

## EVENING SITTING

## ADJOURNED DEBATES

## SECOND READINGS

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

**The Speaker:** — The question before the Assembly is the continuing debate on Bill No. 20. However, prior to the resumption of that debate I wish to read the following statement.

Prior to the noon hour recess today and also to the dinner recess, it was apparent that members were unclear about the rules of relevancy and repetition and about the role of the Chair in applying these rules.

Let me first remind members about the purpose of debate. The purpose of debate is to air all the arguments on all sides of an issue to enable the House to come to a decision on a question.

There is no support whatsoever in parliamentary authorities or in parliamentary practice in this or in any other Westminster-style parliament for the contention that every member has the right, before a decision can be reached, to speak to his or her constituents by repeating arguments and offering information in support of those arguments raised previously by other members. There is no such right. A report sanctioned by the House of Commons in Ottawa supports this:

The freedom of debate enjoyed by members does not extend to the right to repeat arguments that have already been heard.

This is quoted from page 63, procedural paper no. 2, "Rules Respecting Repetition and Relevance in Debate." However, Speakers have been and will be lenient in interpreting the rules regarding relevance and repetition in order to not unfairly curtail debate.

In this regard I bring to the attention of the House just one example: in this current debate on second reading of Bill 20, at least 10 members have spoken at length on the issue of and history of potash royalties and revenues.

While much latitude has been allowed with respect to relevance and repetition in this and other debates, I want to indicate to members the principles underlying the existence of the rule. The rule was originally adopted in Britain in the late 19th century for the purpose of dealing with the obstruction of the Irish nationalists.

The purpose of the rule is not to unduly restrict debate but is to prevent attempts to block the House from reaching a decision. I refer members to the *Précis of Procedure*, second edition, House of Commons of Canada, page 76:

The rule prohibiting repetition is designed

primarily to safeguard the right of the House to reach a decision. An impediment to this right, such as an inefficient use of the time of the House, constitutes a violation of the rule sufficient to call a member to order.

For example, it's quoted here:

(A member's reading letters, even in support of his or her argument, has been ruled an inefficient use of the time of the House.) A member may be called to order for at least two other transgressions of the rule against repetition: (a) a member may not refer to a decision or vote by the House in the same session; (b) a member may not repeat the words nor duplicate the substance of an argument raised previously on the same question, whether by that member or by another member. This latter restriction applies to the member's remarks only within the same stage of debate; in the case of a Bill, however, arguments advanced at one stage may legitimately be presented again at another stage.

In this vein, I also quote the Speaker of the House of Commons who stated on April 19, 1956:

All our rules are made to the effect that there should not be any duplication of debate nor any repetition inside the same debate. That is why we cannot make the same motion twice in the House. This is why, once a matter has been disposed of, we cannot come back to it in the same session. This is the spirit of all our rules . . .

Rule 18 and Rule 25(2) clearly indicates the Speaker's responsibility in applying these rules. I also want to remind members that the role of the Chair in interpreting the rules that the House has laid down for itself must be respected, and that debate on rulings of the Chair are not permitted. We have dealt with this prior to the dinner break and have quoted a former member of this House to back up that statement.

I am sure that all hon. members will agree that the rules were developed and written over the years by members for their own guidance. It is the role of the Chair to interpret the rules and practices of the Assembly as fairly as possible. If the rules of the Assembly are continually being breached by members, this will only lower the respect due to this Assembly and of all its members. I therefore urge all members to first follow the rules as conscientiously as possible; and secondly, not involve the Chair in a debate over procedure from the floor of the Assembly.

I once again request all members to keep in mind the principles underlying the rules regarding relevancy and repetition, to secure the transaction of public business and to enable members to express their opinions without any unnecessary waste of time.

**An Hon. Member:** — Mr. Speaker, not to challenge but by way of clarification . . .

**The Speaker:** — Order, order. I read the ruling, sir. There will be no debate on the ruling. That is out of order. And if the member from Moose Jaw North wishes to continue speaking, I will now recognize him.

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

**Mr. Hagel:** — Well thank you, Mr. Speaker. I appreciate the clarification that you've provided to this House, and will do my utmost to reflect your ruling, respect for the Chair, and your position, sir, and will attempt to conclude my remarks this evening and being fully respectful of the ruling that you've just made.

Mr. Speaker, there are a couple of more topics that I would like to deal with this evening prior to moving to my concluding remarks, and I would simply say at this point that, in light of having addressed the issue that you've just talked to members of the Assembly about now, in summative remarks that a certain amount of repetition will be allowed because of the nature of that portion of the debate. And I note, Mr. Speaker, that that's acceptable to you, so let me please begin then by outlining that to you and picking up from where we left off when we adjourned debate on this historic debate at 5 o'clock earlier this afternoon.

