, there was tremendously . . . a lot of profit that was made during that era.

It was important to recognize that the royalty structure at that time was about 2.5 per cent, so the rate of return that we were getting was not very much. It was quite insignificant right up to about the 1973 period when there was greater changes in regards to the royalty rate system. So we had a boom period but the rates of return were becoming to be a bit of a problem and in many cases we just didn't get the returns back to the province.

The Liberal government had been elected during that period in time, in '64, I think it was, and they were starting to have problems themselves in 1967 when there was a downturn in agricultural development. So the information I gathered showed that there was a real problem in regards to the potash development of the day.

As I looked at the historical records, I found a quote by the late premier, Ross Thatcher, and this is what he had to say when he was starting to deal with the development of a prorationing Bill. And he was very, very discouraged with the economic situations and the lack of returns at the time. And he himself went on to utter these words. He said that:

Seldom in the economic annals of Canada have we seen such responsible companies get in such an economic mess.

So here we had a Liberal premier who had initially, in his early days, agreed with combined joint ventures with a mixed economy approach, but he was a very strong, private enterprise person now, during the mid-60s. But here he was . . . he was becoming to recognize the fact that leaving the economics simply in the hands of private enterprise, the complete market-oriented approach to development was falling apart. Even with him, he had recognized that. And so during that time they developed a prorationing law which dealt with . . . dealing daily with controlling production to a greater rate and at the same time starting to talk a little bit about a bit of greater returns.

There was supposed to have been, at that time when the Bill . . . things that were really contrary to the market-oriented approach that Thatcher was using of the

day, because really what he was talking about was production controls. He was talking about the aspect of having to produce licences, that there had to be a minimum price. There was also supposed to be, along with the fee, a quota system, you know, things that were really contrary to the market concepts of economic development. There was also supposed to be various other ways of trying to deal with it in regards to meeting with private industry, more so on an ongoing basis.

But I think the basic point is that the Liberals, under Thatcher, recognized that private industry left on its own simply would not produce the benefits to the province, and that was a point. And he therefore needed to start having control mechanisms from the government in order to have a more planned economic development approach. And although personally a lot of his cabinet members did not like that approach, in the majority they were forced to go ahead with the prorationing scheme.

The next development really . . . I forgot to mention that prior to that time during the Saskatchewan era, the real place of potash development in North America, of course, was occurring in New Mexico, in the United States. And it became very clear, as historians looked at the prorationing tactic by Thatcher, that he himself was really lobbied by the American government, and their own protectionism in the United States had forced a certain amount of dealing with the controlling of production in Saskatchewan. The cost of production, of course, had more or less remained constant, but as a tremendous market orientation became to be felt in the late '60s during the Thatcher era, it was really felt that the controls had to be there at productive levels. There was a real surplus of production during that time so there had to lay-offs, there had to be all kinds of actions taking place.

But the thing that a lot of some historians have forgotten to look at is that New Mexico really wanted them to lower their production because the Americans had a lower grade ore and that they didn't want this high level of production taking place either. So they had lobbied with the Thatcher government to get this prorationing. So it wasn't only the planning and the economic mess that Thatcher had gone into and had recognized, but also the fact that he was in collusion with the American New Mexico companies.

So in 1970 the prorationing development took place and New Mexico promised not to take the Saskatchewan government to court in regards to the over-production and the so-called dumping in the American situation.

The next level of development, of course, did come with an election of the New Democratic Party in 1971. And, of course again, as in 1944, there was a lot of talk about renewing the public ownership idea again. And, of course, the joint venture idea and a mixed economy approach was also put into play. And I looked at the record in regards to the 1971 *New Deal for People*, program for progress documents — and these were in February of 1971. On page 8 of the document, it says:

With respect to new development, the NDP will give first priority to public ownership through crown corporations. Co-operative ownership will

be encouraged. Partnership arrangements . . . will be undertaken when appropriate. Limits will be established with respect to foreign equity capital, and every effort will be made to limit foreign investment in resource development to that equity capital.

So it was very clear from the NDP policy in the 1971 new deal that a mixed economy approach would be undertaken, but also the idea, in regards to the public ownership idea, that Saskatchewan people could do it, that Saskatchewan people could take over resource development, and that it didn't necessarily require foreign investment to create progress in this province. And that was one of the major ideas that was embedded in the new deal.

Another specific aspect in relation to the new deal was found on page 6 of the document, and this was relating to the potash, the potash issue. In that document it says that they will:

End the present government collaboration in a potash cartel that restrict Saskatchewan output and jobs. Because the present owners have generally shown unconcern about jobs for Saskatchewan miners, and because they have used their power to force farmers to pay exorbitant fertilizer prices, an NDP government will consider the feasibility of bringing the potash industry under public ownership.

So it was pretty clear that the question of public ownership in relation to potash by 1971 was there. A lot of people were debating, later on in 1975 when the Potash Corporation of Saskatchewan was being established in November of that year, that this had never been promised in an election, and here it was right back in '71 that it had been . . . that the public ownership idea was already there.

But embedded in that 1971 statement are very key issues, Mr. Speaker. The first thing is that the NDP political leaders of the day recognized that there was a cartel with the United States private owners of potash, and that the Liberal government had been collaborating with the American cartel in the potash industry. And what the proposal was . . . And the counter to that was, of course, the public ownership idea and that you would not need to have to collaborate with the private owners, you know, from New Mexico, in order to try and deal with the issue of economic development here in the province of Saskatchewan.

As I looked at the aspect it said that there would be a concern for jobs. It was recognized during the free market period and boom of the '60s that there was very little concern about workers and workers' rights; that indeed a lot of the problems in relation to the work environment were really felt by many workers and families in that era. And many of the workers had felt that putting it under public ownership would provide, you know, a better way of dealing with labour concerns.

There was also the fact that the private fertilizing companies of the world were making a huge profit during

the '60s in regards to the agricultural boom, and a lot of the farmers who were having a tough time, especially during the late '60s, around the '67 period when the agricultural situation became worse . . . that a lot of the chemical companies were reaping huge profits from the farmer, and the farmer, a lot of the farmers, said that having the potash corporation controlled by the people, that indeed part of the fertilizing long-term costs would be definitely offset by competition from a Saskatchewan public corporation.

(1930)

It's very interesting to note that now in 1989 we are bringing in Cargill to develop a fertilizer system right here in our own province, where we have to put up the first \$60 million on their behalf and that \$60 million is then going to be turned over to other big private corporations later on; and the fact that there's been questions raised that there has been guarantees up to the tune of about \$300 billion, you know, for the Cargills of the world. And when we looked at the situation back in 1971, there was the same concern. The farmers knew that indeed the fertilizer and chemical companies were creating huge profits for them and it would be a good idea to have Saskatchewan people through the idea of their own, through co-ops, through the public ownership concept, to finally have some control over one segment of the fertilizer industry, which would be potash.

Some Hon. Members: Hear, hear!

Mr. Goulet: — So the 1971 period was very important in the evolution and the development of a new way in regards to potash economic development. And it is from that time that there was not only a changed view on the idea of a mixed economy approach to potash development but also the fact that we needed better returns. We have to look back at the history of taxation to really make a point on this.

When we look back in the '44 period, there was a mineral tax Act which ran up to about 3 per cent per acre of production, and that kept on going till about 1950 when the potash regulations came out during the T.C. Douglas NDP government. And at that time they introduced the regulations which amounted to a 5 per cent royalty on the aspect of the sales value of the potash produced, or they said we could have 25 per cent of the net income that was made by the corporation. And of course we know that very little did develop during that time, because a lot of the development was really taking place by the New Mexico cartel, and most of the things were happening in the States at that time.

