

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**Hon. Mrs. Duncan:** — Thank you, Mr. Speaker. It is my pleasure, on behalf of the Regina North Rotary Club to introduce to you, and through you to all members of the Assembly, a group of 13 young visitors who are visiting Regina. These students come from various countries throughout the world: Austria, Belgium, Denmark, France, Finland, Ireland, Israel, Italy, Norway, Spain, Sweden, and Turkey.

Mr. Speaker, these young people are in our city at the District 555 Rotary International Youth Forum. Rotary clubs, as you know, are very keen on sponsoring international good will and understanding, and it is through forums such as these that they hope that the young people will learn about other countries, about other people, other cultures, and other ways of life.

These young people are looked upon as being ambassadors of their own countries and will grow up to be leaders of tomorrow. I would welcome you to our fair city and ask you to rise and be recognized. I hope you have a very good stay in Saskatchewan and go home with fond memories and new friendships, and maybe take home with you a little bit of good western hospitality. I would ask all member to recognize these students.

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

**Mr. Tchorzewski:** — Thank you, Mr. Speaker. I'd like to join the member from Maple Creek in extending greetings to the international students who are here under the auspices of the Rotary Club. I too have had some association with the Rotary Club, not as a member but as one who has recommended students for exchange programs, and I know the good work that they do in promoting understanding throughout the world among people of different nations. And I want to commend them for that work that they do, and join the member again in extending greetings on behalf of the opposition to the students who are here with us today.

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

**Mr. Upshall:** — Thank you, Mr. Speaker. Mr. Speaker, I'd like to introduce through you, and to the House today, three guests that are in your gallery. They are my sister, Wanda Upshall, and my niece Kathy Upshall, and a friend, Rhonda Adie. Kathy and Rhonda are down looking for a place to stay as they will be attending university here in the fall.

I would ask all members to give them a warm welcome.

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

**Mr. Saxinger:** — Thank you, Mr. Speaker. Mr. Speaker, I'd like to introduce to you, and through you to the members of this Assembly, two out-of-province guests

seated in your gallery. One is Christina Massie, a consultant from Ottawa. She has been very active in promoting Saskatchewan agriculture products. Sitting beside her is Roy Wunderlich who has got the wild organic food from Kelowna, B.C. I would like to ask the members to please show them our welcome.

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

## ORAL QUESTIONS

### Barber Commission on SaskEnergy Privatization

**Mr. Lingenfelter:** — Mr. Speaker, in the absence of the Deputy Premier and the member responsible for the SaskPower Corporation, I'll direct my question to the Premier. Mr. Premier, it concerns further proof, if any is necessary, that your so-called Barber Commission is little more than a diversion, little more than a whitewash. And I want to say that we now believe and know that you are paying no attention to the people of the province as a result of what has happened today.

And considering that I have here now the SaskEnergy prospectus which was filed today, can you tell us why you are going ahead with the Barber Commission in light of the fact that you have every intention now, as a result of tabling and filing this prospectus, why are you continuing on down the path of trying to delay and to buffalo the people of the province, and give an indication that you're not going to privatize when every indication is the plan to ram ahead with the project?

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

**Hon. Mr. Lane:** — Mr. Speaker, as . . .

**The Speaker:** — Order, order.

**Hon. Mr. Lane:** — I think, as the back-up minister for SPC that it would be appropriate that I answer, and I know the paranoia of the members opposite, Mr. Speaker, would cause them to read all sorts of things. But I think that there's been enough distortion and falsehoods about what's happening with SaskEnergy, Mr. Speaker, that I would have thought that it would have stopped with the announcement of the Barber Commission.

However, Mr. Speaker, the Barber Commission did ask for the prospectus. It was at their request, Mr. Speaker, so that they would have before them, and I think properly so, the plans of SaskEnergy — if and when the legislature passes the appropriate legislation, Mr. Speaker. It was at the request of the Barber Commission, and SaskEnergy has made it abundantly clear that there will be no privatization of SaskEnergy until such time as this legislature approves that, Mr. Speaker. One should read nothing more into it than that, although I expect that not to be the case with the official opposition.

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

**Mr. Lingenfelter:** — Well, Mr. Minister, what you're saying is that you will choose to submit the prospectus when it's good politics for you. That's what you're telling

the people of the province. I want to say to you and ask to you, why it wasn't appropriate to table and file the prospectus when the Securities Commission asked you to, more than a month ago.

Why now, after the people have prepared their briefs for the Barber Commission, after that is all completed and the July 14 deadline has now passed, why do you choose now to file the prospectus if it's in the best interest to the people of Saskatchewan coming to the hearings? Why now?

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

**Hon. Mr. Lane:** — The continuing hypocrisy of the NDP is evident again today, Mr. Speaker. They're the same people that wouldn't even let the Bill be introduced in the legislature before they went on strike.

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

**Hon. Mr. Lane:** — Mr. Speaker, the NDP did not want to see details of the legislation. The NDP did not even want to follow the constitutional process of free speech and free debate in this Assembly on SaskEnergy. For them to stand up today and say that there's some injustice or something wrong, is, as I have said, Mr. Speaker, the hypocrisy that is now becoming . . . made much more aware to the people of this province, and they have, of course, and I think, delivering that message to the opposition.

Having said that, Mr. Speaker, I'm advised, as I said at the outset, that it was the Barber Commission. And I know that the hon. members attack the Barber Commission, saying he isn't fit to run a university. But, Mr. Speaker, that's not how the public feel about it, and I suggest, Mr. Speaker, that SPC is merely responding, or SaskEnergy is responding to the legitimate request of the Barber Commission.

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

**Mr. Lingenfelter:** — Well, Mr. Speaker, when it comes to credibility, this is the man who made the \$800 million mistake in his budget before the last election.

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

**Mr. Lingenfelter:** — I want the people to remember that.

Mr. Speaker, a question to the minister. You have apparently realized now that you're not going to gain public support for the privatization of SaskPower. With the tabling of the prospectus, you have admitted that.

Will you also admit now that you're going ahead with your plans anyway, and will you cancel the Barber Commission? Will you cancel the Barber Commission and save \$1,100 a day in per diems plus expenses. Will you do that?

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

**Hon. Mr. Lane:** — Mr. Speaker, they can talk about not being accurate on a budget. Let's remember the

documents that have been tabled in this place which shows that the NDP when they were out \$3 billion on their financial estimates, Mr. Speaker.

Having said that, Mr. Speaker, let's look at the questions that the hon. member has asked, because he prefaced his first question today by saying, it's good politics for you to do it now. And now he says it's bad politics, Mr. Speaker. So what I am suggesting to the hon. member, that we are responding to a request for SaskEnergy as responding to the request of the Barber Commission.

Now the other thing that is happening, Mr. Speaker, as the NDP have suddenly begun to find out, is that the lies that they spread about SaskPower that he just referred . . .

**The Speaker:** — Order, order. I would respectfully ask the Minister of Finance to withdraw the unparliamentary remark he has just made.

**Hon. Mr. Lane:** — I withdraw that remark and substitute for the record "falsehoods," Mr. Speaker.

**The Speaker:** — Order, order. The member for Moose Jaw North, the member for Regina Wascana. I would like to ask the hon. member to withdraw his remark in the customary manner. I know the hon. member is well aware of that, and I'm sure he will do that.

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. I will withdraw both phrases and say "gross distortions of the truth."

**The Speaker:** — Order, order. The Minister of Finance is well aware of the rules of this House, and I'm going to ask him one more time and expect that he will co-operate fully, and simply ask him to rise and withdraw his remark without any equivocation. Would you do that.

**Hon. Mr. Lane:** — I apologize, Mr. Speaker. I thought I had withdrawn the statements without equivocation and put the facts before this Assembly.

**The Speaker:** — Order, order. Now I'm going to give the Minister of Finance one more opportunity. I'm going to give the Minister of Finance a final opportunity to withdraw his remark. And I'm sure the Minister of Finance, who's a senior member in this House and well respected, will do that. And I ask the Minister of Finance to do that, so we can continue with our question period.

**Hon. Mr. Lane:** — I again apologize, Mr. Speaker. I thought I had withdrawn the statement without equivocation.

**Mr. Lyons:** — Thank you very much, Mr. Speaker. Mr. Speaker, my question, in the absence of the deputy Premier, is to the Minister of Finance. Even though this grandstanding before the cameras may help his leadership bid to replace the worn and tired-out Premier sitting beside him, it's not going to carry any weight with the people of the province.

Now, Mr. Minister, a normal prospectus that would be filed before the Securities Exchange Commission, or would be filed before the people of the province, would

include things like the proposed number of shares to be sold the price of those shares, along with the rationale for the share offering. Mr. Minister, it is our understanding that those precisely were the mandate given to the Barber Commission to deal with those kinds of question.

How can you, sir, stand here today in this Assembly and defend your cynical and hypocritical manipulation of the political process in order to cover up and drive through your intention to sell off what belongs to the people of this province, which is the assets of Saskatchewan Power Corporation?

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

**Hon. Mr. Lane:** — I appreciate very much, Mr. Speaker, that it's become clear in this session that there are two things that the NDP do not want to do. They don't want to have the public see the truth about SaskEnergy, and now they're opposing the filing of the prospectus at the request of the Barber. And secondly, today they have stood up and said, cancel the Barber Commission, Mr. Speaker, two very strong pieces of evidence that the NDP do not want the truth to go to the people of this province, Mr. Speaker.

As well, Mr. Speaker, they do not want to have the truth on the potash corporation because they're afraid fundamentally to exercise the democratic process and have a vote to allow the privatization of the Potash Corporation of Saskatchewan.

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

**Mr. Lyons:** — New question to the same minister. Mr. Speaker, that minister wouldn't know the truth if it came in his front door at his condominium and shook his hand. Don't he dare lecture us about the truth.

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

**Mr. Lyons:** — Mr. Minister, we went to the people of Saskatchewan for 17 days to receive a mandate for our opposition to SaskPower. Mr. Minister, the Barber Commission has no mandate to advise whether or not to sell SaskPower, when to sell SaskPower, if to sell SaskPower, or if even to do is to sell SaskPower.

Why are you standing here defending a decision to waste thousands of dollars of taxpayers' money for your own narrow political purposes? How can you dare stand here and try to defend that political decision, Mr. Minister?

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

**Hon. Mr. Lane:** — The first truthful statement of the hon. member today is when he said the Barber Commission has no mandate to deal with the privatization of SaskPower. They have no mandate. I agree with that. They have absolutely no mandate to deal with the privatization of SaskPower. They're dealing with SaskEnergy, Mr. Speaker. It's SaskEnergy that they are dealing with.

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

**Hon. Mr. Lane:** — Mr. Speaker, the hon. member asks why the Barber Commission has this information before it. They should have the information, Mr. Speaker. They will end with public hearing, make the assessment, and recommendations back. And they have all sorts of options, Mr. Speaker. They may say that that form of that prospectus is no good. They may suggest other changes. They may suggest not to do it. They may suggest that it should have been done yesterday.

But, Mr. Speaker, one thing, Mr. Speaker, is that we will wait for the Barber Commission. We will wait for the Barber Commission, Mr. Speaker. I don't know what it's going to do, but I will tell you this, Mr. Speaker, for the interest of the hon. member — I've got a pretty good idea what the Rafferty hearings are going to do, and they're going to throw that member all the way down to eastern Canada, Mr. Speaker, because he was so far wrong here . . .

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

**Mr. Lyons:** — New question to the same minister. Mr. Speaker, we know what the people of Saskatchewan want us to do, Mr. Speaker, and that is to defend their interest. And we are doing that, Mr. Speaker, here today, as we have done in this session.

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

**Mr. Lyons:** — Mr. Speaker, my question to the minister is this: given your cocksure arrogance, Mr. Minister, that what you are doing is so right and what we are doing is so wrong, why don't put your leadership bid on the line, take the question to the people, and force the old, tired fellow beside you to call and election so the people of Saskatchewan can decide who's right and who's wrong on this issue?

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

**Hon. Mr. Lane:** — If the NDP are so confident, Mr. Speaker, if the NDP are so confident

**The Speaker:** — Order, order. The member for Regina Elphinstone, would you co-operate.

**Hon. Mr. Lane:** — if the NDP are so concerned about the democratic process and are so convinced that they're right, why don't they allow a vote on the potash, Mr. Speaker? They're afraid to, Mr. Speaker, because they know that public rejects them, just like the public rejects the NDP positions of nationalizing, as articulated by the member from Rosemont, the whole potash industry; just like they reject your going on strike, Mr. Speaker; just like they reject the extreme positions of members opposite.

And, Mr. Speaker, as those become more and more evident in the performance of the NDP, becomes more and more evident to the people of this province, you know what's happening out there, Mr. Speaker — they are increasingly rejecting your extremism, your radicalism, and the uncontrolled, undemocratic nature of the New Democrat Party, Mr. Speaker.

**Some Hon. Members:** — Hear, hear!

**Mr. Van Mulligen:** — Thank you, Mr. Speaker. I was wondering why the CBC (Canadian Broadcasting Corporation) has sent its agricultural reporter to cover question period, but I guess it takes one with some expertise to recognize a fertilizer spreader.

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

### Capital Grants to Urban Municipalities

**Mr. Van Mulligen:** — My question, Mr. Speaker, is to the Minister of Urban Affairs. And, Mr. Minister, how do you explain your government's unfair treatment of approximately one-third of the population, the residents of Regina and Saskatoon, who are being treated as second-class citizens by your new urban capital program? Why aren't all citizens of Saskatchewan treated fairly and on a level playing field? Why aren't all people who live in our cities, towns, and villages entitled to the same \$25 per capita grant?

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

**Hon. Mr. Klein:** — Well, Mr. Speaker, it's unfortunate that Romanow radicals got a hold of . . .

**The Speaker:** — Order. I wish to bring to the . . . Order, order. I wish to bring to the attention of the Minister of Urban Affairs and the member for Regina Elphinstone and to that member and to the Minister of Finance, I'd like to bring to the attention of all of you individuals that the Minister of Urban Affairs has used the name of a member in the House and that's not permitted.

**Hon. Mr. Klein:** — You're right, Mr. Speaker. It was actually the headline that I was referring to out of the Saskatoon paper. But the member from Riversdale and his radicals got control of questions period today over an issue that I believe needed some clarification, and I appreciate the question from the member for Regina Victoria.

And you know, even the president of SUMA (Saskatchewan Urban Municipalities Association) admitted that the municipalities throughout the province have come to him saying that in their opinion Regina and Saskatoon seem to get a lot of extra, special things.