Mr. Speaker, at that time I was reporting to the Assembly the views of my constituents and the view that I have in reflecting on what they have said to me, the people of Moose Jaw North.

In the context of some polling that's done . . . And I recognize that you've ruled out of order that I can't repeat the specific questions, and I shall not do that. But I recognize at the same time, Mr. Speaker, and I would hope, more importantly, that the members of government would recognize that when a poll is being done without bias that addresses what the government has clearly said is its main agenda, that in our democratic system that they would be wise for their own political skins . . . But more importantly, Mr. Speaker, they would be wise to respect the will of the majority, the will, the democratically expressed will, of the people of Saskatchewan. Now I'm not for a second suggesting that when a poll is taken and people express a point of view, that somehow that's a democratically determined will which a government is obliged to follow. I'm not suggesting that for a second.

But I am conscious that we are undertaking an initiative here that has by no measure a democratically expressed mandate given to the PC Government of Saskatchewan today by the people of Saskatchewan. No one could give it that interpretation, and I've heard no one from the government benches in this historic debate try to defend that point of view.

I find it kind of interesting, Mr. Speaker, because of the similarities that when the people of Saskatchewan were asked, without any political bias, without anyone even beginning to infer from any perspective that there might be, what their views were about privatization, the privatization agenda of the Government of Saskatchewan, by a mark of more than two to one, people

of Saskatchewan stood opposed to the privatization of Crown corporations as put forth by the PC Government of Saskatchewan today.

When asked specifically about the Potash Corporation of Saskatchewan and the supposed agenda, the Government of Saskatchewan would like us to believe . . . They have again, the people of Saskatchewan, in that poll done and reported back on May 3, stood opposed to the privatization of the Potash Corporation of Saskatchewan, again by a majority of nearly two to one — not exactly, but just about two to one.

That's kind of interesting, Mr. Speaker, because when people were asked to express their party preference — if should there be an election held that day, and of course there wasn't — people again, Mr. Speaker, expressed their opposition to the government of the day by saying that they are opposed, if given a political choice, to the government of the day, by a figure again that is approximately two to one — two to one. Almost bang on when you look at the numbers.

Mr. Speaker, what that suggests to me when I look at those numbers . . . And it is not to say that the numbers are the be-all and the end-all. But what is the message? The message is very, very clear. The people of Saskatchewan have taken the time to understand the privatization agenda of the PC government and they have rejected it. They've rejected that. They've rejected it in any way that they've been given an opportunity to express themselves.

And it seems to me, as we come to this Legislative Assembly. Whether we sit on the government side or the opposition side, whether we're PCs or New Democrats or Liberals or any other party in the province of Saskatchewan, obviously we all come with our own biases and our views as to what kind of structures will unfold in the best interests of the people of Saskatchewan. But at the same time all of us — all of us — must be committed to making decisions which respect the will of the people, because the great strength of a democracy is that no government, given a mandate to govern, is at the same time given a mandate to do whatever it doggone well pleases. No government has that mandate.

(1915)

It is at their own peril, I suppose. Maybe that's the check and balance. It's at their own peril that any government, but indeed any opposition, would choose to ignore those realities in representing the wills of the people in the province of Saskatchewan in these Chambers, sir.

And so, Mr. Speaker, I simply review or conclude my review of the issues related to the privatization of the Potash Corporation of Saskatchewan by saying that by no measure, by no measure do I see any evidence to believe that the government has the support of Saskatchewan people when it brings forth this Bill — Bill No. 20, an Act to privatize the Potash Corporation of Saskatchewan.

Mr. Speaker, let me then move to my concluding remarks. It seems to me that we in this Assembly are called to make long-term decisions in the best interests of Saskatchewan people. That has got to be our criteria as we come here to

enter into this debate, at some point in time to cast our votes in the best long-term interest of Saskatchewan people.

There is a very valid criticism of governments that oftentimes they function with too short-sighted a view. Sometimes people have even said, maybe we should have a longer period of time between elections so that governments will become more far-sighted in the kinds of decisions that they make. But for good or ill, in our nation and in this country of Canada governments are given a maximum of five years to function before they have to come back and seek the confidence of the people.

It seems to me that as we're dealing with this particular topic at this particular time in Saskatchewan history, that we have an opportunity to significantly influence the future directions, to influence history as it unfolds in the province of Saskatchewan.

And what we have are two conflicting views, two conflicting views; both, I suppose, equally held in terms of strength by members on opposite sides of this Chamber. We have members on this side . . . And the case that I've put forward in this debate, Mr. Speaker, is the view that the Potash Corporation of Saskatchewan has a very, very significant role to play in the lives of the people of Saskatchewan. Now is that because there are a whole lot of folks in Saskatchewan that work at the Potash Corporation of Saskatchewan? No, that's not why I say that, although clearly, under a New Democrat government, in excess of 2,200 employees worked at the Potash Corporation of Saskatchewan. That's now dropped, under a Tory administration, to 1,200. So there's a whole lot fewer folks working at the Potash Corporation of Saskatchewan. Surely that's true, but that's not why I say that.