And they felt that the companies . . . The private companies felt that they didn't want to raise it from 3 per cent to 5 per cent, have to raise it to 2 per cent and bother coming to Saskatchewan, when they knew they could get it for 2.5 per cent in New Mexico. So they stayed in New Mexico during that period in time.

When we looked at the new regulations, the people in the NDP felt that they had to — I mean to the CCF at that time — felt they had to cut it back, so in '53 they introduced the subsurface mining regulations.

And then they looked at the actual ore that was being mined. And at that time they said they would tax four and a half per cent of the ore value that was mined, so that there was a little bit of a give from the government of the day to try and entice the private companies to come to the province of Saskatchewan. But lo and behold, nobody ever showed up till, of course, 1956, you know, apart from the '53 development from Western Potash Corporation.

The '56 development with potash corporation of America when they came in, of course, felt that the 4.5 per cent was too high. So a new system was regulated. And because the government of the day were unable to get joint ventures with the private corporations, because the private corporations said they didn't want to do joint ventures with us, and because the federal government didn't want to do joint ventures with the province, they said: okay, we won't produce anything unless you assure the fact that you can reduce your royalty rates.

So the royalty rates in '56 were reduced to 2.5 per cent. Although there was . . . It was related to the ore grade. For example, it was four and one-quarter per cent for 20 per cent, and then it was 9 per cent for any grade that was 45 per cent. So it was a graduated system. If you had a higher grade ore, you paid more, and so on. But the basic rate was still very low; it was two and a half per cent.

And so in . . . As time developed, during the early '64 period this was extended for another 10 years. Later on, of course, the Thatcher government — the Thatcher Liberal government — extended this two and a half per cent royalty figure to 1981. And there was separate other developments in regards to the taxation issue. For example, there was . . . In regards to private lands, in regards to freehold production in 1965, 8 mills per dollar of assessed property value was what was come up with. And things never really did change that much till the development of the 1972 prorationing free regulation by the new NDP government.

The prorationing fee was way too low, that the Liberals had established, so a new fee was being established, and this was on the basis of a 60 cents per ton of potash. It amounted to about less than 6 per cent royalty during that period in time. Many of the people of the province, of course, felt that there was still very low returns in regards to that and that it was insufficient. So in 1973 it was doubled — it was now \$1.20 a ton — and the NDP government at that time had, of course, an increase in public revenue by \$3 million.

But of course one has to recall that because of the huge development that was taking place at that time, and because of the price increases in potash when there was a downturn during the late '60s period, the potash prices were going up again, and the industry had made \$131 million.

So the industry was getting \$131 million profits, and we were getting \$3 million in the province of Saskatchewan. And this was the time when the Saskatchewan taxpayer in general was paying 24 per cent, and the farmers at that time, their tax rate was about 21 per cent. So we were

paying over 20 per cent, and the corporations were still at a very low royalty rate.

So the 1974 potash reserve tax was introduced, and this time they raised it up to 12 per cent. And it was during that period there was a tremendous amount of discontent by the industry, because for the first time they had to pay their fair share of the potash resource. And the difference it made in regards to provincial revenues was quite drastic: from about \$3 million, the public revenue had risen to \$91 million.

So here we were. In one year we had raised our revenue, our public revenue, by \$88 million. And that was of course fought hard by the potash companies, and that 12 per cent overall figure was reduced by about 28 per cent later on. In other words, about a quarter of it was . . . about approximately a little over a quarter of it was reduced. So in other words it had gone down to approximately 8 per cent again. And so what was becoming very clear was that the strategy, the immediate strategy of the NDP during the early '70s, was to not go for public ownership right away.

Many people felt that the strategy to increase the rent on the companies that utilized our resource may be a way of bringing us the needed revenue for development in our province. And a lot of the pressures from the people of the province of Saskatchewan were in that bent, that they wanted to see us have a really a fair return on especially a resource they knew that it was approximately . . . Well it was a world-class resource. We had about 40 per cent of the world reserves, and that we were second only to the Soviet Union in terms of world production. So we were simply second in terms of overall world production, and people knew that the amount of potash reserve that we had would last thousands of years. We had such a tremendous amount of reserve, and because no other places other than the Soviet Union had an extensive amount of such high grade ore, we could . . . A lot of people said we should utilize it to the greater benefit of our future and the future for our children.

And so there was pressure from the potash companies to try and lower the regulations, and pressure from the people to try and increase the amounts of revenue from the piddly \$1 million to at least \$100 million or so. So there was a whole debate that was taking place during that period in time.

As we looked forward into the 1974 period . . . Oh before I get into that, Mr. Speaker, I wanted to mention that during this initial era, of course, there was a development of oil in Alberta. It's very interesting to know that when comparison is made, you had the Conservative government coming into play in Alberta, and they were introducing royalty systems and returns up to 39 per cent in regards to oil, and they were getting hundreds of millions of dollars from oil; Alberta was during that time. But it's very interesting that the private corporations, instead of really going after the same type of regulations in Alberta, instead went after the Saskatchewan government to a greater extent.

Our royalty rates were away lower than the oil royalty rates in Alberta — way, way lower — and here it was

some of the private corporations were making an exceptionally big deal about the increase in the royalty rates.

So, as I was mentioning, the reserve tax was increased and there was a tremendous upheaval by the people, by the potash corporations, I mean. But of course an election was coming around.

(1945)

Many people said at that time that the NDP government would fall because of how they were treating the potash businesses. They said that there was a lot of fear mongering on the potash . . . rise in regulations by the potash industry. And at one point they had really . . . Through that one point they had to really cut back production deliberately during that period in time.

And so there was a feeling that they might hold the system at ransom, but the NDP government, between the '71 to '75 period, held their line and they kept up with that royalty rate. With all the fear mongering that was going on they went into an election with one of the greatest barrages in the history of Saskatchewan in regards to media by the potash companies.

But they never did succeed because the people elected the NDP government back in '75.

Some Hon. Members: Hear, hear!

Mr. Goulet: — And after the election — this was a June election of '75 — the companies took the Saskatchewan government to court, and they said that the prorating rate which the Liberals . . . Really the Liberals were the ones who introduced the prorating law, and the NDP just extended it a little bit more. But they took the government to court and said it was unconstitutional, and of course the Saskatchewan Court of Appeal agreed with that decision.

Everything was a little bit of an upheaval during the summer of '75 because the government had been utilizing a law that was set up by the Liberals that was now found unconstitutional; in other words, that they weren't able to tax the corporations in a particular way, especially if it was done on international marketing, because only the federal government had jurisdiction in international marketing. And in that way then, that thing was kept up to the Supreme Court, and it was dealt with in '78 and was the same way. It upheld the Saskatchewan Court of Appeal.

But the point of the matter is this, that the NDP government tried various tactics and various compromise with the corporations to try and deal with them: they had cut back their royalty taxes from about 12 to approximately 8 per cent; they agreed to abide by some of the requests by the potash corporation.

But because they were being taken to court and because the corporations refused to pay . . . There were \$30 million in arrears; they simply wouldn't pay the tax. They simply wouldn't disclose . . . There was a law that was passed in Saskatchewan for them to disclose information

to the government. They wouldn't abide by the law.

So the corporations stood their ground. They simply wouldn't follow the law. They even took the government to court, and they even put them to court during that time. It was a trying time for the NDP government which had just come into its second term of office.

And of course a decision was then made that if we couldn't look at the books to get a fair return for the people, because the corporations kept their books secret . . . It's very similar to today when our public auditor can't even look at the books of the PC privatization process and the PC mixed economy approach, which we can't look at the books. They try to act like a big private company all the time.

Well the big private companies were doing this at this point in time, so the NDP government did not have a choice but to go to the platform that they ran on in '71, and they went to a public ownership concept.

Some Hon. Members: Hear, hear!