And you know, I could point to in Regina, for instance, assistance that we've given to rail relocation so far, the new carbon filtration plant for \$5 million, cost sharing construction of the Ring Road, new fieldhouse, Queensbury Downs, commitment to the art gallery, the new science centre, all paid for by provincial taxpayers to accrue to the city of Regina. Then on the other hand, in Saskatoon we've got Saskatchewan Place, special bridge assistance for the new 42nd Street bridge, upgrading of the Broadway bridge, Wanuskewin Heritage Park, all of this paid for out of the provincial taxpayers' funds.

Now, Mr. Speaker, over the last six or seven years that has totalled about \$40 million of extras to these major cities that supposedly don't count. I wish that our government could indeed settle on \$25 per capita when the extras alone amount to some 30 or \$35 per capita.

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

**Mr. Van Mulligen:** — Mr. Speaker, I wouldn't want you to get sensitive about the word radicals, because if being opposed to the sell off of SaskPower and if being opposed to discrimination in government programs makes you a radical, then I'm proud to be a radical.

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

**Mr. Van Mulligen:** — Mr. Minister, your answers just aren't good enough. The simple fact is, for the people of Saskatoon and Regina your program means increased taxes or reduced spending for roads and curves and gutters and sewers and waters and public works and civic facilities. That's what it means, Mr. Minister.

Now have you considered, or have you consulted with the city councils and their chambers of commerce in Saskatoon and Regina to explain to them why you believe there is room for this type of discrimination? Have you done that?

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

**Hon. Mr. Klein:** — Mr. Speaker, unfortunately my critic sounds more like an NDP alderman from the city of Regina, a radical NDP alderman from the city of Regina, and proud to be one, rather than as the critic for the Minister of Urban Affairs for the provincial taxpayers' dollars.

And certainly these interest groups that he refers to, does he think it's possible, for instance, for Rosthern to have a big function like Saskatchewan Place and get the economic benefits from it? I doubt it. That accrues to Saskatoon. Their chamber of commerce understands that.

What the chambers of commerce throughout the province, you know, don't understand is their opinion regarding business when he starts getting into that — the economic benefit from the Agribition that accrues to the city of Regina, all of these things paid for by the provincial taxpayer, Mr. Speaker, that accrues to their benefit, so that when the member opposite stands up and asks these kind of questions about fairness, when our government has delivered 40 . . . \$80 million extra to these cities, it really makes me wonder who is the ventriloquist, he or Mayor Archer.

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

**Mr. Van Mulligen:** — New question, Mr. Speaker. Mr. Speaker, I'm not going to keep a score-card and talk about the 50 cents per capita that people in smaller centres are paying for public health . . .

**The Speaker:** — Order, order. I understand we're having an interesting question period with high emotions today, but we would like to hear the member from Regina Victoria, and I ask your co-operation in allowing us to hear his remarks.

**Mr. Van Mulligen:** — Mr. Speaker, the fact of the matter remains that the mayor of Regina, and Saskatoon, and the

president of SUMA believe there to be an inequity. They have asked for meetings with you; that's my understanding. And my question is: will you attempt to give them a better explanation of your actions than you have given this Assembly? Will you do that, Mr. Minister?

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

**Hon. Mr. Klein:** — Mr. Speaker, I'd appreciate meeting with the president of SUMA. I have already, and I'll meet with him again. I have no problem with that. I give you reference to a quote that he had made following our budget.

SUMA had taken the position that capital funding needs were a top priority, and this budget demonstrates the provincial government recognizes these needs.

So he's pleased with that. But what I'm pleased with today, Mr. Speaker, is today for the first time we see perhaps some little policy being formed by the NDP. They don't have a policy on very many issues, but it appears that they've got a little policy here that they are against 509 communities in Saskatchewan while they favour two out of the whole membership of 511. And I will carry their policy to my SUMA regional conferences.

And if they think that this is unfair and if the member from Regina Victoria thinks it's unfair, why doesn't he ask his colleague from Humboldt or from Quill Lakes or from The Battlefords or members from Moose Jaw or Prince Albert to see if they think that it's unfair when their respective cities get more dollars?

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

### Report on GigaText

**Mr. Anguish:** — Thank you, Mr. Speaker. My question is to the minister in charge of SEDCO, and I'd like to point out to the minister that yesterday saw this government's passing of the one month lateness mark on the deadline that the Deputy Premier gave GigaText to prove its worth.

Now I was wondering if you were prepared to tell the House today whether or not the government is going to continue to put money into this kind of a "Giganomic" mess, and how long are you going to be sitting on this so-called experts' report before you come clean and tell people in the province of Saskatchewan whether or not the technology will work or not, whether you're going to keep funding it, even in light of all the economic mess that has gathered around the GigaText affair, Madam Minister.

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

**Hon. Mrs. Duncan:** — Mr. Speaker, with regards to the member's question, we have had two independent expert reports on GigaText, both of which found the technology somewhat encouraging. Since that time the Deputy Premier and myself have met with both of the experts to go further into their summary of the technology.

Mr. Speaker, with regards to the Gigamess, as articulated

by the member, that is his assumption and his assumption only.

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

## ANNOUNCEMENTS

### 78th Anniversary Commonwealth Parliamentary Association

**The Speaker:** — Order. Before orders of the day, I should like to bring the following message to the attention of the hon. members from the secretary general of the Commonwealth Parliamentary Association. Normally, as you are aware, we aren't sitting at this time and we don't have this opportunity to have the message from the chairman. So allow me one or two minutes to please read it to you, after which I will table it.

Dear Secretary: I am pleased to enclose the 1989 Message from the Chairman to all Members of the Association on the occasion of the 78th Anniversary of the founding of the CPA.

By now you will probably have considered the ways that you have traditionally celebrated the Anniversary; but if not, please give some serious thought to holding a Branch meeting or dinner to mark the occasion. We would be pleased to know what has been done.

We wish you every success in your celebrations.

And here is the chairman's message himself:

I am delighted once more to extend to you all, fellow Commonwealth Parliamentarians, very warm greetings and congratulations on the occasion of the 78th Anniversary of our Association.

In my last year's message I expressed a wish to have our membership increased, our activities expanded and the boundaries of Parliamentary Democracy enlarged. We have achieved some of these and stand on the threshold of more dramatic breakthroughs between now and next year. I want to commend all of you for holding high the CPA banner in your Constituencies, Branches, Regions and indeed Commonwealth-wide.

You may not have known that the CPA shares the same birthday as Nelson Mandela. The name of Nelson Mandela has become synonymous with freedom, universal human rights, and parliamentary democracy. And as we celebrate . . .

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

**The Speaker:** —

. . . as we celebrate our 78th Birthday let us re-dedicate ourselves once again to the cause of our Association. Let us all work towards achieving within our lifetime a happier world for all mankind

in which love, truth, social justice and fair-play are part of our common heritage.

I wish every one of you a very happy 78th Anniversary celebrations. Hon. Lavu Mulimba, Chairman.

I now take the opportunity to table these documents.

## MOTIONS

### Hours of Sitting

**Hon. Mr. Hodgins:** — Thank you, Mr. Speaker. Mr. Speaker, prior to orders of the day, I would seek leave of the Assembly to introduce a motion as agreed to by myself and the opposition House Leader, with respect to hours of sitting, in order to accommodate the royal visit.

Leave granted.

**Hon. Mr. Hodgins:** — Mr. Speaker, I would move, seconded by the member for Regina Elphinstone, by leave of the Assembly:

That notwithstanding rule 3 of the *Rules and Procedures of the Legislative Assembly of Saskatchewan*, that when this Assembly adjourns on Friday, July 21, 1989, it do stand adjourned until Tuesday, July 25, 1989, and the hours of sitting on Tuesday shall be from 2 o'clock p.m. until 4 o'clock p.m.; and from 8 o'clock p.m. until 10 o'clock p.m.

Motion agreed to.

## ORDERS OF THE DAY

### MOTIONS

#### Resolution No. 5 — Protection of People Under Free Trade

**Mr. Mitchell:** — Mr. Speaker, at the end of my remarks I will be putting the following motion:

That this Assembly urge the Government of Saskatchewan and the federal government to maintain solemn commitments made to the people of Saskatchewan regarding the implementation of the free trade agreement, and therefore ensure that social programs will not be affected, that regional development grants will remain, that the Canadian Wheat Board will not be undermined, that marketing boards are protected, and that national agricultural programs such as the Western Grain Stabilization Fund, the Crow benefit, and compensation for the elimination of the two-price wheat system will not be cancelled.

That is the resolution that I will be moving at the conclusion of my remarks.

It is timely that this resolution comes before the Assembly today, Mr. Speaker, because of the announcement from

the United States Department Commerce respecting the final determination of the Commerce department with respect to the countervailing duty on imports of pork, of fresh, chilled, and frozen pork from Canada into the United States.

Now that is in confirmation of an earlier decision of the United States trade tribunals which established a countervailing rate of 8 cents per kilogram, or 3.6 cents per pound, on Canadian live hogs and chilled and frozen pork going from Canada into the United States. And this is a drastic, a drastic bit of news for the pork industry in this province, indeed across Canada, and it places our whole industry, our hog industry under a very severe threat.

I want to just review, Mr. Speaker, the circumstances which led us to being in the position which we're in with respect to these countervailing duties. And I want to say this for the special benefit of my friend, the member from Weyburn, who always has interesting questions with respect to the application and implementation of the free trade agreement. So I'm going to go into some detail with respect to the situation respecting hogs, for his benefit, Mr. Speaker, and for the benefit of all members of the House.

It was this very trade law, this very trade law that permits the application of countervailing duties that led us into negotiations in the first place, which led to the signing of the free trade agreement. Members of the House will recall that there were a number of trade actions being taken by the United States in the early 1980s.

I remind members of the countervailing duty on shakes, on cedar shakes and shingles, on softwood lumber, on certain kinds of steel products, and on other products, which eventually caught the attention of the Prime Minister of the country and led him to conclude that something had to be done in order to soften the effects of the countervailing duty law that is part of the United States trade law. It was indeed becoming a very critical situation.

And in order to try and deal with that, he came up with the idea of accepting a long-standing invitation from the Americans to enter into negotiations for freer trade between the two countries. That led to the negotiations for the free trade agreement, of which I have a copy in my hand, and which is well known to all members of this House.

Now the idea in going into those negotiations was that Canada would be able to negotiate an exemption from those trade laws so far as Canada is concerned. In other words, those trade laws would not apply to Canada; we would negotiate a trade agreement which would regulate the conduct of both countries, Canada and the United States, in such a way that a countervailing duty law would no longer be required. That was the idea.

Well that idea, Mr. Speaker, just turned out to be a fruitless idea. It turned out to be something which the federal government was not able to accomplish in negotiations. So the Prime Minister, during those negotiations, abandoned that fundamental position of his, abandoned the position that Canada needed an

exemption from those laws and moved to a different position, which was that the free trade agreement would define with some precision what subsidies in Canada would be allowed and what subsidies would not be allowed. And similarly in the United States, what subsidies would attract countervail and what wouldn't, and that then became the focus of negotiations between the two countries.

And we bargained with that as our bottom line bargaining position for some months, and we weren't able to achieve that. And accordingly, in the final hours of the negotiations, Canada abandoned even that minimal position, and then we were left in the position where we were in effect endorsing the existing trade laws of the United States. We were saying that those laws will continue to apply.

**An Hon. Member:** — Well is that what you want? What do you want?

**Mr. Mitchell:** — And the member asks if that's what I want. That is certainly not what I want. What Canada wanted was an exemption from the United States trade laws as they related to countervailing duties. Failing that, it seemed to be a reasonable position that we would try and define in these negotiations what subsidies would attract countervail and what wouldn't. And the reason for that, the reason why it should have been done in this agreement is that while we were negotiating this agreement, we had a number of very large, very important bargaining chips that we could play off against the United States position in an effort to achieve that. Now we played all those chips, Mr. Speaker. You've heard me on this subject before.

We played the important chip of access to Canadian energy, we played the important chip of America access to our service industry, and we played a lot of other bargaining chips too, as I've detailed in this House before.

And what did we get in return? I have suggested, I have analysed and tried to prove that in reality we got nothing in return. We got nothing except the right to take off our own tariffs, which we could have taken off without having to enter into this agreement in order to do it. Now that's some kind of deal. We played all of our bargaining chips, and in return we failed to get the one that was most important to us, and that was the way in which countervailing duties would apply to Canadian exports.

So that's how we find ourselves in the position that we're in today. That's how we find the hog producers of this country, including the hog producers of this province, being faced with countervailing duty action on the part of the United States.

Now this is the second step in a three step process in the United States. But I want to draw to the attention of members that the third step have nothing to do with the fact that a subsidy has been found to exist, and it have nothing to do with the level of that subsidy, which has been found to be 3.6 cents per pound. It has only to do, this third step has only to do with whether or not these Canadian imports are causing any harm or damage to producers in the American market.

Mr. Speaker, there have never been a situation where the third step has found that there was no such damage. There has never been such a situation.

**An Hon. Member:** — Not true.

**Mr. Mitchell:** — If the member says it's not true, the member will have an opportunity to stand in his place and cite . . .

**The Speaker:** — Order, order. The hon. member will have his opportunity to speak in the debate. The member for Saskatoon Fairview now has the floor.

**Mr. Mitchell:** — Thank you, Mr. Speaker. I should say that there will be one action which can be taken, and that is that resource can be had to the dispute settlement mechanism under the free trade agreement.

**An Hon. Member:** — Now we're getting to it.

(1445)

**Mr. Mitchell:** — Now we're getting to it, the member says. Now we're getting to it, and indeed we are, because the member will find, as I have predicted in this House before — I predict again — that that dispute settlement mechanism is going to turn out to be an empty purse. That dispute mechanism procedure is going to turn out to be virtually useless, Mr. Speaker. It will confer no new rights on our country or our producers at all.

All that's happened under the free trade agreement, so far as that dispute settlement mechanism is concerned, is that the role of the American courts in the application of U.S. trade laws has been taken away from the courts and has been lodged in this disputes settlement tribunal.

And that's bad! And the reason why it's bad, Mr. Speaker, is because the American courts, in all of our trade law history, have never found that the tribunals, that the tribunals that I've been talking about, have misapplied the American Law, or misunderstood the American law, or not applied the American law properly, or found that the tribunals have been biased. That has never happened, and it will not happen now.

And clearly, if you read the free trade agreement — and I recommend that to my hon. friend, clearly, if you read the free trade agreement, you will find that the jurisdiction of this dispute settlement tribunal is exactly as narrow, or exactly as wide as the courts of the United States used to have under the American trade laws. No wider.

They have no right at all to determine whether a duty ought to be imposed in circumstances. They have no right whatever to determine whether or not there is a subsidy being paid to Canadian hog producers, no right whatever to try and recalculate what those duties ought to be, and no right at all to determine whether or not any damage is being done as a result of all this.