Mr. Speaker, we are obliged to make that long-term decision, and those of us on this side have approached the Potash Corporation of Saskatchewan debate in the same way that we propose to deal with all of the economic issues that face the people of Saskatchewan: with the proposal that the best model that serves the people with the greatest amount of stability and security, and also the greatest amount of economic activity and employment opportunity for the people of Saskatchewan, is the mixed economy model, the model that brings together the application of the initiative of the private sector and the willingness to take risks and to receive rewards from those risks that are taken in the various forms in the private sector, combined with the public sector activity which operates in two ways.

In Crown corporations, when we're looking at Crown corporations, one is to equalize the delivers of service at equalized costs, like SaskTel or SaskPower; or, in the case of revenue corporations like the Potash Corporation of Saskatchewan; and then thirdly, the co-operative structure of economic activity, allowing for people the opportunity to pool their resources and to bring about solutions towards reaching their own goals and solving those problems. And so far, so far at least, I think we would all say that that is not a sector of the economy that has been involved in the potash industry in the province

of Saskatchewan.

Now, Mr. Speaker, very clearly, after having earned through election campaigns in 1971 and '75 the mandate to bring forth the Potash Corporation of Saskatchewan, leading to debate in this House of some 120 hours in second reading; with the government having earned that mandate, having gone to the people within the previous six months, having said to the people what we intend to do and then having brought that legislation into place, still 120 hours of debate went on in this place without closure being used.

That's somewhat different than what is being implied by the Government of Saskatchewan today which has used the rules of the Assembly to try and limit, through their influence, the focus of debate in this Assembly in ways that have not been typical in the past. And that's been a strategy, as I said before, that's been initiated by the Government of Saskatchewan.

We've seen members of the government imply that closure is being considered in bringing this debate to a conclusion, contrary to the fact, Mr. Speaker, that closure has never been used in the entire history of the province of Saskatchewan. And now we've seen as well, as per diems have run out and closure starts to be implied, the government extending the hours of debate so that members of this Assembly are sitting a 15-hour day, since the hours have been changed, virtually exclusively, Mr. Speaker, in debate on the potash Bill. So be it. I don't complain about that.

These are odd notions for a government to take, odd notions for a government to be using when they come to this Legislative Assembly without a mandate to bring forth this privatization Bill.

I referred, Mr. Speaker, to the Speech from the Throne back in March, presented to this Assembly by Her Honour, in which it was made very clear in the Assembly speech, March 8, in which it was made very clear that it was the intention of this government to privatize in this session of the Legislative Assembly the Crown corporations including the Potash Corporation of Saskatchewan, which we're dealing with now, with the gas side of SaskPower, which has been withdrawn, and with government insurance, SGI (Saskatchewan Government Insurance).

And I simply say, Mr. Speaker, when you are a government that has no mandate; when you did not go to the people before the last election saying this was your plan; when you were asked during that election if that was your plan to privatize and you said no; when you won government with the largest number of seats but as a matter of fact a smaller percentage of the vote than the opposition; when you come into the third year of your term not having said to the people before, these are our plans, not having gotten the outstanding confidence and support from the people of Saskatchewan; you don't have a mandate.

And I say, Mr. Speaker, to the Government of Saskatchewan, you saw the error of your ways by withdrawing your SaskEnergy, your gas side of

SaskPower legislation; you saw the error of your ways by withdrawing your intent to privatize SGI in this session. And will you see the error of your ways again and withdraw the Bill to privatize the Potash Corporation of Saskatchewan?

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

**Mr. Hagel:** — They have no mandate; you have no mandate, Mr. Speaker, common sense gives them no mandate either. Common sense, Mr. Speaker, would suggest to reasonable, thinking people in the province of Saskatchewan that it is not the right way to go to privatize the Potash Corporation of Saskatchewan if your first priority is the people of our province. Common sense would suggest that.

Mr. Speaker, just a quick review of the facts. And looking at the fact that, prior to the introduction of the Potash Corporation of Saskatchewan, the people of this province realized taxes and royalties of approximately \$2 million a year from the pure, straight private sector development of potash in the province of Saskatchewan . . . That's all we got.

Then the Potash Corporation of Saskatchewan was introduced and all of sudden some dramatic things started to happen, Mr. Speaker. Overnight the revenues realized by the people of Saskatchewan began to increase substantially so as to permit the province the ability to provide services at the lowest possible cost to its taxpayers and to its citizens. Overnight, Mr. Speaker, from the . . . including the first year that the Potash Corporation of Saskatchewan was formed.