Mr. Goulet: — So in November of '75, the potash corporation was born and the road to the public corporation history became part of Saskatchewan history.

I would like now to go through some of that history and deal with some of the key points of what really took place in the many different areas of the potash industry. I would like to outline the different developments, Mr. Speaker, in the idea of production and sales, so people have an historical knowledge of what happened since the take over of PCS (Potash Corporation of Saskatchewan), and its first operative year of 1976.

I also want to have a look at the assets and the equity, then I will move on to deal with the provincial investment and the dividends and the rates of return. After that I'll follow it up with an examination of the debt and the interest payments, and after that I will then deal with the dividends and the royalties and taxes that were paid to the public purse, along with profit and loss margins during the '76 to '88 period, and also the jobs and the wages.

And before I get going on that aspect, I would like to first of all just maybe quote a few of the things that the opposition members were saying back in 1976 during the debate. And I would like to start out by looking at the aspect of the Deputy Premier's statements — this is in December 11, 1975, and this was on page 1,030 of *Hansard* — and this is what the Deputy Premier said at that point in time. He said:

I wonder first if anyone has asked the employees of the potash companies if they are willing to become civil servants. I wonder if they are aware that only 5 per cent of the potash mined in Saskatchewan has a domestic market. Has anyone told them that if (they) . . . don't get our share of this somewhat hostile export market, that they will probably be looking for jobs elsewhere, probably Alberta or some other industrialized progressive area of our nation.

So what the Deputy Premier was saying at that time was that he was trying to put a little bit of fear on the workers of the private potash companies, saying that we would never get our fair share of the market; that indeed what he was implying is that the big corporations with their market potential would never allow a public-owned corporation in a resource area like potash to really make it anywhere. Because they controlled the cartel in the United States, they would have a great chance of controlling the market conditions in regards to potash development. And at that time, of course, the Deputy Premier, the member from Souris-Cannington, said that we would lose jobs in the province of Saskatchewan if the issue of public ownership was ever brought into being.

And I also look at the member from Qu'Appelle, and I thought I'd read this because when I was reading the story by T.C. Douglas, he was mentioning not only the fat cats in regards to the development of the big corporations but he was talking about the different coloured cats: you had the white cats and the black cats and you had spotted cats. And he was saying . . . He seemed to be implying that there were cats who change colour, and of course we well know that the Minister of Finance was a Liberal member before. And it's interesting what he had to say in page 1032 of *Hansard*. And again this was on December 11 of '75. He said that . . . And this was from the Minister of Finance, the member from Qu'Appelle-Lumsden. He says:

Obviously, as I have, the Conservatives have not read Bill 1, because if they read Bill 1, they would know that it becomes more and more obvious that the people have a right to know and the people have a need to know what it is going to cost and again what future generations may have to pay.

He didn't know that he was being very prophetic back in 1975, because a lot of people would say the same thing today, that the PC Conservative Party doesn't tell the people a lot of what's going on in the mixed corporate ventures and the privatization strategies. And they don't tell them that it's going to cost them a pile in the long run.

And you would have thought that Lane was talking about . . .

The Deputy Speaker: — Order. Members are not to refer to other members by name — by constituency or by office.

Mr. Goulet: — So I guess the member from Qu'Appelle at that time . . . I could say that? I have to apologize that I used his name; I saw it in my notes and I accidentally read it.

But anyways, I would also like to read one of the other key aspects in regards to the potash debate in 1975 in December — December 22, 1975. And this one is one during the debate. This was by Mr. Colin Thatcher. And this is what it says in 1424, and Mr. Colin Thatcher had this to say at that time. He said:

I think it would a very tragic thing if the Government were to use this Energy Fund or for that matter any . . . liquid cash to go into something

that will not produce one more additional job in potash, it will not get any increased production, in fact it will invariably result in a decrease in production. In short, to go into something that is already being done, something that is already being taxed to the limit, in fact, I would suggest to you, taxed much too heavily, which undoubtedly accounts for the fact that the expansion has not been to the satisfaction of this Government.

(2000)

So the basic points that Colin Thatcher made on December 22, 1975 during the potash debate was that, of course, he said there would be no additional jobs, no jobs at all. Later on I'm going to completely refute that statement but also the member from Souris-Cannington's statement under the same point.

And they also said that there would be no increased production. In other words, because of the supposed highly efficient private industries, the public corporation would simply not be able to produce. And that was the belief and the wide belief in that time, and it is still a belief today, that public corporations could not be as efficient as the private corporations.

And also they said that, of course, the private industry was being taxed way too much, and the story is not much different from the story that PC members from opposite always talk about.

And in regards to another aspect of fear mongering, there was fear mongering therefore that the public corporation would not simply be able to compete with the private corporation. That was the first assumption that was made. They said that it would not be able to do the efficient and competitive marketing of the large-scale cartels that controlled potash of the day. They said it simply would not succeed.

They also said that there would be jobs lost; that indeed there was no way that the potash corporation could ever produce jobs; that indeed there would be jobs lost. There was also a very clear statement that the overall production and production capacity would go down.

I would also like to look at some of the words that were used. I thought it was quite the thing because the development of the public Crown corporations was being looked upon as a Frankenstein, as a Frankenstein monster. And that was by, of course, Colin Thatcher. And I would read this in the debate in December 22, 1975. On page 1425 and 1426, he says:

We have examples in this country where Crown corporations have grown to become almost Frankenstein monsters.

Now I think he mentioned that CBC (Canadian Broadcasting Corporation) during that time. He must not have been getting good news coverage during that time, so he must have been really after the CBC because he says:

(The) CBC just continues to roll on and on not

caring one way or the other.

I suggest to you that this is an example of what can happen to a Crown corporation. It can become a complete and unadulterated Frankenstein.

An Hon. Member: — Who's that, said that?

Mr. Goulet: — The member asked who said that. And of course the person who said that was Colin Thatcher.

So there was quite a lengthy debate in regards to the formation of the potash corporation back in '75-'76. And there's many statements from the member from Qu'Appelle-Lumsden, of course, in regards to his direct opposition to public ownership, which he always labelled as a nationalization in those days.

An Hon. Member: — Was he a Liberal then or was he a Tory?

Mr. Goulet: — In those days as Tommy Douglas . . . As the member asked me, what he was in those days; in those days of course he was a Liberal.

And T.C. Douglas, of course, always said that there was these certain types of cats that change colour. And he appears to be in history one of these cats that changes colours all the time.

An Hon. Member: — Was he a black cat or a white cat?

Mr. Goulet: — We don't know. Nobody really knows what colour he's going to be, because the only thing we know in his history as Minister of Finance is that he must be a red cat today, because we're \$4 billion in the whole in the province of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Goulet: — In regards to the '76, '75 period, therefore, there was tremendous debate in the history of Saskatchewan. People were talking about our future. There was arguments by the opposition of the day and there was arguments by the NDP government of the day. And the arguments were very clear by the NDP government. The NDP government of the day said that the mixed economy approach was the only way to work because the big corporations refused to follow the law, because the big corporations refused to disclose important information that we could use for planning of returns for our province, of planning proper rent, planning proper royalty and taxes.

And because the corporations are refusing to provide us with that information, and because the big corporations were in collusion with the American cartel, and because the big corporations were indeed not providing us with a fair return, and because they indeed deliberately cut back production at one period of time and held the province at ransom, that the people finally said the only choice that we have is public ownership. And it became then to be the era of public ownership.

As we looked at the initial points of debate, I mentioned that there would be talk about the production and sales

aspect of Potash Corporation of Saskatchewan. So for the record I'd like to read in the factual record of what it was in terms of potash production from 1976 to 1988. In the first year of the formation of PCS, the production was 140,000 tonnes; by 1977 it had risen to 1.56 million tonnes; by 1978 it was 3.13 million tonnes; by '79 it was 3.976 million tonnes; by 1980 it had arisen to 4.479 million tonnes; and by 1981 it was 4,371 tonnes . . . I mean 4.371 million tonnes.