Now the implication of that, Mr. Speaker, the conclusion one must draw, is that the kind of review that can take

place under the dispute settlement mechanism has nothing to do with the merits of the case. It has only to do with process; it has only to do with the question of whether everything that has been done by the American trade tribunals has been done in accordance with their law.

And as I say, the American courts have never found otherwise in the history of the application of these trade laws, and that is a second fact that I would ask my hon. friend to research and speak to during this debate.

Now what happens down the road here? We have only to look to 1985, Mr. Speaker, where a countervailing duty of about this much was placed upon live pork, live hogs being shipped into the United States. We found that Canadian exports dropped by 1 million head, by 1 million head on one year — from 1.25 million to 250,000 hogs — a drastic, dramatic drop in the export of live hogs from Canada to the United States.

And now with this duty we find the countervail being extended from live hogs to carcasses, to fresh carcasses, chilled, and frozen pork, in which there is a very large trade between Canada and the United States, valued in 1988 at approximately \$341 million U.S., according to U.S. figures. And that will drop, and drop dramatically.

Now that is, to say the least, a major aggravation for the agricultural industry in this province. To think, and to summarize what I've said so far, to think that we went into these negotiations for the precise purpose of ensuring that this sort of thing couldn't happen, and it has happened, and it's happened because our negotiators in this free trade agreement weren't able to negotiate into this agreement one single line that means anything so far as protection for our hog producers are concerned — not one single line.

Now I also want to draw the attention of the House to the situation respecting our social programs. Mr. Speaker, you'll recall during the federal election campaign that there was a great deal of debate about the impact of the free trade agreement upon Canada's social programs, and it became a hotly contested issue with charges and countercharges on each side as to who was telling the truth and who was not telling the truth.

One of the things that was brought to the attention of the public at that time was statements that had been made by the head of the Canadian Manufacturers' Association, whose name is Thibault, a Laurent Thibault.

And Mr. Broadbent, during the election campaign, quoted Mr. Thibault as having said in 1980 that social programs in Canada were too expensive and ought to be cut back. And Mr. Broadbent brought that up during the campaign, and Mr. Thibault said that that wasn't fair — such an old quote shouldn't be resurrected and thrown out in the campaign.

But what do we find in February 1989? Well in February 1989, notwithstanding all of the assurances we'd had during the election campaign about how social programs would not be in any jeopardy under this agreement, we find that same Mr. Thibault, on behalf of that same

Canadian Manufacturers' Association, writing a brief, presenting a brief to the Minister of Finance, Mr. Wilson, in which he said the following, and I quote:

Because 60 per cent of program spending is tied up in statutory programs, with most of this on social programs, this is the spending area that must be reduced. (Mr. Thibault said).

Now that was in February 1989. The ink is hardly dry on the signatures to the free trade agreement and right away we find pressures on the Canadian government to reduce its expenditures on social programming.

And why does it have to do that? Well it has to do that because Canadian taxes are already high, already very high compared to other countries, including compared to the United States, and it is with the United States that we are supposed to be on a level playing-field following the signing of the free trade agreement. Our manufacturers are competing with each other on a level playing-field, free from any tariff, and that's something that apparently my friends opposite welcomed and apparently something which the Canadian Manufacturers' Association welcomed.

But then they come to the government and they say, yes, it's a level playing-field but our taxes are too high; they don't have to pay this kind of taxes in Alabama or Mississippi or Nebraska, and that's not fair. How can we compete against some manufacturer from Alabama when our Canadian taxes are so high? And therefore we want you to reduce the level of Canadian taxes, says the Canadian Manufacturers' Association. Reduce those taxes.

And how do you do it? You do it by reducing spending on social programs. Precisely, Mr. Speaker, precisely the fear, precisely the concern that was raised by the New Democratic Party during the 1988 election campaign. Precisely the concern that was raised, and precisely the concern that was denied by the Prime Minister and other people speaking on behalf of the federal government. And precisely the concern that was denied specifically by this same Mr. Thibault. And yet, as I say, the ink is hardly dry on the free trade agreement when the man on behalf of the Canadian Manufacturers' Association is into the office of the federal Minister of Finance demanding that spending on social programs be reduced.

Well what we're asking for in this resolution, and which I think has the support of all members of this House, is that spending on social programs must not be cut — must not be cut — in these circumstances, and that it is incumbent upon federal government to deliver on its commitment that the free trade agreement will not result in any reduction in spending on social programs.

Now I want to turn to the regional development program, and I mentioned regional development programs because there are very, very concerning developments with respect to regional development funding in this country. And I believe that the majority of those concerns arise directly from the federal government's attempt to implement the free trade agreement. Now again, this is an area where we Canadians have had repeated assurances



from the federal government that the free trade agreement will have no effect — we have been told repeatedly — that regional development programs will not be affected by this agreement.

And yet, Mr. Speaker, events are showing that this is wrong. And actually, Canada ought to have known that it was wrong before the last election. I have a clipping, a Canadian Press clipping, dated September 1, 1988, in which a very senior official of the federal government is quoted on this point. And I will quote from the clipping:

“Regional development aid for western Canada is already being restricted by the free trade deal,” a top federal official revealed Wednesday, just hours before the Commons gave the agreement final approval. “Major regional development projects for western Canada are being screened by Ottawa before being approved to ensure they don’t conflict with the trade deal,” said Bruce Rawson, the senior official with the Western Diversification Fund.

The comments by a cautious Rawson, during a question and answer session following his speech, contradict repeated promises by Prime Minister Brian Mulroney that the deal will have no impact on Canada’s regional development programs.

Now there it was, Mr. Speaker. It was clear to many of us that the regional development programs would be under great pressure following this free trade agreement, and Mr. Rawson, who is a senior official of many, many years experience with the federal government, confirmed that last September. He is the former deputy minister of Health and Welfare, for example, Mr. Speaker, and a very senior person and moreover, Mr. Speaker, a product of this province — a graduate of the University of Saskatchewan.

And the federal government maintained their denials though, Mr. Speaker, but now we find, in the aftermath of the free trade agreement, that the chickens are coming home to roost, that the situation is becoming quite obvious. We are finding that despite these assurances there are substantial cuts to regional development programs such as the federal-provincial economic and regional development agreements, the so-called ERDAs (Economic and Regional Development Agreement).

Now we’ve raised that question in the House, and it seems to me that the members opposite did not know what the situation was respecting ERDAs. But last week, Mr. Speaker, the federal government confirmed that the first of seven such cost-shared regional development agreements in Saskatchewan would not be renewed. The federal Tourism minister, Mr. Hockin, announced that Ottawa had decided to abandon the tourism ERDA agreement across Canada. These agreements had expired on March 31, 1989. Now it’s expected that ongoing negotiations will result in the cancellation of more, if not all of these agreements.

Now it’s appropriate to start with tourism, Mr. Speaker, because in no circumstances could the tourism agreement run afoul of the countervailing duty laws, but

the other ERDA agreements, or at least most of the other ERDA agreements, are industry specific, industry specific, and many of those grants in many parts of Canada could attract the attention of the U.S. trade authorities and could result in countervailing duty actions.

That at least is the fear and that’s the fear that was expressed before this agreement was negotiated, and although it was hotly denied, we’re not seeing that these developments are actually taking place.

During the early negotiations for this free trade agreement, there was just simply no recognition by the United States of the Canadian approach to regional inequalities. They did not regard it as fair or as a legitimate exercise of the federal spending power that the federal government ought to be directing funds towards underdeveloped parts of Canada, and I include Newfoundland, the Atlantic provinces, and parts of Western Canada.

And that is a very, very serious concern to us that the Americans were not excepting of this, Mr. Speaker, because we in Canada have understood very clearly that regional development programs are necessary. In order to give Canadians equality of opportunity and a relatively equal quality of life, it’s necessary that the federal and provincial governments take action together in an effort to improve the economies of some of the hinterlands of Saskatchewan.

(1500)

And there has been a growing concern that those actions would be viewed by American authorities as being a subsidy which may attract a countervail. And that was the concern that was expressed again and again during the negotiation of the free trade agreement. Now that, as I have mentioned, has been consistently denied by federal authorities.

But what we’re seeing, if we examine the last federal budget and the actions of the federal government with respect to the negotiation of the ERA agreements, is that the federal government is in effect surrendering, Mr. Speaker, surrendering regional development programming — surrendering it without a fight.

Now how is the fight to come? The fight, Mr. Speaker, was to come under the free trade agreement in the form of further negotiations. Now as I said earlier, we weren’t able to accomplish our primary objective of getting an exemption. We weren’t able to accomplish our secondary objective of defining what subsidies would be allowed.

So we settled in this agreement on a further agreement to continue to negotiate the question of subsidies, and we spelled that out in article 1907 of the free trade agreement which provides for the establishment of a working group that will:

- a) seek to develop more effective rules and disciplines concerning the use of government subsidies; (and)

- b) seek to develop a substitute system of rules for dealing with unfair pricing and government subsidization:

And this group, Mr. Speaker, made up of representatives of both countries, had five years in which to produce an agreement on these matters. And if they couldn't do it after five years, they were entitled to another extension of two years, making a total of seven years. In the meantime, both countries could continue to apply their existing trade laws.

Now these negotiations are a developing story all by themselves, Mr. Speaker. These negotiations haven't got off the ground, in a formal sense. But the Americans have been preparing for these negotiations ever since these provisions were agreed to. The Americans have been dedicating people, resources, time, and effort to develop the American position in these crucial negotiations.

On Canada's side, nothing at all has happened. On Canada's side, our senior negotiating people from the free trade bargaining team have all disappeared back into the private sector, or off into other government jobs. And there's just nobody around any more who can pick up this portfolio, pick up this file, and start to prepare for negotiations with the Americans.

So we haven't even begun the process of preparing for these subsidy negotiations. But in the meantime, Mr. Speaker, in the meantime we're just like a bunch of good little boy scouts and girl scouts. We are withdrawing these subsidies. We are pulling back on these grant programs. We are eliminating these joint agreements. In other words, we're giving up, Mr. Speaker. We're surrendering before the fight takes place at all. Now that's certainly not a responsible position for the federal government to be taking.

These negotiations have attracted the concern of many people in this country, Mr. Speaker. It is not simply a questions that we raise in this House in any political way, but rather a question which has been of great concern to people across this country.

In *The Globe and Mail* for December 12, 1988, the president of the Canadian Sugar Institute, who was a member of an advisory committee for the federal government on free trade, is quoted as saying:

We could lose everything we have gained unless we get down to some hard bargaining.

And when he said that, he was talking about these very subsidy negotiations that I've been talking about.

A Mr. Shammas, of the Plastics Industry of Canada, had this to say, Mr. Speaker:

We are concerned because the U.S. is gearing up its trade negotiating team while in Ottawa they are gearing down. And further, (he said) the U.S. Department of Commerce sees this as the big part of the negotiations while we have lost some of our top negotiators.

Now that's serious business. There are other such quotes, Mr. Speaker, and I won't take the time of the House to read those into the record. But the fact of the matter is that the Canadian side in these negotiations simply doesn't exist. They're not doing the work, the people aren't in place, and we're not preparing. And that, as I say, is not a responsible approach to these very, very important questions that remain unresolved under the trade agreement.

We've also been told by the minister, the federal minister involved, that the provinces will not be represented on these negotiations. And I've urged this government before, and I urge it again, not to stand still for that kind of a statement. We in the province of Saskatchewan have too much at stake in these subsidy negotiations to be frozen out of that process. We have a right in this federation of Canada, in this federal state of ours, we have a right to participate in negotiations such as these. And I urge the government opposite to stand up on its hind legs and press that point home with their federal counterparts and get involved in these negotiations because they are important.

At the same time there are other negotiations taking place with respect to agriculture. And I want to draw this to the attention of the member from Weyburn, because while he's pressing the point on the working group on subsidies, I also want him to press the point on the working groups on various kinds of regulatory matters that related to agriculture, and those are collected in article 708 of the free trade agreement. We've got working groups that are going to be set up with respect to animal health, plant health, seeds and fertilizers, meat and poultry inspection, dairy, fruit, vegetable, and egg inspection, and so on. And these are crucial things so far as our Saskatchewan producers are concerned. And again this government has been told that they do not have a role in those negotiations. Again this government has been told that they are not going to be represented on these working groups.

**An Hon. Member:** — Who said?

**Mr. Mitchell:** — And the member asked, who said? And I would answer to him that the federal government has so said. The federal government has so said.

**An Hon. Member:** — We've got a guy working on it full time.

**Mr. Mitchell:** — Now the member says they've got a guy working on it full time, and we'd like to hear from the guy, because as far as we can tell at the moment, Saskatchewan is playing no part at all in the work of these working groups. And these working groups are going to be dealing with matters that are of crucial importance to the agricultural industry in this province for years and years and years to come.

Now parts of the resolution, significant parts of the resolution deal with agriculture. And I've touched on one part of it with respect to the hog countervail, but I also want to touch on other matters that are crucially important.

The first that I'll mention is the role of the Canadian Wheat Board. That is a question that is of continuing concern to the producers in western Canada, and especially the producers in this country. And the producers are not reassured by what they have been seeing happen in terms of actions by the federal government, and they have not been reassured by what they've been hearing from this government.

The first really significant warning bell that rang on this question was when the public . . . when the farmers of this province learned of the provisions of article 705 which gave, in certain circumstances, market access, market access to U.S. grain, or U.S. wheat, oats and barley, to Canada, directly to the Canadian market, without those grains passing through the Canadian Wheat Board. Now we have debated that question in this House before, and we all realize how serious that question is.

We know that the application of article 705 so far as it relates to wheat have resulted in, has led to the abandonment of the two-price wheat system in this country, in which domestic grain produced domestically attracted a higher price than domestic grain which was produced for the international market. And that benefit, in the last full year of its operation, was \$280 million — \$280 million.

And the member asked, to who? And I would answer that by saying, to Canadian producers. And the figures that I have, and the figures that I have show that 15 per cent, that 15 per cent of that money went to Ontario farmers — 15, one-five per cent, one-five per cent — and 85 per cent of it went to western Canada. Now I know it was a growing figure, I know it was a growing number, but in the last full year of its operation my information is that 85 per cent of that benefit landed in and stayed in western Canada.

Now you can argue that it may have been different as time went on in the future and that Ontario producers were getting into that market — and I acknowledge that they were getting into that market — but the bulk of that benefit still landed in western Canada.

But besides, what does it matter? I means, I for one would prefer all of the benefit to land in western Canada, but the fact of the matter is that all of the benefit of the \$280 million stayed in Canada — all of it, east and west — east and west. And that money is now gone. So far as the producers are concerned, that money is now gone.