In the first full operating years of the Potash Corporation of Saskatchewan, an average annual payment of taxes and royalties from the Potash Corporation of Saskatchewan, combined with the private sector was no longer, no longer \$2 million a year, Mr. Speaker, but \$200 million a year — \$200 million a year.

And why did that happen? It happened, Mr. Speaker, because there was a government with vision and a government that cared about the people of Saskatchewan and a government that was willing to make . . .

**An Hon. Member:** — On a point of order, Mr. Speaker.

**The Speaker:** — Order. What is the hon. member's point of order?

**Mr. Martin:** — Mr. Speaker, I brought to your attention this morning, on page 3089 of July 28, 1989, the exact figures that the member is using again. If this is the 15th time he's used them, I'd be surprised. It's exactly what he said this morning when I brought it to your attention then.

**The Speaker:** — Order. The member has indicated to me that he is in the last few minutes of his remarks, and on that basis I have been allowing this; however, I remind him if he's going to go on at great length, then of course he will not be concluding and I'll have to take a different approach to his remarks.

**Mr. Hagel:** — I thank you, Mr. Speaker, for that ruling. I

appreciate the fact that the member from Wascana . . .

**The Speaker:** — Order, order. The matter has been dealt with, and as I've said on different occasions in the House, it's in the best interests of the debate that the Hon. member just continue his debate.

**Mr. Hagel:** — Thank you, Mr. Speaker. I respect your ruling. I point out to the House, as has been said in this Assembly just very recently, the figures I use throughout this debate have been consistent. Mr. Speaker, it's not hard to be consistent when you speak the fact. That's not hard to be consistent when you speak the fact.

Mr. Speaker, it has become obvious then, it has become obvious when we looked at the Potash Corporation of Saskatchewan, that it played a very important role to increase dramatically those revenues to the people of Saskatchewan from \$2 million a year to nearly \$200 million a year. Did that happen? Was that pure coincidence? Did that money drop out of the sky? Of course it didn't. It happened for three reasons, Mr. Speaker, it happened for three reasons.

One, it happened because the people had a corporation, a profit-making corporation that paid money directly to the general revenues, under the New Democrats \$100 million in its first five full years of operation.

It happened secondly, Mr. Speaker, because the corporation voluntarily accepted to pay a fair rate of return in taxes and royalties to the people of Saskatchewan, through the Potash Corporation of Saskatchewan, that totalled some \$270 million in the first six years, Mr. Speaker — an average rate of return of about 23 per cent as compared to two and a half per cent prior to the existence of the Potash Corporation of Saskatchewan.

And then thirdly, Mr. Speaker, the revenues were increased because there was a bold, new initiative, a real bold, new initiative of the province of Saskatchewan that was undertaken.

When the private potash corporations, which were almost entirely American-owned, refused to pay their taxes and royalties, refused to open up their books to even defend their case that the rates were too high, and refused to allow the government of the day to regulate the extraction of potash from our soils, the Allan Blakeney government responded by saying, if you're not going to play fair ball, then we're going to take the ball and the bat. And we're going to force you to play fair ball, or you're going to have to go home. That's exactly what happened.

And after that historic debate of 1975-76, legislation was passed which permitted the government to do something that it has not done because it has not needed to do it, but permitted the government to hold as a stick over the heads of the private potash corporations legislation permitting the potash corporation to purchase its fair market value, which was done when purchases were made — up to 51 per cent or controlling interests in the corporations if they wouldn't pay their fair share.

And, Mr. Speaker, that legislation has not ever needed to

be used to full authority, because the private corporations recognized what it allowed the government to do, and all of a sudden they began to pay their fair share. And so not only did revenues increase to the province of Saskatchewan from the potash corporation directly, but from the entire potash industry in total.

And here, what we have coming forward, this proposal for this brave new economic world. The Premier says we're going to have a brave new world; we're marching forward with privatization. I think his words were, "expanding and diversifying," I think are the buzz-words that he likes to use. He says there's so much more he can be. Well he's right. There's so much more he can be.

(1930)

But he comes forward with a proposal for this brave new world. What is this brave new world in the world of potash that the Premier envisages? He reflected it when he went on his oriental express and promised to give five different countries a 25 per cent share each in the Potash Corporation of Saskatchewan.

In his interview that I brought, that I related to this Legislative Assembly, he told the people of Saskatchewan how excited about this brave new world of foreign investment, this brave new world, Mr. Speaker, that will take us back to the 1960s because the Potash Corporation of Saskatchewan, which now has 40 per cent of the production of the potash in the province of Saskatchewan, now offers that blend, that healthy blend and mix between public and private, with none in the co-operative right now.