In other words, from barely 140,000 tonnes, we had gotten into approximately four and a half million tonnes by the early 1980s. The productive capacity of the Potash Corporation of Saskatchewan was actually proven without any doubt. The earlier statements by the private owners during the mid-70s said that they would be unable to produce, but the facts showed that the Potash Corporation of Saskatchewan was able to compete with the best in the world.

The other aspect that becomes very clear in terms of sales during that period is that it rose from 80,000 . . . The sales were 80,000 tonnes in 1976; by 1979 they were up to 4.196 million tonnes; by 1980 it was 4.407 million tonnes that were sold. The point here again is that in terms of sales, a lot of the arguments that were made against the potash corporation was the fact that the big corporations and the international cartel would be able to make mince-meat of the Potash Corporation of Saskatchewan, and the Potash Corporation of Saskatchewan would thus not be able to compete in terms of sales.

And the record shows very clearly that about four and a half million tonnes were sold. When I look at the records . . . (inaudible interjection) . . . The member from Meadow Lake is yapping from his seat and wondering where I'm getting the records from. He'll be happy to know that I take them from the annual reports, the latter part of which I included are stemming from the PC government records as well.

So he'd be happy to know that, as he says, these are not Chairman Mao's records, as he says, because these are actual records of the Saskatchewan government, if he would like to know. He might have liked to sell the potash corporation to Chairman Mao, and if it wasn't for our motion just this last while to make sure that we don't sell to the Chinese corporations, that they would have probably gone ahead and done it. They were going to do it, and that is what I understand. If it wasn't for our intervention and our amendment to our motion, they would have done it. It was very obvious.

Now let's look at the PC government era in regards to production. We said that up to close to four and a half million dollars worth of production existed with PCS. Well what happened in 1982? Well this is the beginning of the era of PC mismanagement.

What is the record? It says 2.8 million tonnes. From 1980, it was 4.4 million tonnes, it had dropped to 2.8. It is absolutely amazing that in one year, in just one year it went from approximately 4.4 to 2.9 million tonnes, which means that there was a drop of approximately 1.5 million tonnes of production.

In other words, when the great PC management machine took over PCS, it dropped by 33 per cent in their production — a 33 per cent loss in production. Just when the PCs got a hold of it everything fell apart. And that's the way the record of the PCs is.

When I looked at the PC record for sales, because they were always saying that the great marketing strategy of the private corporations would win over the PC, well we said, well what about the PC government strategy. How would that relate to the NDP era? Well I looked at the NDP era — again, close to four and a half million tonnes of sale; then I looked at it, 1982, it was 2.6 million tonnes of sales.

(2015)

And I noticed that in regards to the Canadian market share, we had gone down from . . . The PCS market share used of the Canadian market was 38 per cent in 1980 and 37 per cent in 1981. What do you think it was in 1982 and '83? It was 32 per cent and 33 per cent. It was a 5 per cent drop in one year — just astounding.

And so I would think that the record of PC mismanagement speaks for itself. And as I looked at it, it averaged out to about, oh, I would say about 33 per cent in the next three years compared to about 37 per cent for the NDP era — a vast difference.

Now for the . . .

An Hon. Member: — Can we just take the speech as read and save all of us a lot of anguish?

Mr. Goulet: — The member from Weyburn is just appreciating my speech, so I think I will continue.

I know that he doesn't like reading books, because he simply doesn't know what facts are in there. So I thought I'd just read it in the record for him.

Then there was the issue of assets and equity. I looked at the record in terms of assets, because in any company it's very important that we control . . . Any company knows that they have to control their assets, because they know then that they can control the profit margins, they can control the operation, they can control many aspects of production. Controlling the assets is an extremely important aspect of any business.

An Hon. Member: — What are you talking about?

Mr. Goulet: — Now the member from Regina South said . . . (inaudible interjection) . . . The member from Regina South wants the assets on record, so I'll read it on the record for him.

Now, in 1977, the record shows that the assets of PCS were \$313 million . . . (inaudible interjection) . . . Now he wants to know the next one. He wants to know 1978. It was \$601 million worth of assets that PCS had.

Now you look at 1979; it was \$698 million. Now we look at the fact of 1980; it was \$858 million. By 1981 it was \$963 million. In other words, the assets of PCS had risen

from zero to close to a billion dollars by 1981, and this is the record of the NDP government during that time. I mean when I look at the record, we went from zero to \$1 billion. During the PC era the assets had risen from 1 million . . . 1.089 billion to 1.344 billion; in other words there was approximately a \$300 million increase from 1982 to '88, a six-year period, but during the NDP period a billion dollars' worth of assets in the province of Saskatchewan.

When we look at the equity for the record, it had moved from 230 million in 1977. It went to 434 million in 1978, and in 1979 it was \$523 million. In 1980 it was \$640 million. In 1981 it was \$732 million. It is interesting that equity throughout that period had increased by about . . . starting from about a '78 period to the \$732 million figure in 1981 by approximately \$100 million a year.

Now we look at the equity margins in the next four years, and what will we get? Nineteen eighty-two, 683 million, there was an equity loss; 1983, it was 603 million; in 1984, it was 678 million; and in 1985, it was 609 million; and it went all the way down to 1986, 506 million.

In other words, from 1982 to '86, in a four-year period, there was an equity loss of over 200 million. And when you look at the improvement prior to that in the previous four years, we know that it had arisen by 400 million. The equity improvement was approximately a \$400 million improvement during the NDP era from 1978 to '81, and it had gone down actually by approximately 200 million during the PC era from '82 to '86. And again, the PC mismanagement becomes very clear for the record.

The other aspect in relation to the talk . . . I understand that the member from Weyburn was interested in the long-term debt. So I'd like to produce the information for him in regards to the long-term debt. And for the record, the long-term debt was 75 million. In 1978, it was 138 million; in 1979, it was 157 million; in 1980, it went down to 108 million; in 1981, the long-term debt was \$88 million.

After the initial \$138 million debt in 1978, it had gone to \$88 million. But then what happened? What happened to the long-term debt? They had an election and the PCs came in. And what happened? In 1981, it was 88 million, the long-term debt — what was it, 1981? In 1982 when the PCs came in, what was it? — \$222 million; in 1983, it was \$373 million; and the long-term debt in 1984 was \$344 million; in 1985, it was \$339 million; by 1986, it was a whopping \$558 million. The era of PC mismanagement: from \$88 million to \$558 million in long-term debt by 1986. So the record becomes very clear that the debt load in this province was, in the main, accumulated by the PC mismanaged government.

Many things that I want to start mentioning are the . . . I want to look at the provincial investment. How much did the province put in? Now how much put in was by Crown investments corporation? In the first year there was \$229 million. Then by 1978 it was \$419 million, and it remained that way till 1982. A year after the Tories got in, it was raised by 62 to \$481 million. And then in 1987 Crown investments corporation put in another \$662 million for a total of \$1.143 billion.

In regards to the rates of return, I would also like to put those on the record. These rates of return, of course . . . One of the members from across wanted to know where I'm getting the records from. The records come from the annual reports, a lot of them from the PC annual record reports. So it comes from your own records.

And the member from Regina South is still yapping from his seat and saying that records are goofy, but that's not the case. The records there are made by a lot of people who look at the annual reports and make them as is. If you want to call your own PC records goofy records, that's your prerogative, but I'm telling you that these are the facts that we are getting, member from Regina South.

I see that the member from Regina South is getting excited with these facts and he's . . . Oh, I guess I can't mention the fact that he's leaving.