Now the consumers are the people who paid it, aren't they? They're the people who had to pay more, you'd think, for their bread and other flour products. And one would have expected that this \$280 million, which is not longer going to the producers, would somehow land in the pockets of the consumers.

Now I just ask members opposite whether they've seen any drop in the price of bread in the store. We know from senior executives in the Weston company, for example, who expected that that reduction would not be reflected in any reduction in the price of flour — would not be reflected in any reduction in the price of flour. And I think that could be the case.

But the point I want to address is not that one, but the \$280 million, Mr. Speaker. That was paid to the agricultural industry as an adjustment, as an adjustment, and the Prime Minister declared that we would do that and no problem with this access, this market access of American grain, because we'll make it up; we'll pay the \$280 million. And we on this side of the House and farm groups said, yes, that's once, but what about the future? Oh, don't worry about the future. That'll be part of the adjustment process.

Well now we see that adjustment process worked. We see that that \$280 million was paid once and not again. And the de Gandpf report, dealing with adjustments that follow from the free trade agreement, made no recommendation whatever that losses to Canadian agriculture under this market access provision would be made up by the treasury or by anybody else. So that \$280 million benefit is just simply gone, Mr. Speaker, it's gone, it doesn't exist any more.

And this leads, Mr. Speaker, to a second point, and that is the situation respecting oats, the delisting of oats. Now members opposite minimize the impact of that because they say there weren't that many oats grown anyway, and so it doesn't hurt. You tell that to the producers in this province. You go anywhere you like and you ask people whether or not they agree with delisting of oats from the Canadian Wheat Board and they will answer, no. They will answer no in every single community in the whole of western Canada, and that's the reality — that's the reality. That action was taken without any agricultural support at all, Mr. Speaker.

All of us are concerned, generally, with the situation of marketing boards, not just the Canadian Wheat Board but marketing boards generally. And I'll tell you why, Mr. Speaker. We're concerned because the Americans are opposed to them.

(1515)

The Americans have placed the elimination of marketing boards very high on their agenda of trade issues with Canada — very high. And it has been our experience watching this process in the last four or five years that whatever is high on the American agenda tends to come out as an outcome, as a result. The Americans, generally, have gotten pretty much what they wanted out of this whole process.

You look through the free trade agreement and it's just stunning to compare that to the agenda of the Americans going into these negotiations with Canada. It is not a gross exaggeration to say that the Americans got what they wanted. They got what they wanted, and on top of that there were able to salvage their own trade laws and continue in a position to impose countervailing duties whenever they found that there wasn't anything resembling a subsidy.

So when we see something like marketing boards high on the list of the United States as a trade irritant or an

outstanding trade issue, then I think that we all have cause for concern — for very, very deep concern. And it doesn't do us any good at all to simply say, oh that's not a problem. My friends, that is a problem. That's a problem because the Americans are simply not going to let go of it.

And I tell you, Mr. Speaker, that it is not reassuring to think that it is the federal government that is going to be protecting our interest in this connection. It is not reassuring because their track record with respect to these matters have not been good, and there is absolutely no cause for optimism at all. There is cause indeed for great concern.

So I would urge the House, Mr. Speaker, in concluding my remarks, to give very serious consideration to this motion and to approve it. And I'm going to move the resolution formally now, Mr. Speaker, and then say a few concluding remarks with respect to it.

I move, seconded by the member from Humboldt:

That this Assembly urge the Government of Saskatchewan and the federal government to maintain solemn commitments made to the people of Saskatchewan regarding the implementation of the free trade agreement, and therefore ensure that social programs will not be affected, that regional development grants will remain, that the Canadian Wheat Board will not be undermined, that marketing boards are protected, and that national agricultural programs such as the Western Grain Stabilization Fund, the Crow benefit, and compensation for the elimination of the two-price wheat system will not be cancelled.

Now that's the resolution, Mr. Deputy Speaker, and it was drawn in terms that the government members could support it, the government members could support it. These matters, Mr. Deputy Speaker, are matters that are of concern to us all, and I know they are matter on which there is not any difference between our two parties so far as these questions are concerned.

When we talk about ensuring that social programs will not be affected, surely members on the government side would agree that the free trade agreement should not have that result. And when we way that regional development grants will remain, surely we all want regional development grants to remain. This province will only be the beneficiary. This province will only be the beneficiary from that sort of . . . the continuation of that long-standing, well-established program.

Thirdly, that the Canadian Wheat Board will not be undermined. Surely we agree on that, Mr. Deputy Speaker. Surely we agree fully on that, that marketing boards are protected. Surely every member of this House agrees with that. And that national agricultural programs will not be cancelled, and I have mentioned three in particular, and that is the Western Grain Stabilization Fund, which all members of this House must support; the Crow benefit, which every one of us in this province support; and that the compensation for the elimination of the two-price wheat system will not be cancelled.

So as I say, Mr. Deputy Speaker, this resolution was drafted in terms that all members of this House can support, and I would urge that you do so. Thank you, Mr. Speaker.

**The Deputy Speaker:** — Order, order.

**Mr. Upshall:** — Thank you, Mr. Deputy Speaker. Mr. Deputy Speaker, it give me pleasure to stand in this Assembly today and speak on this motion concerning the free trade agreement and some of the implications that we will see from the free trade agreement.

As you know, Mr. Speaker, that this Premier of Saskatchewan went around during the free trade debate saying time and time again that this agreement will give us access to the U.S. market.

Well I think, Mr. Deputy Speaker, that the result today from the Commerce department of the United States shows us that there is no access in this particular area to the U.S. market. And I think on that grounds that Premier should be made to resign because he simply misled the public of Saskatchewan when he went around and time and time again repeated himself saying that free trade would give us — and there's quote after quote — would give us Saskatchewan, access to the American market. And we see that is not so.

Mr. Deputy Speaker, the . . .

**The Deputy Speaker:** — Order, order. All members will get an opportunity to voice their opinions on this debate, so I would ask you to allow the member from Humboldt to make his comments.

**Mr. Upshall:** — Well I understand that it's a very touchy area when their leader has misled the public by saying that there is access to the U.S. market when in actual fact we see a procedure on a countervail on pork going through the U.S., just has come through the U.S. Commerce department and upheld that 3.6 cents a pound would be coming out of the farmers' pockets, pork producers' pockets, the farmers of Saskatchewan.

That adds up. In 1988, Mr. Deputy Speaker, about \$410 million Canadian was the value of hogs shipped to the U.S. You multiply that time 3.6 cents and that comes out to \$15 million out of the pockets of pork producers of this province. And that Premier, the Minister of Agriculture for this province, told Saskatchewan pork producers that they would gain, they would benefit from this free trade agreement. And now we see that he was not telling the truth. In fact, either he was not telling the truth or he didn't know what the process and the procedure was going to be — either one, it doesn't matter.

But I think, Mr. Deputy Speaker, that the case is strong enough now that that Premier, that Minister of Agriculture, should resign his seat because that is not acceptable in the province of Saskatchewan.

The omnibus trade Bill . . . (inaudible interjection) . . . Well the member can call me a pip-squeak if he wants. I can tell that it hurts when they start shouting insults

across. The truth hurts all the time, Mr. Deputy Speaker, and I'm sure it's hurting this time.

Mr. Deputy Speaker, the omnibus trade Bill that went through before the free trade agreement was signed told us that things like this were going to happen, because that omnibus trade Bill identified not only live hogs, but it expanded the mandate to frozen and chilled and some processed product.

That omnibus trade Bill, we knew, and we on this side of the House told them that that was going to be part of this process. And we see today the procedure going forward, the second-last step in this whole procedure to have a duty, a countervailing duty imposed, as being upheld by the U.S. commerce department.

And, Mr. Deputy Speaker, this will go on, this will continue, because under the deal there was a code that was supposed to be put forward, code of acceptable subsidies over five to seven years. And can you imagine how fast the U.S. government is going to jump to their feet to try to get this code established when they can go on and impose countervailing duties on products such as pork, as well as other products coming out of Canada? I'm sure that they will be dragging their feet as long as possible.

And the Canadian government, or this government, does not even pick up on that because we know that there is not even a negotiator assigned on behalf of Canada to negotiate what is an acceptable subsidy.

Why isn't this Premier, this Minister of Agriculture, pushing counterpart in Ottawa to get that process moving? I mean, it's unfortunate that we're in the process, but we have to know and we cannot continue to see countervailing duties such as this put on by the U.S., flying in the face of the intent of the free trade agreement that was lauded so loudly by the government opposite — flying in the face.

Well, Mr. Deputy Speaker, as I said, this Minister of Agriculture has to be representing the farmers of Saskatchewan. If he was doing that, he would be pushing Ottawa to go forward with these negotiations, and he is not doing that. And no wonder he's not doing that, because he is so busy with his privatization, so busy with other things that he's forgotten totally about agriculture.

Mr. Deputy Speaker, the free trade agreement has affected Saskatchewan farmers in a way far more quickly than I would ever have imagined. And if you want to just take a look at some of the events that have happened in the past couple of months, you will note that the free trade agreement is behind many of the activities of the federal government, whether introduced in its budget, or whether part of the policy for transportation, whether part of the policy for the Canadian Wheat Board.

I will start, Mr. Deputy Speaker, by talking about an item which was . . . an item that every farmer took for granted — that was a cash advance on the grain that they could ship. And, Mr. Minister, for the life of me, I sat down and I questioned myself as to why the Canadian government would remove the cash advance system that was in place. It was a constant that farmers could rely on from year to

year, and in many years when the shipment of grain is slow for many, many reasons, that cash advance allowed that farmer to carry himself through, have his debts paid, and as the grain was sold, then repay that advance. But now this government in Canada, the Mulroney government, is removing that interest-free cash advance. And I ask myself why.

The other thing I asked why, is why didn't the Premier of this province, the Premier for the province of Saskatchewan, in which the majority of the grain is produced, the majority of the grain farmers come from, why would he not stand up for grain farmers and say, no, Mr. Mulroney, the cash advance should stay interest-free — not one word.

The Minister of Agriculture, this Premier, would not stand up to Ottawa because he's either afraid or he doesn't have the intestinal fortitude to go forward to Ottawa and say, represent the farmers of Saskatchewan in such a manner that would help them. And he's not done that.

Mr. Minister, the interest-free cash advance is going to be gone. That will constitute about on a \$30,000 maximum, the cash advance program, depending on how fast the grain moves, that could be \$1,000 at least, maybe more, depending; on some years it could be 2 or \$3,000, some years it could be less.

But let's take \$1,000 as an average, \$1,000 dollars of new money that farmers of this province are going to have to come up with next year at a time when you read that net farm income is going to be going down in this province by 46 per cent. Where is the Premier of Saskatchewan, the Minister of Agriculture, the so-called friend of the farmers, when it comes to standing up to the federal government?

And behind this whole thing, Mr. Deputy Speaker, is the fact that the free trade agreement, through the Americans, is putting pressure on the Canadian government, is muzzling the premier of Saskatchewan by saying that you have to cut this subsidy out to Saskatchewan farmers. That's the reason that interest-free cash advance is gone — no other reason. And that is why we need a new Minister of Agriculture; that's why we need a new government in this province, a government that will stand up for Saskatchewan farmers.

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

(1530)

**Mr. Upshall:** — And if you want to continue, Mr. Deputy Speaker, ask yourself why, ask yourself why the fuel rebate was reduced. You think that could have anything to do with free trade agreement when the Americans are putting pressure on the subsidies that Canadian farmers are receiving.

We see that the fuel rebate has been slashed, and that fuel rebate constitutes to the average farmer in Saskatchewan farming about a thousand acres of land, about 600 new dollars, 600 new dollars that he'll have to come up with next year to pay for fuel because the rebate is reduced. Do

you think that has anything to do with the free trade agreement that this Premier, the premier of this province, the Minister of Agriculture, was applauding so loudly, running around telling how great it was going to be when we had free trade.

Well I'll tell you, Mr. Deputy Speaker, the free trade agreement that this Minister of Agriculture, the Premier of this province was flouting in this province, touting in this province, is directly responsible for the reduction of the fuel rebate from Ottawa.

Because they are trying now . . . and the ironic part of this whole thing, Mr. Deputy Speaker, is that even before the negotiations, even before the negotiations on the code . . . (inaudible interjection) . . . Well the member says, never thought of a federal deficit.

Well I guess the member is more interested in the federal deficit than he is in taxpayers of Saskatchewan, the farmers of Saskatchewan. And for a newly elected member in a rural riding, Mr. Deputy Speaker, that is utter blasphemy, because he should be standing up for those members in Assiniboia-Gravelbourg, and obviously he's more concerned with what's happening in Ottawa than he is what's happening with farmers in Assiniboia-Gravelbourg. That is not acceptable.

Mr. Deputy Speaker, as I was saying, this free trade agreement, even before the harmonization process, this code of subsidies is being negotiated, even before it is put forward we see the Saskatchewan government and the federal government, even before any negotiations are starting, starting to draw back, starting to knuckle under to the Americans. You'd think they'd be standing strong and increasing their programs, if you like, so that they would have a better bargaining position when it comes to reducing them through the negotiations. But not this government, not the federal government, and not a word from the Premier of this province because they are not concerned. Apparently they're not concerned with the process, with the Saskatchewan farmer who has to pay \$600 a year, average, for the average farmer, for fuel.

Now, Mr. Deputy Speaker, another item that we're confronted with, and this is another item that the free trade agreement has directly affected, and that is the increase of the freight rates. Increase to freight rates, Mr. Deputy Speaker, constitutes another \$1,000 of new cash that the Saskatchewan farmer, the average Saskatchewan farmer, is going to have to come up with next year in order to move his grain to market, because that is another reduction in the subsidy.

And we can see this level going up higher and higher and higher. But in order to speed that up, what are they doing now? The federal government in Ottawa and this government in Saskatchewan is saying, well we got to change the method of payment. You know, there's pressure there on us; they say to change the method of payment. We got to pay the payment directly to the producer.

Well isn't that lovely? What do you think our friends down south of the border in the United States will think when we have a direct transportation subsidy to the

producer? They will single that out as probably number one or two, and they'll say it has to go.

And as my friend from Assiniboia-Gravelbourg, well that'll help the federal deficit. Yes, it'll help the federal deficit. But I ask, how will it help the farmers of Saskatchewan? And that is the point, that the members opposite so hypocritically sit there and say that they're representing rural Saskatchewan.