But this brave new world, the Premier says, will give 45 per cent ownership — right off the bat — right off the bat to foreign interests. Never mind the fact that we couldn't collect taxes and royalties in this province. That's what brought about the formation of the Potash Corporation of Saskatchewan in the first place, because the foreign potash companies refused to pay them.

The Premier tells us, this is the new vision, this is the new image. We're going to line up and march boldly into the brave new world — the brave new world of domination and control by the foreign interests — and here it is in his Bill, it says 45 per cent right off the bat. That's the brave new world promised to us by the Premier of Saskatchewan, Mr. Speaker.

He's going to rid us of this albatross. He's going to rid us of this albatross, he says, this albatross that has produced more revenues for the province of Saskatchewan from potash in the six years it was run under the New Democratic Party government than all that potash has produced for the province of Saskatchewan in all the other years combined, including the PC years when they were in charge of the potash corporation. That's the albatross he's going to rid us of.

So you see, Mr. Speaker, it seems to me that we are not taking a brave step forward, as the Premier would like us to believe; we're taking a faltering step backward. We're not moving ahead into the future, Mr. Speaker. We're

going back out of the 1980s and into the 1930s, the 1930s where the economy is dominated entirely by private sector interests without any government involvement to lend balance to it in the potash industry or other, Mr. Speaker. That's where he's taking us.

And it's time, Mr. Speaker, I say it is time that the people of Saskatchewan, or more importantly that the Government of Saskatchewan recognizes that some 30 or 40 years ago with the Co-operative Commonwealth Federation government, that has its roots as an expression of the will of the people, that it is time that this government recognize that Saskatchewan started to march ahead of the rest of the countries — not just ahead of the other provinces but ahead of other countries in this world with its visionary approach to the mixed economy.

Mr. Speaker, this initiative is not going to take us into the future. It's not going to take us into the future. It'll march us out of the '80s and back into the '30s. That's where we're heading. We have already been moving ahead. Under social democratic government leadership in the province of Saskatchewan, that is the kind of view, the kind of image, the kind of vision for the future of Saskatchewan, that has been implemented in this province before, and it is that kind of vision that promises hope and security for the people of Saskatchewan, Mr. Speaker.

So, Mr. Speaker, I will conclude simply by saying this: it is my view that there may be some members on the other side who may be willing to put the interests of the people of Saskatchewan first, who may be willing to say that people are more important than blind, right-wing ideology, who may look at the impact of policy decisions in the way they affect real people, and conclude that if policy decisions, Mr. Speaker, don't improve the quality of life in some obvious kind of way for the people of Saskatchewan, that they're not good policy decisions; rather than making a decision as to whether we should have a Potash Corporation of Saskatchewan or not, based on whether we believe in it or not, to look at the facts, look at the benefits to the people of Saskatchewan since the potash corporation has been brought into being, and the way that that has translated into services to keep down taxes for Saskatchewan people; and then subsequently to look at the history as to what's happened when that approach to management of our natural resources is not continued, how taxes have risen so dramatically and services have been cut.

And so I would ask, Mr. Speaker, that if there are some members on the government side who truly believe, who truly believe in the future for Saskatchewan people, that they will try to lobby with the Premier and the Deputy Premier and the Minister of Finance to convince them to do the sensible thing, to pull this Bill the same way that they had the courage — I'm not sure, maybe it's not entirely courage, maybe some of it's just common sense when you're bringing forth a proposal that has no mandate and the people speak up and say, we think you're heading in the wrong direction — had the common sense to pull their proposal to privatize SGI, the common sense to pull the proposal to privatize the gas side of SaskPower. And I ask, if there are some members on the opposite side who believe in Saskatchewan people first,

to lobby with your front-benchers and ask them to do the sensible thing to pull this Bill too, the Bill to privatize the Potash Corporation of Saskatchewan.

Mr. Speaker, if there are members on the other side who are pressured by political forces that don't allow them the freedom of speech to bring forth a lobby that surely they're hearing from the constituents they represent, that don't allow them to convince the government leaders on that side — the small core that we all know make all of the decisions — to pull the Bill, then in turn to make a decision to vote against it, to stand up for what they know to be right and in the best interests of their constituents and all the people of Saskatchewan. And if you can't stand against it, then at least do the honourable thing and abstain from the vote.

The facts have been laid out, Mr. Speaker. I have no more information to bring to this second reading of this debate. I've appreciated the opportunity that you've allowed me to engage in full debate on an extremely important issue that touches the lives of so many Saskatchewan people, some directly but in more ways than I think many of us often realize, that touches so many people indirectly. Because we're not just talking about today, we're not just talking about 1989 or 1990, but we're talking about a province, little old Saskatchewan — a million people in a nation of 26 million, the second largest nation in the world, where we've had a history of saying that in spite of adversity, we believe in ourselves and we believe in our futures and we believe in the strength of what we can accomplish when we pull together.