So when I look at the return on equity, I would like to look at the figures that I was able to obtain from the 1979 period to 1988. And for the record . . . And I'll just utilize the ones, Mr. Deputy Speaker, for the ones that are the return on equity after tax; I'm not going to do the ones that are on the pre-tax.

The 1979 return on equity after the tax was 14.9 per cent. Then in 1980, it rose to a record figure of 28.79 per cent. For a lot of people who talk about public corporations and the fact that they cannot get their returns, that they cannot become a class corporation, that they cannot have world-class production and world-class returns, here is a good example on what a public corporation was able to do.

(2030)

It was at 28.79 return on equity after it had paid the tax and, for the member from the other side, I will be mentioning not only the returns on equity after tax this

time around, but I'll be mentioning other aspects as well that he'd be pleased to hear about.

Now the return on tax in 1981, the return on investment, I mean, return on equity was 20.15 per cent. That was in 1981. Now what do you think happened when the PC government was elected in regards to return on equity? This was 1982 when the great PC management machine came to take over the Potash Corporation of Saskatchewan. Well what happened?

All of a sudden, the return on equity, which was close to 30 per cent in 1980 and over 20 per cent in 1981, was 0.09 per cent. It was less than one-tenth of a per cent. It was less than one-tenth of a per cent. That was absolutely amazing. In just one year, how could it be possible that a corporation would get a return on equity of close to 30 per cent and over 20 per cent in the two preceding years, can get less than one-tenth of a per cent by 1982? But that's not bad.

So what happened in 1983? Well in 1983 it was even worse. It went in the hole by 2.8 per cent. And it further went in the hole in 1984 by 3.96 per cent. Then it went in a real big hole in 1985 — 7.71 per cent. And this was absolutely astounding. In 1986 — this had to be a world record, because it went down to 18.54. And we even went down . . . There was a pick-up and a big improvement, of course, in '87 to 2.5; it was in the hole by 2.5 per cent.

So what we see in the history of the potash corporation is that the return of equity is in the negative all through the years of the PC era, apart from this year, and that indeed the tremendous returns were happening during the NDP era. And I think that is a type of record that shows very clearly the history of PC mismanagement in this province.

We look at the \$4 billion debt in this province and the fact that we have to each pay . . . that we have to pay about a million dollars a day, that we have to pay higher taxes, higher income taxes on a year-by-year basis. And the result is because of PC mismanagement, not only in governmental apparatus, but also on their public corporations.

I think it's also very important, Mr. Deputy Speaker, to deal with the issues of the dividends and the royalties and taxes that we were able to get from PCS alone — from the Liberal years, where there was virtually very little money coming from it, only ranging in thousands of dollars; the NDP era and the increase in royalties and taxes brought a good return for the province and for PCS.

The PCS records show what they paid to the province. It's no wonder during this period that we were able to build many schools in this province. It is no wonder during this era that there was a lot of roads that were constructed in this province. It is no wonder in this era that there was record number of houses built in this province and the NDP-style management of public corporation is also on the record in regards to returns for investment and the returns in regards to the royalties and the rent and the taxes that accrue to us as citizens and owners of the potash resource.

From its humble beginnings in 1976 the taxes were \$1.1 million. In only one year the taxes and royalties and the return we got on them in 1977 had risen to \$16.3 million. By 1978, we had come up to a figure of \$35.1 million. In 1979 the royalties and tax returns amounted to \$58.3 million. By 1980 the amount was \$89.5 million. In just four short years it had risen by close to \$90 million — \$90 million a year was what we were getting back in regards to royalties and taxes. No wonder there was so many schools and roads that were built during that era.

During that time in '81 we had . . . The last year when the NDP was in power the royalties were \$70.8 million and a lot of people will probably ask: well I wonder what it was when the PC government came into play. And I'll quote the production figures. The figures on PCS were 2.649 million tonnes in '82, but the returns on royalties and taxes was 15 million. It had dropped from approximately \$71 million and \$90 million — from \$90 million and \$71 million in '81 it dropped down to \$15 million in '82. It well tells you that that's the start of the PC era when it drops by close to \$75 million in just a two-year period.

So during that time you have approximately 160 for the first two years and plus approximately another 60 in '79 would be 220; about 35 would be about 250 — between '78 to '81 there's approximately \$250 million that went to the government coffers. In other words, close to . . . And from about '77 it's more like \$265 million. So from '77 to '81 we have that much, but how much is it in the PC era? Well in '83 it was \$10.8 million; 1984 it was \$17.7 million; in 1985 it was \$10.8 million; in 1986 it was \$13.3 million; in 1987 it was \$12.7 million; in 1988 it was \$19.9 million. Now the total in that time would be 15 plus approximately 10, 25; that would make it about 55, 65, 75, 85, 95, 105 — just over \$100 million.

So from 1982 to 1988, we have approximately \$100 million worth of royalties and taxes that accrued to the province of Saskatchewan. And the NDP period in the prior six years — and that's counting the potash corporation year when potash corporation was formed, when they only made one million the first year — just counting the five years amounts to over \$250 million.

When you examine that, the NDP five-year period was able to gain over two and a half times what the PCs were able to get on a seven-year period, from '82 to '88. In just a five-year period, the NDP had 250 per cent more than what the PCs were able to get in a seven-year period between '82 and '87.

A lot of people may think that it has to do with production levels, but here's an example: 1988, this past year during the PC government era, 5.089 million tonnes of ore were produced, and we got 19.9 per cent when 5 million were produced.

Well what happened during the NDP era on production? So I looked at the time we got \$90 million — we produced less than 1988. We produced 4.479 million tonnes. In other words, during the PC era, they produced more tonnes of potash, but they get only \$20 million versus \$90 million during the NDP period.

So there is a great big difference in terms of royalties and

taxes that were able to accrue from the province. In other words, we are getting approximately, for 1980 . . . Using the 1980 figures, we are getting about four and a half times the royalty and tax returns from potash development that we did during the PC era, just this year.

A lot of people would say that's an unfair comparison because the PC era, 1988, is simply the best year of production that they've ever had. But still, the best year of PC government in managing PCS still does not compare with what the NDP figure was back in 1980. It is less than one-quarter of the returns.

So it becomes very clear that the reason why we are in a \$4 billion debt is because the royalty and tax rates have gone down during the PC era. We mentioned that in the last election when we calculated over \$1.5 billion should have been accruing to the province from the oil fields. We also have said that in regards to even \$7 million in regards to just one company this year on uranium development, and that's just for this past year.

(2045)

So what I'm saying in regards to the potash returns is that the record is very much the same — that the returns are very low, that what this government is doing is giving away to the big corporations, and they are also not getting a fair return therefore from our own corporations that we publicly control. And that's what the record tells us.

It's a record of the fact that the privatization strategy has simply not worked, and the private industry approach only to development has not worked, that indeed the return of over \$250 million in just five short years versus \$100 million in seven years of PC rule is simply a straightforward condemnation of PC policy and is also a record of PC mismanagement.

The other aspect that's very important in looking at the record is the profit and loss margins on the early basis. So I'd like to then go through the profit and loss margins. The initial position, of course, was that these inefficient public corporations would never be able to make any profit, and that was the initial position by the Liberals and the Conservatives when they debated with the NDP during the formation of the Potash Corporation of Saskatchewan. But what does the record show in regards to profits and loss margins?

Well the potash corporation, after the first year of production in 1977, made a net income of \$1 million. In 1978 it had gone up to \$14 million, and by 1979 the profit was \$78 million.

The Deputy Speaker: — Order. The member has used these arguments more than once tonight; it is tedious repetition. Order. They've also been used by other members in the debate. Order. Order. Number 25(2) of the members' handbook:

. . . irrelevance, or tedious repetition, either of his own arguments or of the arguments used by other Members . . .