And on all the issues that increase costs to farmers because of pressure from the free trade agreement, all the pressures of the free trade agreement and increases to Saskatchewan farmers, keep them silent, because it's the spineless leader they have. That is why — can't stand up to Ottawa because the pressure comes from the U.S. to the federal government, to the provincial governments, and they knuckle under while Saskatchewan farmers have to come up with new cash every year.

And that, Mr. Minister, as my colleague said, that's no wonder that this government opposite and its members are trying to dump this leader. I would applaud them if they did.

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

**Mr. Upshall:** — Because it may be possible that even the members of his own party are saying, this leader has not stood up to Ottawa. This leader has told us falsehoods about the free trade agreement. This leader, or this Premier of Saskatchewan is not the person that we want to represent. Even the people in their own party must be saying that, if there is pressure from them to review his leadership.

Mr. Deputy Speaker, so the freight rates, the method of payment directly related to the free trade agreement, directly relate to it. And in order that Ottawa can get rid of this transportation subsidy, they go about it very sneakily, and their excuse is that they want to pay the payment to producers in order that it make more equity in the system.

Well I'll tell you, more equity in the system, Mr. Deputy Speaker, means more dollars out of the pockets of Saskatchewan farmers because you don't trade off a large subsidy to put more so-called equity in the system when it's costing the farmers money. What we do is build on those other areas in agriculture that are possibly . . . have some results against them because of the transportation policy, and I would love to argue or debate that point. But that's not the issue right here.

So, Mr. Deputy Speaker, well I have cited three, three things in the last couple of months, direct result from the free trade agreement causing Saskatchewan farmers to pay more money.

Another one, let's ask ourselves why the initial grain prices were reduced. We in the past have seen that the pressure being put on Ottawa, if there is a deficit in any of the pools because of money lost because the sales were too high; if we see a deficit in the pools, the Americans say, that is a subsidy to Canadian farmers; you cannot do that, that is an unfair trading practice.

So what does the government do? It drops down the initial price of grain to rock bottom. I mean, did the wheat board give the government a range on which the price of grain can be placed? The government placed that right near the bottom of the range to ensure that there was no deficit in the pooling system. How does that help Canadian farmers, Saskatchewan farmers in particular?

They receive a low initial price, and hopefully they'll receive a significant final payment. But what happens in the meantime when we have a \$6.5 billion debt load on Saskatchewan farmers hanging over the hear? Why wouldn't this Premier, this Minister of Agriculture, stand up to Ottawa and say, no, don't place that price for grain in the lower part of the range? Put it in the upper part of the range, because farmers need it. Grain stocks are low. Stand up to the Americans on behalf of Saskatchewan farmers to ensure that they get the maximum amount of dollars up front for the grain they sell.

But we do not hear a whisper — a whisper — from the leader of this government, the Premier or the Minister of Agriculture, who can . . . it is impossible for me to say that he is doing his job. He's so wrapped up in privatization, so wrapped up in securing his own position in the party, that he has totally forgot about agriculture.

Mr. Deputy Speaker, I can go on. My colleague talked about the two-price wheat system, and I want to talk about that for a minute. The two-price wheat system in Canada was a system whereby Canadian farmers received about \$280 million a year — \$280 million a year from domestic sales of wheat. And the member opposite, they justify the removal of the two-price wheat system by saying, oh, it was benefitting Ontario; Ontario's getting all the benefit.

Well, Mr. Speaker, that is an outright . . . that is simply not the truth. That is simply not the truth. Two hundred and forty million dollars of that two-price wheat came to western Canada — \$240 million — and the rest went to Ontario. And they say, oh yes, but Ontario was increasing its share in great leaps and bounds. Well Ontario was increasing its share, but is that . . . what rationale is that — to knock out \$240 million to western Canada just because Ontario was getting 40 or 50 million? What kind of logic is that?

All it is, Mr. Deputy Speaker, is an excuse, because the free trade agreement put pressure on the Canadian government, put pressure on the provincial government in Saskatchewan. And neither one of them, the Premier of this province nor the Prime Minister in Ottawa, had the gumption to stand up and say, no, we are going to keep this system.

In fact, what they should have done was increase the two-price wheat system to include all of Canada. Put the two-price wheat system in one pool and have all farmers draw from it equally. That would have been even a better system.

But no, they're satisfied to sit there and defend the actions of the federal government, defend the actions of the federal government when \$240 million has been snapped out of the pockets of Saskatchewan farmers who

are losing 46 per cent of their net income this year, or having it reduced by 46 per cent. What type of government, what type of a so-called friend of the farmer is that? That is pure, utter hypocrisy, Mr. Deputy Speaker, and we see it time and time again.

And I go on, Mr. Deputy Speaker. One of the most important institutions that we have in Canada, Mr. Deputy Speaker, is the Canadian Wheat Board, as far as farmers are concerned. In fact, in a poll, in a Decima poll that we saw come out a couple of months ago, 95 per cent of the farmers in Saskatchewan said they wanted the Canadian Wheat Board as their marketing mechanism — 95 per cent of the farmers. This free trade agreement, Mr. Deputy Speaker, is putting direct pressure on the Canadian Wheat Board.

We see the removal of oats from the board. Well the excuse was, it was only a half of the one per cent, just a small commodity. We hear rumblings in the future about export barley coming off. Well I'm not sure what their excuse for that would be, but I'm sure the defenders of the farmers over here will find out a good excuse why they can remove export barley from the Canadian Wheat Board.

Instead of placing all the products under the Act, as wheat is, they're satisfied with seeing them fly away, seeing them excluded. The Americans say, well you subsidized your oat production more than we did, so therefore we don't need a licensing requirement — free trade agreement. So what's that do? Brings down the standard.

We see the Americans saying, marketing boards — and especially pointing at the Canadian Wheat Board — is an unfair trading practice. A mechanism in Canada whereby farmers have equal access to shipping their grain, no matter where you live in western Canada, through the Canadian Wheat Board — a fair program, a program that markets grain right around the world.

And more and more, Mr. Deputy Speaker, around this world we are seeing governments who want to trade from government to government, because they know they get stung when they start trading from the . . . in the private sector.

Mr. Deputy Speaker, the Americans have identified the Canadian Wheat Board as an unfair trading practice. And where is the premier of this province where the majority of permit book holders for that wheat board reside? Is he standing up to them and saying, no, you're not going to touch the wheat board? No. The Minister of Agriculture, the Premier of this province, is justifying the action. He's saying, oh it's a small portion, oats; well I support the wheat board but oats is okay to go. Next he'll be saying, I support the wheat board but it's okay for export barley to go.

That, Mr. Deputy Speaker, is the demise of the Canadian Wheat Board, the instrument that 95 per cent of the Saskatchewan farmers want to be their export or their marketing tool. And this Premier flies in the face of 95 per cent of the Saskatchewan farmers, and I ask, why?

And I think the answer is because he simply cannot represent this province on behalf of farmers. When it

comes to standing up to Ottawa, when it comes to standing up to the Americans, he is simply bowled over and a small voice in the wilderness. That is why we have to have this Minister of Agriculture, this Premier, and this government out of this province so we can have someone govern this province who will stand up for Saskatchewan farmers, make representation.

Well, Mr. Deputy Speaker, the Canadian Wheat Board is a very important tool. We have seen in the past, we have seen in the near past, several items come before the federal House directly affecting Saskatchewan farmers, and I have listed them: the interest-free cash advance; the loss of the fuel rebate; the grain freight rate and where it's paid to, the method of payment; the decrease in the initial price.

(1545)

And if you add up all these things . . . And, Mr. Deputy Speaker, there are other factors that contribute to these things. But what I am saying is that this Premier, this Minister of Agriculture, should not be in his place in this legislature because he is not standing up for the farmers of Saskatchewan.

If you add up, Mr. Deputy Speaker, the cost simply on the loss of the fuel rebate, the interest now being paid on cash advances, and the increase to the freight rate, you come up with nearly \$3,000 of new cash that a farmer would have to bring out of his pocket, new money, when the reports are saying that net incomes in Saskatchewan are going to drop by 46 per cent, when a Premier, the person who brags about being the defender of Saskatchewan farmers, is silent on the issue.

That is not acceptable, and I don't know what we can do on this side of the House to convince him. What the farmers of Saskatchewan, the 95 per cent who stand up for the Canadian Wheat Board, what they do to convince this Premier that he has to stand up to Ottawa.

But I'm sure that Brian Mulroney has got a hold of his hand very tightly, and like my colleague says, a small dog on a short leash. And every time he barks he just gives that leash a jerk so the dog is pretty quiet. And that is the problem that the farmers of Saskatchewan have — no representation to stand up for their interest, so \$3,000 new money.

If you want to add, Mr. Deputy Speaker, the loss because of the drop in the initial drop in the price of grain, you're adding to the average farmer in Saskatchewan about another \$12,000 — and some of you people over there should realize that — the added cost of \$15,000 a year, the potential loss of \$15,000 a year to Saskatchewan farmers as a result of pressures through the free trade agreement. And this Minister of Agriculture, this Premier of this province is silent because he is spineless, he has not courage, you cannot stand up to Ottawa, he can not stand up to the Americans, and he is not defending interests of Saskatchewan farmers.

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

**Mr. Upshall:** — Yes, and I think that is right, and that is

why, Mr. Deputy Speaker, that Minister of Agriculture, that Premier, the Premier of this province, is so low in the polls in this province. And that is why his own party is questioning, that is why his own party is questioning his leadership capabilities. That is why, and there's no doubt about that — even the members of his own party.

Mr. Deputy Speaker, this motion:

That this Assembly urge the Government of Saskatchewan and the federal government to maintain solemn commitments made to the people of Saskatchewan regarding the implementation of the free trade agreement and therefore ensure that social programs will not be affected, that regional development grants will remain, that the Canadian Wheat Board will not be undermined, that marketing boards are protected and that national agriculture programs such as the Western Grain Stabilization Fund, the Crow benefit, and compensation for the elimination of the two-price wheat system will not be cancelled.

That is why we have to bring this motion forward because the Minister of Agriculture, the Premier of this province, will not do it. All we can hope is that the people of Saskatchewan . . . and I think the hoping is pretty well over, because the numbers of farmer that I've talked to — and I tell you, Mr. Deputy Speaker, without a word of a lie, these were farmers that I knew voted Tory last year, last election, in my constituency — when I talk to them, we talk about all the issues, talk about the weather and everything else that farmers talk about, and when it comes down to the end they tell me that this government's been here too long. And I'm not making that up, Mr. Deputy Speaker, and I think the members opposite know that. They've been here too long. And . . .

**An Hon. Member:** — Out of touch.

**Mr. Upshall:** — Out of touch with the people, not standing up against the federal government, not defending Saskatchewan farmers, the increases in the price, when they themselves know that there's a \$6.5 billion debt problem.

And, Mr. Deputy Speaker, just to show you how far out of touch and how arrogant and how thoughtless these people are, we had to force them by showing numbers in this legislature of the over 10,000 notices of intention to foreclose or seize assets, before they would bring forward their agricultural legislation. They sat back and held back their legislation, using the argument, using the argument that we were holding up the legislature. But that is utter nonsense, Mr. Deputy Speaker, because they had ample time.

So we forced them into bringing the agriculture Bills forward. That is why the people of Saskatchewan are saying this guy's got no leadership. He's got no intestinal fortitude when it comes to standing up to Ottawa on the free trade agreement. He's got no leadership when it comes to representing Bills before this House that will help Saskatchewan farmers. He simply is out of touch. He simply is preoccupied with his own leadership; he's



preoccupied with his privatization binge that he simply cannot lead this province any longer. And I think if he has the will to call an election, the farmers of Saskatchewan will respond by tossing out that person who's so out of touch.

Thank you, Mr. Deputy Speaker.

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

**Mr. Martens:** — Thank you, Mr. Speaker. It's a privilege for me to begin the discussion on this issue today on free trade. I want to make a couple observations, and I want to go into some detail on this.

I had occasion to travel to United States prior to this agreement being reached, and the member for Regina Rosemont went along with me, and we dealt with two issues as it related to free trade, Mr. Deputy Speaker, that dealt with issues in relation to agriculture and fisheries. We went down there to take a look and to hear from people in the United States about how the role the American government . . . the role the American government played in the trade negotiations. They were just being begun at that time. We had a lot of insights into the various kinds of attitudes that the American people had in relation to trade and trade relations with other countries.

We met with the ambassadors for Canada in the United States. We met with various trade agencies. We met with negotiators of the people who negotiated various aspects of disagreements between United States and Canada. One of the individuals who I recall having met with was Mr. Horlick, who was the principal legal counsel for the department of consumer affairs in the United States. That gentleman was well versed in the attitude of free trade as it related to the pulp and paper industry, the softwood lumber dispute that was on at the time. His opinion of it had not changed from the first time he suggested to the United States Department of Commerce that they should not pursue the tariff. And when they did that later on, he was against it and therefore he could not be supporting that kind of an attitude.

We learned a lot about the role of the United States government in dealing with this. We met with the people who supplied the support systems for the American Congress, the House of Representatives and the senators. We dealt with a lot of issues dealing with trade in agriculture and fisheries.

Before that I decided I was going to take a look at how to evaluate and determine whether in fact Canada would have an opportunity to improve its position or be a negative in relation to the free trade and the debate on trade. So I took it upon myself to do some investigation into various aspects of it. And one of the books that I read had to do with international economics, and it was a book that reviewed all of the research and the history that had gone on through the period of time of development of the trade and trade relations with United States, early into, and going beyond, the 1900s.

And some of the things that they mentioned about the studies that had been done, they ran through the majority

of them and did an analysis of whether they were in fact accurate, whether they were in fact legitimate in determining whether in fact trade with United States and a freer trade with United States would benefit Canada and its relationship in a trading manner.

One of the things that struck me it the objectivity of the individual who did it, and he didn't make any partisan remarks one way or another. He was not pro-Canadian; he was not pro-American; he was not pro-trade; he was not pro-anti-free trade.

And one of the things that he continually mentioned was that you have two views. One view is that you take a statistical analysis and deal with it in a statistical way and you can derive a conclusion from that statistical analysis to give you the dynamic of what it will be.

And then you have the second observation that you have to make, and that's an empirical view, which is a view that gives you the response from a gut feeling as to what will happen when in fact a decision is made on an issue. And that empirical value he did not necessarily emphasize, but he put it into perspective and he says, if these kinds of things happen, then this could have a possibility of happening.

He went on in detail and dealt with every facet of the trade and trade with United States, all the products that were there all the way from the textile industry to agriculture and manufacturing agricultural products, poultry products, eggs, dairy products, and all of those. In each of them he did a separate analysis.

And in recalling the details of that, there were two areas that he said there could possibly be a negative impact on free trade. One was the textile industry in Canada could have a negative impact if they did not improve their manufacturing and their quality of manufacturing, plus if they didn't improve their commitment to modernize their plants. That was the one area.