And, Mr. Speaker, the Potash Corporation of Saskatchewan causes me to feel emotional. It's sometimes a little hard to understand that, getting a little emotional about a corporation, but the significance, Mr. Speaker, is what it does for people. This corporation that we had reflects decisions made by men and women with vision, who cared, who cared about providing to the structures of our government and our society the ability to provide security and opportunity — not just for a year or two, not just for a decade or two, but for generations, Mr. Speaker.

And so let me conclude. My final comment, Mr. Speaker, is this: on Bill 20, a Bill to privatize the Potash Corporation of Saskatchewan, I will stand with my constituents. On this Bill to privatize the Potash Corporation of Saskatchewan, I will stand with my colleagues. On Bill 20, a Bill to privatize the Potash Corporation of Saskatchewan, I will stand with the people of Saskatchewan. On Bill 20, Mr. Speaker . . .

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

**Mr. Hagel:** — On Bill 20, Mr. Speaker, being fully conscientious of what it is that motivated me to seek election to office to serve in this Assembly, I will stand with my conscience, Mr. Speaker. On Bill 20, I will vote for the future of Saskatchewan people because I believe in Saskatchewan people. On Bill 20, I will vote for the future of Saskatchewan because I believe in Saskatchewan. On Bill 20, Mr. Speaker, I will vote in the interests of security and opportunity for the people of Saskatchewan. On Bill 20, Mr. Speaker, I will be voting

against the initiative and the desire of the Government of Saskatchewan to privatize the Potash Corporation of Saskatchewan.

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

**Mr. Britton:** — Thank you, Mr. Speaker. I deem it a pleasure to arise and make a few comments on the debate before us. Mr. Speaker, I think the debate is important to Saskatchewan. This Act that we are debating, Mr. Speaker, Bill 20, is an Act that will give Saskatchewan residents the opportunity to participate in the potash industry in this province, and I say, Mr. Speaker, to participate actively in the potash industry.

This Act will allow the Government of Saskatchewan to sell shares, shares in the Potash Corporation of Saskatchewan, Mr. Speaker, to the people of Saskatchewan and to the employees of the Saskatchewan corporation. They will get first chance. Our government will be offering shares, shares to the people, ownership in the potash industry, and it will be shared in the public for the first time.

Mr. Speaker, we hear things like, why buy something we already own? Well, my interpretation, Mr. Speaker, of ownership is when it's paid for, and we don't have the potash company paid for. Now what we're offering the people of Saskatchewan, Mr. Speaker, not only the chance of owning the potash, but having it paid for also.

The public, Mr. Speaker, who will then have some control, they'll have some control and some say over the very important resource of our province. Mr. Speaker, resource management by government does not necessarily mean ownership by government. Mr. Speaker, the province already owns the resource. The province already owns the resource.

This Act will grant rights to the individual — public and private — to mine the resources; they will be mining the resources that the people of Saskatchewan already own. Right. The government will continue to regulate the potash industry. The regulation will be by the province of Saskatchewan. Legislative measures will set taxation and royalties; that will be done by legislation. Environmental concerns, workers safety and all the various areas of public interest will continue to be protected just as they are in coal mining, uranium mining and the rest of the mining industry.

Mr. Speaker, the potash industry is at a threshold. PCS (Potash Corporation of Saskatchewan) can grow and diversify inside and outside the borders of Saskatchewan. Growth and diversification is the opportunity, and this opportunity is best pursued with a broad shareholder base, unrestrained by political considerations.

(1945)

Now, Mr. Speaker, there have been disgruntled remarks from the hon. members in regard to this Act. And I can only gather from their negative attitude that the NDP opposition are not concerned about the financial interests of Saskatchewan residents, indeed about the future of the

interest in Saskatchewan and diversification, Mr. Speaker. And I'm not going to go back in history to where somebody's grandfather sold a load of wheat or something like one of the members from Fairview, and the other member took us back to the Alamo.

But there was some numbers being kicked around, Mr. Speaker, that I would like to bring to your attention. We had figures brought forward year by year — there's \$50 million this year and 100 million the other. Mr. Speaker, I would like to just cut out the rhetoric and just explain what happened in the potash industry. I'll tell you.

Let's take a look at exactly what happened. We went down to the United States on bended knee and borrowed \$418 million. I'll have to say that again, Mr. Speaker; I want to say that again — \$418 million. Now in the next 12 years, Mr. Speaker, we made \$547 million, in 12 years. Mr. Speaker, we made \$547 million, in 12 years. Now in the next two years we lost \$210 million. So if you take the 210 away from the 547, we had a net gain of \$337 million in 13 years. Now that cuts all the rhetoric out and gets you right to where we are today.