So I would ask the member to refrain from using the same

numbers over and over again, just in this debate.

Mr. Goulet: — I will appreciate your ruling and will not go through a tedious repetition of everything; I'll try and do a summary on it.

An Hon. Member: — Why doesn't somebody read it all in Cree? That'll take another couple of hours.

Mr. Goulet: — Well the member from Regina South really wants me to do it in Cree, and I'm going to oblige him on that.

Some Hon. Members: Hear, hear!

Mr. Goulet: — I know he always thoroughly appreciates my Cree remarks, so I'll keep on.

I guess in regards to your ruling, Mr. Deputy Speaker, I'd like to summarize the profit-loss margins. During that period, therefore, on the profit-loss margins, it was ranging in over \$100 million a year by the '80-81 period. Even during that period we were making about \$300 million.

And when I looked at the next era, during the PC era, a lot of it was lost — I count one, two, three, four. Out of the first five years of operation . . . six years of operations, there was four years there was a loss and only two years where there was a profit — again a clear-cut aspect of mismanagement.

I guess, in regards to the other aspect of jobs and wages, I'd like to just also summarize those. I looked at the salary levels, and by the 1981 period it had approached \$63 million. And when I go to the 1988 period, after the seven years of PC rule, I see that it was \$53 million. There was a \$10 million loss, it says, utilizing those figures just on wages alone.

And I looked at the employment figures, and I looked at the employment records, and from approximately 418 workers in 1976, we had, by 1981, there was 2,267 workers. So there were . . . And the member from Saskatoon there is saying that I'm supposed to say 2,267 people. I wonder how it would fit into these stats. These were workers. I guess he wants me to maybe use the word "employee". So I'll use the word "employee" but definitely not people as the member from opposite states.

An Hon. Member: — Tie it to the Bill.

Mr. Goulet: — So the Bill . . . And the member from Swift Current says I have to tie it to the Bill. Of course it's tied to the Bill because the promises in the Bill are always talking about jobs, they're always talking about wages, and they're always talking about improvements. And what we are finding out is the complete opposite, that in fact, for the member for Swift Current's benefit, I would like to say that there was a loss in wages during the whole PC era, and there was also a loss in number of people.

Because most of the debates on your side of the House is that you would gain jobs. Prior to the formation of PCS, people said we would lose all kinds of jobs. You said that there never would be any jobs, and we would lose them.

What does the record show? Two thousand . . . Over 2,000 people were working — 2,267 people by the time '88 came around. And I don't want to go through the whole list according to your ruling, Mr. Deputy Speaker, so I will use the last figure. Last year it was 1 million . . . pardon me, it was 1,273 employees. In other words, there was a drop of 1,000 employees — 1,000 employees have lost their jobs; 1,000 employees have lost their jobs since the PC government took over PCS.

And the promises that are being made right now in regards to jobs is pretty straightforward. They are saying, if privatization goes ahead we will have more jobs. But we know that that is not the truth; that, indeed, even their handling of public corporations shows their own neglect and mismanagement because we've lost 1,000 jobs.

So these were a list of important records in regards to the historical record of PCS as we debate this Bill. And as we look at the potash history one also has to look a bit at the government . . . other government policy that I haven't yet mentioned. One little item that I didn't bring out following the Liberal prorationing Bill is that 10 years later there was a potash resources payments agreement and this eliminated the former levies which included the potash reserve tax. And this new tax, which was three-quarters of the former, was a progressive tax on the net producer income.

It's important to recognize that the industry at that time, in '79, did not go to the same lengths of debating the issue as they had done back in the '74-75 period. So what was recognized is that the publicly owned corporation itself was having a positive effect in regards to the capability of producing returns from royalties in our system and that the Potash Corporation of Saskatchewan was paying their fair share of that. A lot of the people had originally felt that they wouldn't, but indeed they were paying their fair share.

And the new period which surrounds this Bill, this 1988-89 period, is again marred with the same type of debates that were taking place back in '75-76. And the debates, of course, are summarized in regards to the explicit information that I gave, and I will make a summary point-by-point statement on it.

It was originally thought that a public corporation would be unable to do good solid production and do that at the level of the private corporation. The records clearly show that the Potash Corporation of Saskatchewan became to be a world-class productive corporation, and that they had their fair share of not only Saskatchewan production but world production as well, and that many of the argumentations that were given were indeed false.

The other one was in regards to sales. Many people thought, as we debate this Bill, that the return to privatization and the return to the market system of selling and the return to straightforward private enterprise would indeed improve our sales. And there was many misgivings of whether or not the Potash Corporation could increase their sales. But the historical record shows that they increased their sales by tremendous leaps and bounds beyond anybody's expectation.

The other summary comment in regards to this Bill, as we're debating, is the whole debate on assets and the importance of controlling our assets. And I think that what the record shows is that there has been a steady increase, you know, and by a billion dollars by the end of the NDP era, and now we have about \$1.34 billion today, and that a lot of people back in '75-76 never expected that they would ever control that degree of assets. And indeed the record proves that that was highly possible. And what the PC government wants to do is turn over and give away the assets to their private corporate friends who pays them during election times and who also provides their basis of governmental policy. And right now during the debate I mentioned the Cargill policy, and we know that the asset base of the corporation should remain to the real owners of Saskatchewan, and that's the people of Saskatchewan.

(2100)

We also look at the aspect of dividends, and about \$400 million were initially put in on the investment over a period of a few years during the NDP time. The only time it was increased to a great number was back in '87 when \$662 million was provided from Crown investments corporation, and I think that the reason for it is to provide an easier sell to the big corporations as time goes on.

The other thing that's very important is that the debt, the vast majority of the debt, the vast majority of the debt was incurred during the PC era, and the \$88 million of long-term debt was what was remaining, but the large, large number of the debt was incurred during the PC era. And that's simply a record of the fact that this PC government puts us \$4 billion in the hole, and we know that they can't run the government and they can't run the businesses either.

The other aspect is in regards to the profit and loss margins. We know very clearly that the profits that we made during the NDP time was hundreds of millions of dollars, and the record for the PC time was, of course, losses in four out of six years, and it shows again the mismanagement of the Tory government.

We also look at the . . . in the final analysis, the jobs question, and we lost . . . the fact that we lost 1,000 jobs flies in the face of privatization; that in fact PC governmental policy, whether in regards to public corporations or private corporations, is one of job loss, and we know that we've lost 1,000 jobs in potash corporation since the PCs took over, and I would like to make that point.

And the wages also went down too. There is \$10 million less money that's out there that a lot of the potash employees used to spend for the small businesses of our province and to help out a lot of the rural towns that were out there during the potash belt.

So overall, what we see here is a complete record of a bankrupt PC government — a bankrupt PC government — a mismanaged PC government, a non-caring PC government that doesn't care about our assets, that doesn't care of the fact that Saskatchewan can stand up to anybody else in the world in terms of production and sales.

The fact that we could have investment and the fact that we could have dividends and returns to our province that were never ever seen in the history of this province, and the fact that we could have simply the better wages and better types of systems and better types of benefits overall to our province, and during the early days of the debates when people said we're debating public versus private ownership, that the strategy by the NDP government in regards to including both public corporations and mixed corporations which we're debating in this Bill, is an important part of the debate.

And I think that, in the end result, we will show very clearly that a mixed economy approach will in the end result prove that we will have better production and better sales for the people of this province, that we will indeed have the control of our assets and our equity, and that we will indeed be able to do away with our debt and be able to provide the tremendous amounts of royalties and dividends that we're used to seeing during the NDP era.