The other area, Mr. Speaker, was in the dairy products. There was a possibility of some injury to Canada because of the size and the magnitude of the American volume. Now he didn't say it necessarily would happen, but he did indicate that there was a problem.

One of the things that the free trade discussion did with the dairy products is it gave it a longer period of time to adjust, because the American system and the system that they have developed over the last 75 to 100 years has just as many warts on it as ours does. And therefore, Mr. Speaker, it has to take a longer time to evolve in having a less position of hurt for those people who are involved in that industry.

What the positives in this were, Mr. Speaker, is the example that he used over and over again of the manufacturing industry in Ontario in the cars. And, Mr. Speaker, what he pointed out over and over again was that the free trade in automobiles with United States had put the free trade into perspective. What the plants did in Ontario is they modernized. They became efficient because they produced massively products that they could sell into United States that they could deliver.

Ontario, for example, out of \$170 billion trade relationship has a \$90 billion volume of business with the United States, and that is basically the car manufacturing sector.

And so one of the things that he pointed out over and over again was the value that that was to the economy in southern Ontario. It had a tremendous impact to the benefits of the manufacturing of automobiles. It had spin-off effects into the whole region that gave it a dynamic that was unusual. And it wouldn't have been there without a free trade agreement with the United States, because the United States couldn't go back on the arrangement that they had made.

And it leads me to a point that I think we must consider in dealing with the issue of free trade in the total concept of where we're going and what we're doing as a trading nation, as a trading province in the country of Canada. We cannot, Mr. Deputy Speaker, allow ourselves the freedom to build walls around ourselves, to protect ourselves from outside forces, because we have become know in the whole world as traders. We are highly equipped in our expertise, in our knowledge of the international markets. We are well equipped in our dynamic to understand what those markets can do to us. We understand that they can hit us and they can lever us into a very positive position.

That, Mr. Speaker, is why we are considered some of the best traders in the world. We have people who have come from this province who are heads of various agencies of the government, and they understand it. And where did they come from? They came from the basic trading province of Canada, which is Saskatchewan.

(1600)

One in four jobs for Saskatchewan people is related to trade with the United States. That's why it's important that we deal very precisely and very factually with what we do with free trade. We cannot allow, Mr. Deputy Speaker, the emotional rhetoric of all the things that have gone on in previous years to be the only window that we look out when we look out into the future to see what Saskatchewan can have and what it can benefit from. We have to take the dynamic of the future and not only of the past to give us a vision of what we have to be.

What does it do to agriculture as a trading function in Saskatchewan that we need? I'll give you an example — Flexi-Coil. Flexi-Coil in Saskatoon is expanding their market. Where are they going to expand their market to? They're going to expand their market into United States, and they are not only going to do that for the people of Saskatchewan, which will be able to reduce the cost and the price of the products to the people of Saskatchewan, but John Deere farm equipment will sell that cultivator and their products all over United States, to deliver into United States; that opportunity giving us, Mr. Deputy Speaker, an opportunity to sell steel, to have jobs, to provide services. And the second thing that it did, Mr. Speaker, in that one very single item, free trade allows the service industry to go down there and service products.

That, Mr. Speaker, is why those are very, very important features. If we didn't have . . . The United States had a law that said if you didn't have the service industry to service that manufactured product, then you couldn't sell it there. And we were excluded from those services by the law. And free trade now gives us an opportunity not only to sell down there, but to go down there and fix it for them. And that service-side industry, Mr. Deputy Speaker, is just as important to the people of Saskatchewan as it is in the manufacturing of that product itself. And that, Mr. Speaker, is why we are directly impacted positively by that very same function.

Now go to item number two, in a raw product manufactured here in Saskatchewan that is number three in California, and that's again manufactured out of Saskatoon. Intercontinental Packers (Ltd.) sells hams in the United States and to California markets. They're the third largest supplier of hams into the California market.

Today what you're seeing in the automotive industry, which is rather different, and that is they are going to go to California to find out what the California people want for marketing and how they're going to make the cars in eastern United States. That's the dynamic of what the retail . . . the manufacturers are providing in the industry. They're going to California to find out how they want them to have the cars. We are going to go to California to see what they want in meat and products that we manufacture; in the bacon and in the hams that come out of Intercontinental Packers in Saskatchewan. Why? Because we can go to one place in United States and sell more product to one place in United States than we can do to all of Canada.

And it is closer, Mr. Deputy Speaker, for us to supply into the California market giving us an economic freight advantage than for us to ship it into Toronto. And that, Mr. Speaker, is very, very important for the people of Saskatchewan.

And when the United States rationalized their killing plants, where did they go? They moved the killing plants to that region of United States that would best serve those high volume populations. And that, Mr. Speaker, is exactly what we have to do. We have to put those kind of killing plants and processing plants in the province of Saskatchewan that are going to deliver the product into the United States at a competitive advantage, at an advantage based on the fact that we have a better product to offer.

And why are the people in United States talking about buying Canadian bacon and Canadian hams? And I'll tell you, Mr. Deputy Speaker, they want that product. They want it, and even if they would have to pay more for it, they would still buy it because it's better. Plain and simple, we have a good product to sell, we have a good product to provide to them, and they're prepared to buy it.

And I know for a fact when they get those Flexi-Coil cultivators down in the United States they're going to say they're pretty darn good too, because they're manufactured here for the kinds of conditions that are required in a tough environment, and they're made to be

the kind of implement that the people down there will want, and I know that.

Morris Rod-Weeder is another company that sells down in the United States. Take Versatile, for example, in Winnipeg. What impact does that have? Is it negative? No, Mr. Speaker, it's not; it's positive.

Now we have to deal with a couple of other items here yet, too; one is the cars. And I really, really think that the people opposite need to consider some very important features. When we were down in Washington talking to the trade people down there, they were very, very sceptical about whether the car agreement on the trade with United States would actually be able to stand up without a free trade agreement. And that, Mr. Speaker, is very, very important in dealing with this whole issue.

You cannot only deal with the items that you're trading, but you have to take those items, and then how do they impact on the society around them with the other things that you're going to trade? And cars was one of them. Cars was in jeopardy of being gone if we didn't get a free trade agreement, and I heard that over and over and over again. That, Mr. Deputy Speaker, is the reason why I believe Ontario, for example, voted in favour of, in the federal election. And I think that the people of western Canada voted for it for those same reasons.

The people in Saskatchewan were led down the garden path by the members opposite because they said, oh, they're going to take health care away on you, they're going to take . . . and just like in Assiniboia-Gravelbourg, Mr. Deputy Speaker, they said they're going to take your five hospitals away. And that, Mr. Speaker, is what those members opposite did in the free trade discussions; and that, Mr. Speaker, is why many, many people said they were a little hesitant about what they were doing with free trade.

But that, Mr. Speaker, is also the point I want to make is why we won the Assiniboia-Gravelbourg by-election, because those people in Assiniboia-Gravelbourg are free traders with United States today. They have been for years. They go down into there and they find out what's going on. And that's why they voted for the member for Assiniboia-Gravelbourg to sit on this side of the House, because they knew and they knew very, very well that the people who were going to give them the benefit were those people who were in favour of the free trade agreement.

One of the things, Mr. Speaker, that came to mind in the discussion on free trade in relation to this thing as it related to the federal election was the steel plant here at Ipsco. Were they in favour of it? At the beginning they were not. At the beginning they said, there are a few things that we see as a problem with it. But as the trade discussion went on, they became more and more informed about what that impact was going to be and how that would positively impact on their industry.

And that, Mr. Speaker, is where they are today in relation to this. Why would they be against it when they can manufacture products that would put steel into products that would be sold in the United States. That, Mr. Speaker,

is why they are speaking out in favour of it.

I just wanted to point out, on a western Canadian ministers' conference, some of the things that were discussed. And the premiers of the four western provinces got together and they said that we need to have a summary of what we want to have in relation to a free trade agreement. And the premiers met in Calgary, and in a joint position paper the provinces took issue with the national tariff structure, which we suggest encourages the concentration of manufacturing in central Canada and the development of agriculture products and other raw materials in western Canada, and excludes them from using raw materials in western Canada:

In addition, since the national tariff protects many of the inefficient manufacturing industries in central Canada which markets goods at higher prices than would be the case if the goods were imported duty free . . .

Now that's been a problem all through the history of western Canada. Eastern Canada would manufacture the province, and here again cars is a primary example. We would have to pay the tariff on those cars; the car market in the United States would not have to pay that tariff. So we were in fact subsidizing the car manufacturing industry in Ontario. And then the tariff structure would cause an increase in the price of the product, therefore causing a negative to the economy in western Canada. That, Mr. Speaker, is why the four western provinces decided that they shouldn't be going that way.

There's some other items I want to quote from this document.

Presently, while ways and means of improving terms of trade to expand and diversify Saskatchewan and western economies are being discussed, the West is toiling under federal transportation policies that aggravate its trade position.

Now that's been a part of what we have said in western Canada and the province of Saskatchewan for decades. I hear my father talking about that 40 years ago, and that hasn't changed.

Many freight rate anomalies inhibit processing of resources in the West and yet open Saskatchewan up to easy market penetration.

From where? From central Canada, from the manufacturing subsidies that are placed on, that we have to pay in order to deliver them into western Canada.

Hence, as Saskatchewan's trade objectives we are now beginning to discuss with the federal government, Saskatchewan must point out that the federal transportation policies are not complementary to the objectives of Saskatchewan having growth.

Now that's been real. That's been there for decades, like I said before. The whole concern, because Saskatchewan is an exporting province, has to relate to how we export

our product. We have to have an opportunity for trade that gives us a background for putting our product, which has quality, which has a relatively low subsidy value in relation to its manufacturing, processing, and that sort of thing — we have to deliver that product to the consumer. And that opportunity, Mr. Speaker, is very important for us to have the recognition by the United States that we are equal in opportunities to provide the quality of product that we need to have.

Now let's take wheat as an example, or durum or oats or barley or any of those products that we grow in western Canada. Those products, Mr. Speaker, have been recognized throughout the world as being of the highest quality. And that's because we have put research into the quality, but it also has to do with the environment they grow in. The tough, extreme climatic conditions that exist in Saskatchewan and western Canada are the reason why those products are of the quality they are.

Now how do I sell them into United States? It's almost impossible for me to do. And if we hadn't had the change in the climate down in the United States, that their coarse grains were . . . they were having a problem growing them, Mr. Speaker, we would not have the oats market today that we do. The horses in Kentucky probably eat more than the people of Saskatchewan.

And that, Mr. Speaker, is the reason why we have to have an opportunity to market that down there. But we haven't done that for so long, we had to find a new way to do it.

(1615)

And why couldn't we take that opportunity? We have that opportunity in the horse market, in the thoroughbred market in Kentucky and in Tennessee; we also have that market, Mr. Speaker, in the health food side. We haven't taken that opportunity to do it.

And more and more, as I've heard people talking about the value of oats, in the quality of the food that they eat is the thing that we have to promote. And who do we have an opportunity to do that? We have an opportunity to do that because of the high quality milling capacity of the grain that we grow. And that is the reason why health food stores want to use our oats. They want to mill it. They want to use it for bread. They want to do all of those kinds of things. And if we wouldn't have a free trade agreement with the United States, they could just block us off right now and they could say, no more of that, and then where would we be? And that, Mr. Speaker, is one item.

Let's take the role of canola, for example, in the United States. We have marketed canola into the Japanese market for a long time already and they were the sole . . . basically the sole users of the product, in a volume sense. What we've had over the last year or so is the U.S. home-maker has decided to adjust the kind of edible oils that she uses in her cooking. And they're coming to the place now, under the recommendation of the United States health and food, that the canola oil is an important part of that food supply source in the United States. And where are they going for that, Mr. Speaker? They're going to Saskatchewan and Alberta and Manitoba. And why would they come here? It's because we have the product,

Mr. Speaker. We've developed a quality product that is highly valued all through the world, and that's why they want to come to us. What would free trade or closing of the doors and building this box around us, what would that have done if we would have continued to do that? Mr. Speaker, that opportunity . . . we would have narrowed and narrowed the opportunity for us to do those kinds of things with the American consumer.

Mr. Speaker, agriculture placed in perspective in dealing with the functions because it is a primary food supplier to 260 million people, has a value for people of Saskatchewan, without a doubt. And that, Mr. Speaker, is why it is important for us to have a trade relationship with the United States that will give us an opportunity to market into that huge demand, that consumer demand.

Now what that does for us, Mr. Speaker, by having a trade relationship with the United States, it makes other countries and other people begin to rationalize why they have high tariffs in the first place. Now let's take two examples of the worst that are in existence today in relation to trade — Japan and the EEC (European Economic Community). Both of those countries, both of those . . . the community of countries under the EEC and Japan are the worst, MR. Speaker, as it relates to tariffs.

I'll give you an example. Rice can be grown in Japan, sold to the United States at less than the American farmers can grow it for. How do they do that? They have one single agency to buy all of the rice, all of the food in Japan. That one single agency buys it at a high price, won't provide it to the people of Japan, sells it into United States with an export subsidy, and therefore reduces the price to below what the farmers in the United States can sell it for.

And that's what they are doing with all of their food. They do that with the livestock industry. They do that with the cattle. You talk about selling our beef into Japan — you can't do that because the tariffs are so high they just block it all off. We can't do that. But if we trade with the United States, they're going to have to soon say look, we've got to start to adjust our systems here because our people are going to start to grumble because they want to have the quality of meat products that can be delivered by the people of Saskatchewan, by the people of Canada, and by the United States, therefore, too.

But since the United States is a net importer, they won't be supplying that food there. But where will it come from? It can come from the people of Saskatchewan. And that, Mr. Speaker, gives us an excellent opportunity to market into that kind of an economy and therefore enhance the opportunities that we have to provide quality processed product into those kinds of countries.

And the same thing can be done with the French market, the German market, and all of those in various other areas.

That, Mr. Speaker, is why I believe that the free trade agreement with the United States is a very, very important milestone in the history of Saskatchewan. It is going to give us an opportunity to develop the kinds of things that we want to in this province, and the kinds of things that we need to do.

I just want to have one more item and then I'm going to have some concluding remarks. But one of the things that I find very difficult to understand, Mr. Speaker, in relation to the opposition and the opposition to the free trade agreement, and that is on two rivers that flow from Saskatchewan into United States. We have, through the history of southern Saskatchewan, had a very extreme problem, and it's no different this year than last year, in relation to the water volume that goes into the United States.

The Frenchman River delivers way more than its 50 per cent share to United States, because we have no way of regulating and controlling the amount of water that goes into United States. We can't control what is delivered. We could have an opportunity to save 50 per cent of that water and we let it go.