Now to be . . . The members on the opposite side, we don't have to look at the ISE (Institute for Saskatchewan Enterprise) or the Saskatchewan taxpayers' association, leave that aside. And these are from audited statements and they were from some of these audited statements on their side of the House, so we have to accept them as audited and they have to be correct.

Now if you had taken . . . there was some remarks about our business sense over on this side. Well you don't have to be a very smart business man to not want to go 13 years without a return on your money. Now if that money had been put into a credit union or a bank for those 13 years, Mr. Speaker, and a . . .

**The Speaker:** — Order, order.

**Mr. Britton:** — Thank you, Mr. Speaker. I guess I'm not making myself clear, it doesn't seem to fit in there. Now if, Mr. Minister, over those 12 years we made an average of 3.8 per cent interest, that's all we made. Now you don't to be a real smart business man to know that that isn't a good return when if you'd have taken that same money in those years, you could've got an average 11.8 per cent at any credit union or any bank which would have brought you \$1.2 billion — \$1.2 billion would've been sitting in the bank by now. And on top of that, Mr. Speaker, you would've had the royalties and the tax from the same companies that were working before they took them over.

So I just wanted to cut out the rhetoric, cut out the garbage from over there, and this is what happened.

**The Speaker:** — Order, order. I'd like to ask the hon. member to withdraw that remark in reference to the members opposite.

**Mr. Britton:** — Mr. Speaker, I apologize and I do withdraw. The nonsense probably would've been a better word.

Now, Mr. Speaker, 1.2 billion would pay our whole health budget for one year. We could have had that in the

bank. So I don't think, Mr. Speaker, I want to get into any more than that. It cuts it right to the bottom. There it is; that's the bottom line. That's what . . . (inaudible interjection) . . . Yes you did. You borrowed money from New York and you paid . . . you're paying it back in U.S. money. Yes you are. Okay. You wouldn't have had to borrow.

We put, Mr. Speaker . . . Mr. Speaker, the hon. members are wondering where we would have got the money. Well we then . . . After we borrowed that \$418 million, we pumped in another \$1.9 billion into this industry. Now you don't have to be a very smart business man to know that that is a bad deal. We have here an editorial, and I won't go into it all, but it says . . . It's by Mr. Paul Jackson. It's the *Star-Phoenix*.

**The Speaker:** — Order, order. Seems that the hon. member has the right to make his statement without interference of an undue nature, and I ask hon. members to allow the member from Wilkie to continue.

**Mr. Britton:** — Thank you, Mr. Speaker. I don't think I have to go in . . . From the response I get over there, they must have read it so they must know that it is a bad deal. We have the group called Association of Saskatchewan Taxpayers. And this was in *Star-Phoenix*, Friday, July 28, and it says that the PCS should be privatized. And we're talking, Mr. Speaker, should or should we not privatize the potash industry? Well just with the little summary I showed you there, it proves that it should be privatized because it's not making any money.

Realistically this Act protects the financial interests of the Saskatchewan people. This PC government is offering no tax breaks that may induce people from outside the province to invest. We are encouraging Saskatchewan employees and Saskatchewan people to buy shares in their own business.

Mr. Speaker, we have set in law provisions to ensure that PCS will never be controlled by foreigners. We hear remarks from the other side, Mr. Speaker, that we're selling out to foreigners, 45 per cent. Well we are offering that much if they want to buy it, we're offering to Saskatchewan first. Now if they do buy 45 per cent, they can never vote more than 25 per cent. That's in our law, now that's protected, they can't vote any more than that. So the people over there either aren't reading what we're saying or they're deliberately trying to scare and mislead the people. Because we are saying here . . .

**The Speaker:** — Order, order. The hon. member has indicated that the hon. members opposite may be deliberately misleading the people. It's unparliamentary; will you withdraw and apologize.

**Mr. Britton:** — Thank you, Mr. Speaker, I apologize and I know that. The members opposite are either not reading the outline of the potash privatization Bill or they don't want to see what's in it.

Mr. Speaker, the restrictions on foreign investment will ensure that 55 per cent of the company will be owned by Canadians. That is in here, that's in here. And this Bill limits individual ownership, Mr. Speaker. No one

individual, no group of individuals can buy more than 5 per cent of the company.

Now they lament over there about control. I can't see where anyone could get control with this kind of legislation. Saskatchewan, the employees, the employees of the Saskatchewan Potash Corporation of Saskatchewan and residents of Saskatchewan are going to be given a preference. They're going to have a preference, Mr. Speaker, in the share offering, and the Government of Saskatchewan will retain a portion.