And with that, Mr. Deputy Speaker, I would like to say a few words on outlining the basic points in Cree. In regards to the Cree language, I will do basically a summary of the argumentation that I have made, and in that sense it would probably not go as long as my speech during English.

I do the speech basically because it's important, as I send the tapes back to my constituents. And also I think it's important because as I travelled the province, there was many people in the city of Regina that are Cree-speaking that have moved and migrated to the cities in the hopes of better jobs. And that also in the surrounding areas, in the Qu'Appelle region, there's a lot of people, older senior people, elders, that still speak Cree.

So I would like to get to my Bill in Cree as the member from Weyburn would like me to do.

(The hon. member spoke for a time in Cree.)

Mr. Deputy Speaker: — Why is the member on his feet?

Mr. Anguish: — Well, Mr. Speaker, on a point of order. I think that you should have the Speaker look into this. Someone just sent a note across to the hon. member who was addressing the legislature, and through this Chamber, to the public in the province of Saskatchewan, in particular to his constituents, many of whom are native Cree Indians, Metis people who speak the Cree language. Some of his constituents would only converse in that particular language, depending on the community that they live in, in northern Saskatchewan.

And the member who sent this note across, sir, does not even have the courage to, in fact, sign the note. The member sent it across by the page. The page would know very well who has sent this note across, and I would ask you to have the member identify themselves and to apologize to the hon. member from Cumberland. And I'll read the note to you, it says:

Mr. Goulet: Please make an effort to speak

English. You sound like a babbling fool.

Now there's no question that the page knows who sent the note. The note was sent by a member opposite who did not have the courage of their convictions to even sign this piece of paper.

And I would ask you, sir, as Speaker in this Assembly, to identify the member who sent the note across to the member from Cumberland, and ask, sir, that they apologize for this attack on a member of this Assembly; an attack on a member of this Assembly who has chosen in an acceptable form to speak to his constituents and to this Assembly and to other people who understand the Cree language in the province of Saskatchewan. He chose, in an acceptable manner, to address the Assembly in his native language which is the Cree language.

And I ask you, sir, to rule on this, and I ask you further, Mr. Speaker, to ask the member who did not even have — I say again — the courage of their convictions to even sign such a slander on a member of this Assembly.

The Deputy Speaker: — Why is the member on his feet?

Mr. Hopfner: — I'd like to speak to the point of order, Mr. Deputy Speaker. Mr. Deputy Speaker, anybody could stand in the House and read from any kind of a piece of paper and say, well, the member opposite should have the intelligence then to stand . . . the member from The Battlefords, for instance, might have written that letter and accused members on this side of the House, and I do not feel that the member opposite has any grounds at all.

Mr. Deputy Speaker: — Order. Order. I've listened to the point raised by the member from The Battlefords and to the argument by the member from Cut Knife-Lloyd. And I'm sure that we all agree that the comment made and indicated by the member from the Battlefords is something that we don't uphold in this House or we wouldn't agree to. However, I'm not sure if we're really aware of the source or who would make such a comment. It appears to me the . . . I didn't notice any notes going back and forth from across the floor. It may have come in from the outside door, so it's hard to really say that it was made by a member from either side of the House. But I would just say that it is the right of members in this Assembly to address this Assembly in the freedom of speech of their language of their choice and that I would ask . . . I would also ask . . .

Some Hon. Members: Hear, hear!

The Deputy Speaker: — Order. Order. Order. I would also ask that the members be aware of the content of the speech. And I realize that the member from Cumberland here, in addressing his own native language, that we can argue repetitiveness in speech, but there's no doubt if he's speaking in English that, in trying to address his own native tongue, some of the speech would be repetitive. So I would just ask all members to be mindful of the fact of the rights we have in this House to freedom of debate, and I would ask the member from Cumberland to continue.

Some Hon. Members: Hear, hear!

Mr. Goulet: — I would like to start out by saying, Mr. Deputy Speaker, I appreciate your ruling. I know that in regards to the potash debate, I have deliberately talked about and did my potash debate about 45 minutes, I guess, in English, prior to today. And I also went on for about a couple of hours today in English. I was just hoping that some people would have the courtesy to appreciate the fact that there are other Cree speakers in the city and also throughout the province that might be listening, and also the fact, as Deputy Speaker ruled, that there's got to be respect for all languages of the House as has been the practice in this House since I have come in.

So I very much appreciate that ruling, but in order to be fair for my constituents I have really only spoken less than half an hour in Cree — I think it was even less than that — and I need to say a few more words covering the basic points that I have made in that regard. The speaker . . . person who wrote those notes, whether it's the same person, has heard my argumentation in English, but I guess they must not like my argumentation in English because they must not also like the Cree aspect which I would be summarizing right now.

Some Hon. Members: Hear, hear!

(2130)

Mr. Goulet: — So with due respect to all the languages of the world and all the languages as expressed by the Assembly, I would like to continue and respect my own language and continue to explain to the people what potash debate is all about, because this is probably the only chance that they will get, Mr. Speaker, in regards to a complete explanation on it. I don't want to get into the whole argument of racism and so on, but I want to make it very clear that I'm always a strong opponent of racism whether it's cultural types, cultural forms, or whatever.

(The hon. member spoke for a time in Cree.)

I guess, Mr. Speaker, I did an overall summary in regards to the Potash Corporation. I cut it quite short. I was going to do quite a bit of the nitty-gritty details that I had gone through when I was speaking in English. And I did that very deliberately to not only allow the people to look at the historical development of potash and the potash debate that took place in the mid-70s and the debate we're having today and this past week, but also to add the facts so that people can make the decision for themselves as they listen to the debate.

They can make the decision as to whether or not we should continue along with a mixed economy approach, where there is room for a public corporations, where there is room for public control of institutions; that indeed we cannot go along in Saskatchewan and think that we could have good strong political democratic control unless we also have economic control. We well know that in educational history that we did have private control of education only. Only in the past 100 years have we become to realize the benefits of public control of education.

We also never knew that for health. It's only been in the past 30 years that we've known public control of health,

and we know the benefits of the public control of health. We used to debate that. We said it would never be possible, but know we're seeing the benefits of that.

When I looked at the debates, I referred to the history, Mr. Speaker, of T.C. Douglas, to see what I would learn from him. And I've learned that we are saying much the same thing as T.C. Douglas: that we needed public control; we needed a mixed economy approach to development and that we needed to have democratic control of our system; that we couldn't just allow the fat cats to control everything. Not that all big corporations would, in effect, be detrimental to the whole province, but that big corporations in a joint venture with public corporations was a better strategy. And that was his point.

It was not that he said that all big corporations were, in essence, evil and unto themselves, but that it was important to have a combined approach. It was important to have balance. We could not continue to rely only on big corporations. That big corporations, when they control economic power they also control political power. They also control certain things such as environment, such as benefits to us on social programming. They also control many things, and because of the profit motive they leave those as secondary items and don't get into a real situation on them.

And I would like to come back a little bit to a document, Mr. Speaker, on just those points. This is a paper which was prepared for the Economic Council of Canada, and it was a discussion paper number 303. It was called, "The Potash Corporation of Saskatchewan: An Assessment of the Creation and Performance of a Crown Corporation" by Nancy Olewiler. And people of course can get a copy of this. It was done in 1986 by the Economic Council of Canada.

And I would like to read to you some statements from there. And this is the overall summary of potash, and this is after seeing a bit of the PC aspect of potash also. It says on page 59:

In summary, PCS looks like it has generated fairly substantial rents to the province of Saskatchewan.

I might add, on that particular point, that they got substantially more during the NDP era.