The second one is the Souris River. The Souris River, 90 per cent of the water runs into United States; 10 per cent stays here. We have rights to 50 per cent of that. Why can't we keep it? Why can't we take the things that we can do with the water in the southern part of this province and do with it what we have a right to do.

Mr. Speaker, people believe in the southern half of the province, in water. I just spent a couple of days riding a horse through the Big Muddy, Mr. Speaker, and it was dry, really, really dry. not only that, Mr. Speaker, I visited with those cowboys and ranchers through that area and they wondered why, why would people be against that sort of thing — developing a water resource to keep it in Saskatchewan, to develop more capacity for producing and then giving more for production and all of those kinds of things. Why not guild the dam? And why would these people be against it? It just boggles my mind, Mr. Speaker, why.

They don't want to have any trade with the United States. They want to block it all off, and they say, we want to let all the water go, on the other hand. What does that tell me? Where is their consistency in delivery of an opportunity for people in southern Saskatchewan? Where is their realism?

And when we talk about the value that it would be, Mr. Speaker, Ducks unlimited have built reservoirs on my land, and they have done a good job with it. When I was a kid growing up, the geese would fly over in V's. Today they're nesting in those dams. When I was a kid growing up, we'd see ducks once in a while, but now they're nesting over in those places.

And what does that do for the people of Saskatchewan on their relations with the free trade . . . (inaudible interjection) . . . I'll tell you what it does, the member from Regina Victoria. The attitude that we can develop by having those Americans come in and invest in Saskatchewan and in an opportunity through Ducks Unlimited through the value that they add to the trade and the trade relationship with the United States is enhanced by that opportunity that we have to deliver the kinds of products that they want to have.

Today, Mr. Speaker, what have we got in my

constituency? Today we have in my constituency, Mr. Speaker, are outfitters who are dealing with an opportunity that they never, ever had before. And I want to tell you, Mr. Speaker, some of those people have told me this. Their gross earnings off of outfitting for goose hunts are higher than they are for their farms. And that, Mr. Speaker, is fairly significant out in my part of the country.

And we can have that. We have an opportunity for tourism. Why do we want to block Saskatchewan off? Members opposite do. And I say to you, Mr. Speaker, that there . . . behind it all there is a reason. Behind it all there is a reason, because when you allow people of Saskatchewan to get out into the world, as they can see the people around them, they will know that they can compete openly, up front, with anybody in the world. And they have, and they can, and they will.

And that's why I like free trade. It's an opportunity for us to develop the kinds of things that the people of Saskatchewan believe in. It's the kind of place we can have for an opportunity for the people of Saskatchewan to grow. Not only, Mr. Speaker, do I disagree with anything anti-free-trade, I treat it with a good deal of disgust.

And I would like to also add, Mr. Speaker, for years and years — because I'm in the livestock industry, I was aware of this for a long time — 25 per cent of our cattle would go to Alberta; 25 per cent would go to the United States; 25 per cent would go to Ontario; and we would keep back 25 per cent to feed right here. We have the highest volume of grain production. We have the highest volume of land base in Canada — 40 per cent-plus of all the arable land in Canada. Why would we want to sell the raw product to those people who would process them, put the feed grains into them. Why would we want to do that?

That, Mr. Speaker, is why we have to get back to the basics of having the product grown here. We have to have the product processed here and we have to have the product marketed from here because that, Mr. Speaker, gives us an opportunity to compete in a way that is going to enhance the people of Saskatchewan.

And the only way we can to that, Mr. Speaker, is by opening the doors for trade and throw them wide open because, Mr. Speaker, I can compete on that basis anywhere in the world. And I want to say that I am entirely in favour of free trade.

Thank you, Mr. Speaker, for your time.

**Hon. Mr. Hepworth:** — Thank you, Mr. Speaker. I want to enter into this debate relative to free trade as well.

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

**Hon. Mr. Hepworth:** — And I want to confine my remarks to three general areas, Mr. Speaker. First of all, I want to go through, point by point, the issues that were raised by the hon. member for Saskatoon Fairview, who is the free trade critic, those points for the U.S. Department of Commerce ruling. Secondly, the NDP contention that there's been reduced social spending because of the free

trade agreement. Thirdly, his remarks about regional spending and the free trade environment. And fourthly, the Canadian Wheat Board oats and the two-price wheat.

The second area, Mr. Speaker, I'd like to talk about is examining these arguments, then close by looking at why the Progressive Conservatives and farmers across this province want a free trade agreement, Mr. Speaker.

Firstly, the hon. member talked about the U.S. Department of Commerce ruling that came down today. This is the final determination of subsidy. This was preceded by a ruling, a preliminary determination of subsidy, on May 2, 1989. And this is relative to our hog and pork exports to the United States, Mr. Speaker.

In May of this year the U.S. Department of Commerce, under a preliminary determination of subsidy, saw a three and a half cent per pound countervail duty put in place, Mr. Speaker. This final determination of subsidy now sees that rise by 0.1 cent to 3.6 cents per pound, Mr. Speaker, on fresh chilled and frozen pork from Canada.

Now we are of the view, Mr. Speaker, that this next step which is the final determination of injury by the U.S. International Trade Commission may well see this overturned. It may well see that overturned, Mr. Speaker.

To put this in perspective for producers and others who may not be familiar with this, it's a multi-stage process. The Department of Commerce can investigate if asked to by producers, whether there's a subsidy, an unfair subsidy, by in this case, Canadian pork producers. They went through and decided that there was a 3.5 cent a pound unfair subsidy. On further looking at it, they've determined now that it's 3.6 cents.

But the next crunch, if you like, the next stage in this is, okay, there is a subsidy according to the U.S., but is that hurting our pork producers, is that adversely affecting our market, and if so, adversely affecting our pork producers?

(1630)

So there is that step in the process that has to be gone through yet, Mr. Speaker, and our view is that that may well be overturned. And I think that view would be shared by the Canadian Pork Council as well as the Canadian Meat Council.

Now, Mr. Speaker, before we had a free trade agreement, if and when the International Trade Commission would have ruled yes, there is injury; yes, there is unfair subsidy and yes, we will maintain this countervailing duty, we as Saskatchewan farmers or pork producers, really all we could do was wring out hands and say, oh those darned Americans, they're being unfair to us again.

We didn't have that assured access, we didn't have that assured access to that U.S. market that we want. And why do we want that U.S. market, Mr. Speaker? Well the reason is that our pork exports to the United States, fresh and frozen, have gone from the NDP days of \$3.4 million or \$6.2 million in 1982 to now, if we look at '84, '85, '86, '87, for example — \$14.6 million, \$20.9 million, \$26.0 million and \$34.4 million, or about six, seven, and eight

times what was being exported in the days of the NDP government, Mr. Speaker.

And why is that so? Well we've seen hog production in this program, because of the innovative programs of this Premier and Minister of Agriculture, and because of the vision and foresight of these members from rural Saskatchewan, we've see our hog production go from something around 700,000, Mr. Speaker, to over \$1 million, and it's finding its way into that U.S. market because that is a market, Mr. Speaker, of 250 million people.

So in the old days, Mr. Speaker, under the time when we didn't have this free trade agreement and this action was brought against our producers, all we could really do was wring our hands. But the NDP are good at wringing their hands, Mr. Speaker, and so the pork producers, the pork producers were very supportive of a free trade agreement, Mr. Speaker. The pork producers wanted to see this free trade agreement inked.

And the reason they wanted to see this free trade agreement inked is because hand-wringing wasn't good enough. No pork producer can plan ahead. We couldn't see the jobs that could come with this, in a solid sense, if every year or two we were going to be subjected to these frivolous actions, sometimes frivolous actions, I'm sure, Mr. Speaker, from the U.S. And so one of the things that we got through this free trade agreement, one of the things we got is a new tool to make sure that there isn't frivolous actions and that it's fair, Mr. Speaker.

And the pork producers asked for that; they wanted that; they saw the need for it, and we got that. And it's interesting that the critic really didn't talk about this tool. He talked about three stages. He really didn't talk about that final stage because they don't want to hear this. They don't want to hear that the Mulroney government, with the help of the pork producers, got an additional tool and no other country in the world has it, Mr. Speaker. Japan doesn't have that tool, the European Economic Community doesn't have that tool, but Canadian pork producers have that tool, and it's a credit to the Mulroney government and the pork producers that we have that tool.

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

**Hon. Mr. Hepworth:** — If it comes to the point where the International Trade Commission rules that there is hurt, I would predict . . . I would be urging, as will my colleague, I'm sure, the minister in charge of free trade, that the federal government pursue, on behalf of pork producers, going to that tribunal that was set up as a result of the free trade agreement, Mr. Speaker. We have that new tool, Mr. Speaker.

Now the hon. member over there says that under the International Trade Commission that they've never really changed a ruling, they've never ever really changed a ruling. Well I want to tell him: where was he in 1984 — or was it early '85, Mr. Speaker — when our pork producers were hit the first time with countervail? Where was he then?

And you know what the situation was then, back then, Mr. Speaker, when we didn't have the free trade agreement? Well not only did they slap a countervail on frozen and fresh pork, they slapped a countervail on the live hogs, Mr. Speaker. Live hogs as well as the fresh pork, as well as the pork fresh and frozen. It went to the International Trade Commission. And we didn't win it all there, Mr. Speaker. We didn't win it all, but they took the countervail off the live hog trade. We didn't win it all, but certainly that denies the opposition member's observation that the International Trade Commission doesn't change ruling, or that they're just some kind of toady for the system, if you like.

Now I thought that logic in their ruling, quite frankly, was lacking. It wasn't a unanimous ruling; I thought the logic was lacking. But even the International Trade Commission, Mr. Speaker, I think it can be said, isn't a toady of the system, if you like. But never mind that. Even if that rules against us at that stage, we do have this additional new tool of the international tribunal, Mr. Speaker, and that's something that we didn't have before; it's something that we have now.

Having said all of that, Mr. Speaker, there's no question that this determination, this final determination, at 3.6 cents a pound is unfortunate; it's regrettable; we all wish it wasn't happening. We wish we didn't have to run it up the flag pole, if you like, and use these tools, but they are there. And they weren't there in the past, and hopefully they'll be there in the useful sort of way that we think they can be there, Mr. Speaker.

The other argument that the hon. member from Fairview made is that here we went through this negotiation process and at the end of the day we didn't get the U.S. to give up their trade remedy laws. They came out of this with their trade remedy laws intact, and oh how sad and awful that is.

Well what a narrow-minded argument when you think about it, Mr. Speaker. First of all, Mr. Speaker, first of all it took several years to get to the stage we got with an agreement. If we'd wanted to cover off everything, they'd still be there. So it made sense, if you like, in a strategic way to let's get something delivered and get something to start with, and they've made provision over the next five or six or seven years to work on some other areas.

That's point number one. But frankly, Mr. Speaker, that isn't the most important reason. I'll tell you what, Mr. Speaker, as sure as I'm standing here, if we had have gotten the U.S. to give up their trade remedy laws, they would have had us give up our trade remedy laws. And I'll tell you, I will never sell out Canadian producers to that kind of scenario ever. You might, but we won't on this side of the House.

And I'll tell you why, and I'll tell you why, Mr. Speaker, I'll tell you why. Because we have not been nor will we be bullied or pushed around by the U.S. And it was because we had Canadian trade remedy laws that when the Irish beef was coming into here at, I think, something like 75 cents a pound subsidy, it was those trade remedy laws that turned those boats around. And that's the kind of protection we have and we're not going to give it up, Mr.

Speaker.

And I'll tell you what, that's the kind of trade remedy laws that we have here that provided our corn producers in Ontario, and I won't be backing corn producer in Ontario, but I'll tell you it was the same laws that protected those corn producers from unfair dumping, if you like, into Canada of U.S. corn, Mr. Speaker.

So he says maybe we should've given up all of our trade remedy laws; I say our negotiators were smart and they did not give up our trade remedy laws but instead we got a new tool that no other country in the world that trades with the United States has, and we got that under a PC government in Saskatchewan and under a PC government in Canada, Mr. Speaker, and my hat off to them.

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

**Hon. Mr. Hepworth:** — Now the hon. member quoted at some length from the president of the Canadian Manufacturers' Association, something he said and I think it was 1980. Now I support whole-heartedly a lot of the initiatives of the Canadian Manufacturers' Association. One of the things that they are very proactive, Mr. Speaker, in is recognizing that in the world of the future education, job retraining, grasping the essence of the technological era is what's going to determine whether we are a success or a failure in the world economy ahead.

But, Mr. Speaker, I find it unusual, I find it strange, I find it sad that an opposition member in the Saskatchewan legislature to make his case on free trade has to rely on quotations from the head of the Canadian Manufacturers' Association. He has to rely on his quotations from some guy who runs a plastic company in central Canada, and other NDP members who will drag forward every union head, people that run textile industries and the like that we don't have in here.

I say let's stand up for Saskatchewan producers. Why didn't he quote what the stock growers think about free trade or pork producers or canola growers or barley growers or flax growers or the Saskatchewan cattle feeders association. I'll tell you why he didn't quote from them, Mr. Speaker. First of all, he has no sense of where they're coming from; and secondly, they are, too, a group in favour of this free trade agreement, Mr. Speaker.

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

**Hon. Mr. Hepworth:** — And I'll tell you, Mr. Speaker, we stand side by side with the Saskatchewan stock growers and the Canadian Cattlemen's Association, and the western Canadian wheat growers and the barley growers and the canola growers and the flax growers and the canola growers and the pork producers, and the list goes on and on and on and on, Mr. Speaker, because they too know we have a future in maintaining larger trade ties with the United States in that area.

Well, Mr. Speaker, here it is, once again we see resurrected in his second line of reasoning that if we sign this free trade agreement we'll see decreased social

spending, we'll see our hospitals closing, we'll see our health care system torn down, and you know all the lines, Mr. Speaker. We heard them from the NDP during the election; we heard them during the election in Assiniboia-Gravelbourg, and we heard in the election, the federal election in the fall of last year, Mr. Speaker.

And I'll tell you what, Mr. Speaker, that is the most despicable form of scaremongering and fearmongering known to mankind.

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

**Hon. Mr. Hepworth:** — What kind of a person is it, Mr. Speaker, what kind of a person is it that goes out on the campaign trail, walks into senior citizens' homes, walk into the homes of the elderly, Mr. Speaker, and tells them, and tells them as if it is fact, that if you elect the Tories and bring this free trade agreement in, your hospital will be gone? What kind of person would do that, I ask, Mr. Speaker, what kind of person? Is that right and fair? Is that the kind of society we want, Mr. Speaker, where you go around scaring old people; where you go around lying, Mr. Speaker?