While 1982 and 1983 were poor years, the period 1978-1981 was extremely profitable, and 1984 has seen PCS return to a profitable year, albeit modest. PCS is pursuing an expanded set of objectives which include long-term growth through research and development and increased capacity, concern for stable employment, the environment, and improved health and safety. These concerns have not driven the corporation into an unprofitable situation. The residents of Saskatchewan may thus have benefitted considerably from this company, which has generated rents without compromising social concerns.

I might say here, Mr. Speaker, that this research report by

the Economic Council of Canada paper shows very clearly that PCS also did substantial research and development. They were leaders in world technology and technological development, which was a real bone of contention in regards to the lack of proper development in the '50s. And it becomes to always be a strong point in economic development to work, and we played a strong capacity on that.

The other thing is that we had a stable employment situation. By the time we went up to 2,000 people, and although it hasn't been too stable in the past seven years, we've lost 1,000 jobs. But throughout the period when this report was done in '86, it had been a very stable basis for employment. But it's only during the PC era that that has come down.

The other thing that they mention anyways — the environment. I know that the salt affected some of the farms in regards to the productive capacity of farms adjacent to the potash areas. And I think there was already concern when I read the records in the late '70s that these were already taken into consideration, and some research was being done to check out the environmental impact as well.

Also the other thing was they improved workers' health and safety, and this record shows that very clearly then.

The other thing is . . . on page 1985, I'd like to look at this research document in regards to what it does say about the taxation question which I referred to quite a bit in my speech, and also the real problem of lack of democratic control in the system, although they use different words to state that. And this is what they say. It says that:

PCS is undoubtedly (this is on page 85) in a better position as a large government firm to weather the downturn than it would be in the form of private firms controlling each mine separately.

An Hon. Member: — Say that again.

Mr. Goulet: — It says:

PCS is undoubtedly in a better position as a large government firm to weather the downturn than it would be in the form of private firms controlling each mine separately.

So in other words, in terms of world competition, if there is a downturn, a PCS in the way that we have formed it is in a better position than each of the separate mines to be able to deal effectively with the issue of weathering the storm, I guess.

Privatization of PCS would definitely hinder moves to achieve orderly behaviour in the provincial industry.

And on page 85 here:

Without the government as a major holder of potash assets, it is difficult to see how the province could persuade private producers to act in the best interests of Saskatchewan residents.

And again here in regards to the privatization question, what it does say . . . this research says that:

The privatization would hinder stable, orderly movement in the potash industry. Also in regards to being a major shareholder, the government can therefore act in better interests for the people of the province.

But also it says here, on page 85, that:

Because of the limitations on its taxing authority and the very unpleasant relationships with the private sector during the tax wars, provincial ownership of potash mines appears to be a better method of collecting resource rents from potash, when they exist, than taxation.

The opinion of this researcher shows very clearly that there is great conflict that has developed between the private industry, when there is only private industries, and trying to get a fair share of return for the children and the people of the province when you're trying to establish rents. When you only have the mechanism of rents, then there is a rent war all the time, and then the rent does not have the same economic effect as it's supposed to have.

So when you increase the rents too high a rate, then the private industries don't want to come here and develop, and then they stay away. So it backfires if you raise your rents too high, and that's what this researcher is saying. So that, rather than having tax wars, the public corporation is a better method of collecting resource rents than taxation.

So what it is saying is that . . . the researcher's saying, Mr. Speaker, that combining public ownership with taxation is a better method than relying on taxation alone, because we not only get the profits and the high royalties but we also get the taxation alongside it. And I think that's a very important point for the public to understand.

Now in the long run we cannot pay for the debt, the \$4 billion debt that the PC government has put us in if you rely on the private corporations in regards to the tax base, because we know that the PCs' strategy is to lessen the tax load on the big corporations because they say by that approach we will have a better economic development strategy.

And it shows very clearly, therefore, in the research, that the approach of a mixed economy approach by the potash corporation is simply the better of the two approaches.

(2145)

And also, too, we notice ever since the change in the 1979 royalty restructuring with the NDP that they did lessen the royalty load on the big corporations during that time. And they were able to do so because they were able to get the profit margins from the public corporations as well, and that it in itself has come out with a situation where there is a greater stable economic basis in Saskatchewan. There were greater jobs during that period, and that shows very clearly in the record and that

what we had had during the Thatcher years, where Thatcher himself well recognized that relying on the private industry would make it an economic mess — that type of a history is going to come back to haunt us in the future. And I certainly hope that the public of Saskatchewan stand up in the way that they have stood up in fighting the privatization and the sell-out of our SaskEnergy, of our Saskatchewan Power Corporation, because the same type of principles apply, and the situation is the same.

People said, initially, we could not control our schools on a public basis; only private schools could ever do that. But we found out in the future that that wasn't the case.

We also did that in the question of health. We said that the only way that health could be run was private. We found out it could be run effectively and efficiently with a public health system.

We then found out that they said we couldn't do it in the services. During the era of the NDP, and even the Liberal era starting from 1929, we found out that public corporations — and even during Tory times — that public corporations could be very beneficial for the people of Canada and for Saskatchewan. So that when we look to the modern day . . . And then people used to say, well, people we may have public control in education, we could have public control in health, we could possibly have public control in the services, but never in actual production in uranium mining, in potash, and so on.

But the record shows very clearly with the rise of the potash corporation is that the overall returns and the benefits to the people and the children of this province has been vast, the returns of over \$400 million. Those aspects become very clear that the public corporation is also an important institution to work beside the private corporation, so that indeed we have the benefit of the best of both worlds. We could have the best of the private corporations and the best of the public corporations working side by side for the benefit of Saskatchewan people. And I really feel, Mr. Speaker, that that is the essence of the debate. And seeing that it is . . . I guess, seeing that it is five to ten, I will possibly go for another five minutes.

Some Hon. Members: Hear, hear!

Mr. Goulet: — I notice, Mr. Speaker, that the minister of privatization was absolutely excited and enthralled by the fact that I was producing with another four minutes of an excellent speech.

Some Hon. Members: Hear, hear!

Mr. Goulet: — I would like to say, Mr. Speaker, some of the information that I was able to get, on the historical representation that I've come through, come from various documents. I would like to quote some of these documents for the record.

I got some of my records from a book that was done by the Institute for Research on Public Policy, and the title of the book was called *Public Corporations and Public Policy in Canada*. It was edited by Allen Tupper and G. Bruce

Doern, and that's spelled D-o-e-r-n. And the publication of this book was by the Institute for Research on Public Policy, 1981. On chapter 5 of this book we have the Potash Corporation of Saskatchewan, by Jeannne Kirk Laux and Maureen Appel Molot.

I also have another document here, Mr. Speaker, that I took a page. It's a more recent document; I wanted to find out a more recent history of the debate. And in this one I have . . . This is a book by the famous centre for research studies at Queen's University. And this one was written in 1988, from Kingston, Ontario. And this book was called, *Canada and the International Mineral Markets: Dependence, Instability, and Foreign Policy*. And the people who wrote this book were Michael C. Webb and Mark W. Zacher.

And I would like to add that under their chapter in this book on potash and uranium — it's chapter 4 of this book — is on potash and uranium; from pages 85 to page 100 is a section on potash. So as I look at this, Mr. Speaker . . .

I also have other documents. *Potash: A Challenge for Development*, which was available from the Saskatchewan department of mineral resources, with the hon. Ed Whelan, minister of mineral resources. And this was written back around '76.

There is also other documentation in regards to the history, and it says here, *Potash and Saskatchewan*, by Anne Fuzesy, issued by the Department of Energy and Mines. I know that the member . . . and the minister at that time was the W. Colin Thatcher. So there was also other documentation . . .

The Speaker: — I must interrupt the member's speech.

Some Hon. Members: Hear, hear!

The Speaker: — It being 10 o'clock, the House stands adjourned until tomorrow at 2 p.m.

The Assembly adjourned at 10 p.m.