That's not the kind of society that we stand for in this province. That's the tactics of radicals, Mr. Speaker, that's the tactics of scaremongers, fearmongers and all the like, Mr. Speaker. But then again, we shouldn't be surprised when we look at that issue, Mr. Speaker. Radicals will do those . . .

**The Speaker:** — Order, order. I've just been listening to the hon. member's remarks, and I would just like to draw his attention to the fact that it seems that he may have been, he may have been indicating that perhaps some member had been lying. I think that we have to be careful about that. Order, order. And I think we have to be careful about that. Parliamentary language is very important to maintain the decorum of the House, and I realize that sometimes in the heat of debate, we may . . . our emotions may become extended, but I would like to draw that to his attention.

**Mr. Lingenfelter:** — Mr. Speaker, on a point of order.

**The Speaker:** — What is the point of order?

**Mr. Lingenfelter:** — Mr. Speaker, I have also been watching the minister . . . (inaudible interjection) . . . No, I want to say I was watching on T.V. in the lounge, the member, and I want to say that if the minister wants to continue making a fool of himself, we have no problem with . . .

**The Speaker:** — Order, order. Now I would just also like to mention to the hon. member from Regina Elphinstone, who is also a member who has spent a great deal of time in the House, that he knew that was not a point of order. It was a frivolous statement and I would ask him to refrain from that in the future.

**Hon. Mr. Hepworth:** — Mr. Speaker, I want to return to the argument made by the hon. member just to review where I was at. The NDP said during the by-election and during the federal election that if you have this free trade

agreement your hospitals will be gone, your health care system will be in pieces, etc., etc. And I ask, Mr. Speaker, and I ask again: is that the kind of society, is that a legitimate way to conduct ourselves as legislators and/or as people in this province, Mr. Speaker, going around scaring people with that kind of tactic? — the tactics of radicals, quite frankly, Mr. Speaker.

And what did we see really? You know, the part that the hon. member from Fairview didn't raise here is a couple of headlines that I have, one from the *Leader-Post*, November 4, 1998, another one from the *Leader-Post* November 7, '88. Headline: "Hall denies medicare at risk". That was former Justice Emmett Hall, Mr. Speaker, well recognized as the father of medicare. He looked at the agreement and said that it wasn't at risk. "Medicare safe, CMA head says" was the headline in the other paper, Mr. Speaker, that I referred to, and that's in sharp contrast to the kinds of things that we see coming from the NDP, the radical crew other there.

(1645)

It was interesting in the paper here, I think it's *The Swift Current Sun*, in January of this year, Mr. Speaker. It's well known that if it wasn't for some NFU (National Farmers Union) farm policy, the NDP wouldn't have a farm policy. And the headline there — it must have been as a result of an NFU meeting — was: "Lack of farm radicals mystifies NFU leader." You see, they're of the view, that NDP, Mr. Speaker, unless you're radical, unless you're radical, you really don't count. But of course we've seen what that can do, how hurtful that can be to people.

Here's another one, Mr. Speaker, *Leader-Post*, Wednesday, September 28, 1988: "Revolution said only hope for democracy in Chile," Mr. Speaker. Now this is a result of a story around the trip by the member from Regina Rosemont to Chile, okay? Chile, Mr. Speaker. And then they wonder why the public think they're a little bit radical in their approach, Mr. Speaker, and why the public doesn't have a lot of time for them with this fearmongering and scaremongering.

But I return for a second, Mr. Speaker, to the by-election in Assiniboia-Gravelbourg, because I saw firsthand there, Mr. Speaker, the hurtfulness and the fright that can be imposed on senior citizens when people send a letter out to them . . . well, Mr. Speaker, what would you think of this; what would you think, Mr. Speaker, if somebody sent you a letter and one of the lines in that letter was: "And the latest PC proposal to close down all five hospitals in this constituency is unacceptable"?

Now what would you think, Mr. Speaker, if you were a senior citizen, Mr. Speaker, in a senior citizens' home, and somebody dropped this letter off and it was signed by the Leader of the Opposition and said, if you elect the PCs — or essentially what it says is if you elect Progressive Conservatives, all five hospitals in this riding will be shut down?

Well, I ask you, I ask the member from Assiniboia-Gravelbourg, is there one hospital shut down in Assiniboia-Gravelbourg? The . . .



**The Speaker:** — Order, order.

**Mr. Van Mulligen:** — Mr. Speaker, I can certainly appreciate the fact that the member wants to relive the Assiniboia-Gravelbourg by-election, one of the three that took place, and the only one that they won. But his remarks basically have nothing to do with the topic of free trade and you should call him to order on that.

**The Speaker:** — Order, order. The member has raised the point of order regarding relevancy, and the issue is well taken, of course, as it always is when members speak, and the hon. member of course is asked to relate that to the debate.

**Hon. Mr. Hepworth:** — Well, Mr. Speaker, I'm going to move off the point of the hon. member suggesting that somehow after a free trade agreement our hospitals would close down. Well, the reality is they have not, and in Assiniboia-Gravelbourg they're opening hospitals, Mr. Speaker, not closing them down.

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

**Hon. Mr. Hepworth:** — Well let's look at his final argument, Mr. Speaker. The NDP have suggested that somehow out of this free trade agreement the Canadian Wheat Board will be gone and that the thin edge of the wedge was the announcement some several months ago now that oats are no longer under the jurisdiction of the wheat board, Mr. Speaker. The reality is the free trade agreement and removing oats from under the Canadian Wheat Board had nothing to do with one another, Mr. Speaker. They had nothing to do with one another.

And I just want to make this one point, Mr. Speaker. I want to make this one point. The hon. member from Fairview said it doesn't matter where he goes in this province, the thing that is on everybody's lips, every farmer that he talks to, the issue that's on their lips is, oh, how awful it is that oats has been taken out of the Canadian Wheat Board.

Well now I ask all of these rural members here: when you go to the UGG (United Grain Growers) elevator or the Pool elevator or the . . .

**The Speaker:** — Order, order. Would the hon. member please allow the Minister of Education to continue with his remarks. Perhaps you'll get an opportunity later.

**Hon. Mr. Hepworth:** — Well I continue. I just asked, when we go into our constituencies across this province, is the thing that you get hit with when you talk to your farmers, is the thing they come up to you and say, Mr. MLA, I want to talk to you about article 705 of the free trade agreement about oats and the wheat board? Well I'll tell you what, Mr. Speaker, that might be an important issue, but it is not the most important issue in rural Saskatchewan today. The farmers out there are a very, very intelligent group, very intelligent. They know oats is a niche market. They know that this doesn't represent the thin edge of the wedge.

And I'll tell you what they're talking about out there is the impact of what the crop's going to look like; are we going to get rain; whether this United States-EEC trade war and

subsidy war is going to end; and what the price is going to be if they could put some of that stuff in their bin. That's what they're concerned about.

And I'll tell you another thing they're concerned about. They're concerned about their soil. And they saw those winds this spring wreak havoc with their farm land, Mr. Speaker, because these farmers are people of the land. And I'll tell you what, they have a strong feeling for the land and the protection of the environment of this province, Mr. Speaker. That's what they're concerned about.

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

**Hon. Mr. Hepworth:** — They're concerned about the green revolution, and the gene revolution, and trade wars in Europe, and the EEC, Mr. Speaker, and the United States, and export enhancement programs, Mr. Speaker, and they're concerned about when that drought payment is coming from the federal government. And, Mr. Speaker, they're concerned about these up-coming GATT (General Agreement on Tariffs and Trade) trade talks, Mr. Speaker. That's what they're concerned about.

Now the other point the hon. member made is this two-price wheat system, Mr. Speaker, that somehow this was a sell-out, somehow this was another black mark relative to the free trade agreement. Well I'll tell you what. The NDP and the member for Fairview can stand in their place and talk about the two-price wheat system all they want, Mr. Speaker, but I'll just lay these facts before this legislature.

I ask you, Mr. Speaker, what I want for western Canadian farmers and Saskatchewan farmers is a fair deal when it comes to the pricing of our wheat. And I'll tell you what, Mr. Speaker, I didn't think, under that two-price wheat system, when Ontario farmers got a subsidy of 40 or \$50 a tonne through that two-price wheat system — not really a subsidy, but that was the other part of the money, if you like — and Saskatchewan farmers were only getting 10 to \$20, I didn't consider that a fair deal, Mr. Speaker.

Now he can back up Ontario wheat farmers. He can back up Bob White and the Canadian Auto Workers Union. I'll back up Saskatchewan farmers, Mr. Speaker, and I don't consider that a fair deal.

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

**Hon. Mr. Hepworth:** — Mr. Speaker, I'm telling you that western Canada is tired of having a raw deal for our raw resources. And that's the kind of raw deal that he wants to continue to perpetrate on Saskatchewan farmers. And that leads me directly into why I support and why our part and why our Premier and why our farm and rural members support this free trade agreement, Mr. Speaker.

## INTRODUCTION OF GUESTS

**The Speaker:** — Order. Before the hon. member gets into that, I'd like to take the opportunity to introduce some special guests we have in the galleries with us this afternoon.

We have with us this afternoon the chief electoral officers of all jurisdictions in Canada, who are having a conference here in Regina, both provincial and federal. Also they have some staff members with them and other guests.

I would like to take this opportunity to particularly introduce the following people: from Saskatchewan, the chief electoral officer, Keith Lampard; from Alberta, Pat Ledgerwood; from B.C., Bob Patterson; from Manitoba, Rick Ballasko; Ontario, Warren Bailie; New Brunswick, Scovil Hoyt; Prince Edward Island, Merrill Wigginton; Newfoundland, Dermot Whelan; Yukon, Pat Michaels; for Canada, Jean-Marc Hamel; and for Quebec, Pierre Côté.

Please welcome these distinguished guests to our Chamber.

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

## MOTIONS

### Resolution No. 5 (continued)

**Hon. Mr. Hepworth:** — Thank you, Mr. Speaker. As well, another special welcome to these our visitors in the gallery here this afternoon.

I wanted to close, Mr. Speaker, by talking about why we support free trade, why we're in the same camp as the pork producers and the stock growers and the wheat growers and the canola growers and all of those other farm groups across this province, Mr. Speaker. I suppose one could make the observation that maybe it was summed up — why we're in favour of this — was summed up as well by Benjamin Franklin some several years ago, as well as anyone. He said this: "No country was ever ruined by trade." And he might well have gone on to say, but a great many have known prosperity because of trade, Mr. Speaker.

And how true that is in our province. I mean, where would Lanigan be without the 3, 500 people who work in potash mines? And were do we sell that? We export it all over the world, Mr. Speaker. Where would our pork producers be if we couldn't send 30 or 40 or \$50 million of product down to California and other points in the U.S.? Where would the people who work in that forest products industry be, Mr. Speaker, if we couldn't sell? Where would the workers at Weyerhaeuser be today if we couldn't access that U.S. market? Where would the cattle producers be? The uranium producers? Here we are the largest or second largest producer of uranium in the world, oil, Mr. Speaker — the list goes on and on and on.

In my town of Weyburn, Saskatchewan, Mr. Speaker, people work at the Canada Wire & Cable plant there, producing cable for the North American market. There's 142 families and livelihoods there that depend largely on free trade, Mr. Speaker. So I say, where would be if we couldn't export to other markets, including the United States, Mr. Speaker?

The big reason . . . so then the question, Mr. Speaker, becomes this — the question then becomes this, Mr.

Speaker. One could say, well, yes you don't need to put all your eggs in the U.S. basket. Why don't you look at developing markets in other areas of the world, Mr. Speaker? Well the reality is, Mr. Speaker, we are not putting all our eggs in the U.S. basket. We recognize that as an important market. We want to go after it in a bigger way, but we also want to go after these markets in the Pacific Rim and elsewhere, Mr. Speaker.

But the reality is, that U.S. market is a rich and lucrative market of 250 million people. There are more people in California, Mr. Speaker, than there are in all of Canada. And as my colleague from Morse, said, they like that Canadian bacon in California. What are we, number three down there? Of about 28 or 29 kinds of bacon, in California they like that Canadian bacon. We're number three, Mr. Speaker — number three.

And I'll tell you, the other reason that we support free trade, Mr. Speaker, the other reason we support free trade is we are tired of getting a raw deal for our raw resources. You know, you have to go back. The NDP could take a lesson from something that happened in . . .

**The Speaker:** — Order, order. I think perhaps the hon. members should give the member for Weyburn a chance to give us his comments without being interfered with.

**Hon. Mr. Hepworth:** — Well, Mr. Speaker, I will have more to say, and just before I take my place I just want to say to the NDP opposite they could take a lesson from, I think it was in 1795 when the French government of the day realized that armies probably made better time in their treks if they didn't have to lug around live chickens and pigs and whatever to feed them. So they, rather ingeniously, said they would provide 12,000 French francs to the first outfit that could come up with a way of canning all of this. So instead of trucking around with chickens and pigs and all the rest of it — live ones — they put it in cans, Mr. Speaker. And I'll tell you what, that's an example that goes back to 1795, Mr. Speaker.

It's relevant because today they're celebrating their bicentenary, but it speaks directly to what we want to do in western Canada. We want to take what we produce and make something more out of it. We want to take those live hogs and make them into pork chops, Mr. Speaker. We want to take that beef, Mr. Speaker, and make it into filet mignon, Mr. Speaker. We want to take those trees up north, Mr. Speaker, and make them into fine paper. We want to take that barley and make it into malt, Mr. Speaker, because that's where the jobs are. And not only that, Mr. Speaker, that's where the jobs are for our children, and they're good paying jobs.

And I'm going to end on this point, Mr. Speaker. I'm going to end on this point. This deal my not be perfect, Mr. Speaker. It may not be perfect, but I'll tell you what, it represents one golden opportunity. And I ask all members of this legislature, I ask the members opposite: will this deal somehow mean that the member for Weyburn, or the member for Shellbrook-Torch River, or the member for Morse, or the member for Redberry, that somehow will be wealthy and just know some great largess because this deal goes through? I doubt it, Mr. Speaker. I doubt it. Because you measure this in decades, Mr. Speaker.

But I'm going to adjourn the debate, Mr. Speaker . . .

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

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

**Hon. Mr. Hodgins:** — Mr. Speaker, I would seek leave of the Assembly to move to government business at this time and then go into Committee of the Whole.

Leave granted.

#### **GOVERNMENT ORDERS**

#### **COMMITTEE OF FINANCE**

**Mr. Chairman:** — Order, order. Being 5 o'clock, the committee is adjourned until 7 p.m.

The Assembly recessed until 7 p.m.