This Act, Mr. Speaker, paves the road towards securing a productive, more stable corporation, a more diversified corporation, and a more exciting corporation. It will allow the corporation to increase its contribution to Saskatchewan because we will be able to build and grow and diversify, which we can't do now.

We will, Mr. Speaker, create jobs. We'll create a personal interest in the corporation by allowing the employees to own a portion of, and they will be at no risk, Mr. Speaker, because a Saskatchewan government will be in control.

The PCS, Mr. Speaker, needs investment to grow and expand and diversify into other areas, and this government doesn't want to risk the taxpayers' dollars. Over the last 13 years, Mr. Speaker, the taxpayers' dollars had been at very serious risk. And the very short scenario I gave you proved that it was a bad deal; it was a bad deal. And another thing, Mr. Speaker, the people on this side of the House do not want PCS to be constrained by political considerations.

A share offering will allow PCS to pursue investment opportunities in areas such as fertilizer, potassium chloride, and other related secondary industries, Mr. Speaker. The investment needed for this diversification can come from only three places: number one, from increased taxation, Mr. Speaker; number two, from foreign banks, the way it's done now. And when they talk about ownership, I wonder if we do own them or do the foreign banks own them? We pay them interest, Mr. Speaker. I have a little chart that I would like to go into, but I won't in the essence of time, which shows the amount of money we are paying to those foreign bankers. Or we can do it from investment by Saskatchewan people and others, others that want to invest in the potash industry.

If we borrow from the banks, then they are the real owners of PCS, not Saskatchewan people, Mr. Speaker. I don't think you have to point out to any farmer today who owns his land if he's got a big bank loan.

If we do it through tax increases, Mr. Speaker, then we hurt everybody in the province. This Act provides the best course of diversification and growth. We feel, by taking this action, the company can grow and diversify and expand, and it will not be using our tax dollars. The tax dollars that would ordinarily be used then in an expansion program can be used towards health or education or some very needed targets in other areas, Mr. Speaker.

The potash industry, instead of being owned by the

banks, under this program will be owned by the people who invest in it. Mr. Speaker, the people who have shares in this potash company will be able to attend meetings. They will be able to voice their opinion. And I don't know if any resident of Saskatchewan has ever been invited to a potash meeting up to this point in time. We hear words like, everybody owns them; everybody owns the potash; everybody owns the oil; or da da da da. But I've never seen any invitation, as a person who's lived in Saskatchewan all my life, being invited to a meeting.

Now if I had one share, I could attend a meeting. Whether it would do a lot of good or not is neither here nor there. The fact that I would have the right . . . (inaudible interjections) . . . That's right. If I had one share and I attended a meeting, I would have the right to be there and have the right to speak. Today I don't have any right.

Mr. Speaker, PCS had a record-breaking year and we want to proceed with the share offering while the people can reap the benefits. This is a cyclical industry, so it makes sense to sell when the market is high. On the other hand, diversification should alleviate the extreme fluctuations in the potash corporation's profit performance, Mr. Speaker. We think it will stabilize.

Public participation invites initiatives, and PCS will give the freedom it takes to take advantage of opportunities and diversify operations by raising private capital. It will diversify. It will stabilize the industry, Mr. Speaker. Through diversification, PCS has the potential of becoming a world-class company. We have a parallel in Saskoil, Mr. Speaker, and one, Mr. Speaker, that is headquartered in Saskatchewan by legislation.

**Ms. Atkinson:** — Yes. I'm wondering if the member would take a question on his comments.

**The Speaker:** — Will the member entertain a question? The hon. member is asking whether or not the member would entertain a question.

**Mr. Britton:** — No, not at this time . . .

**The Speaker:** — The member will not.

(2000)

**Mr. Britton:** — I would like to finish my remarks. This act, Mr. Speaker, I will protect and expand jobs in Saskatchewan and the mining communities. Allowing employee ownership will reduce labour-management unrest, it will improve productivity and it'll make PCS more competitive. Workers will have a personal interest in the welfare of the corporation, Mr. Speaker, because they will be part owners, and it will be to their benefit to make sure that the corporation runs efficiently and effectively.

Mr. Speaker, there is one important element in public participation initiatives that the opposition members choose to ignore. They choose to ignore the fact public participation recognizes the right of Saskatchewan people to take an active role in building their own province.



Mr. Speaker, we have up until this time, through our share offerings, have \$80 million in interest have come to back to Saskatchewan already on our other share offerings. Politics, Mr. Speaker, should not affect resource companies in the province.

When the government owns something 100 per cent, it means it will be affected by politics. The locations of offices, the number of employees, who to award the contracts to, and other decisions are affected by politics. These types of decisions should be made dependent upon economics and upon what is good for the industry, not, Mr. Speaker, not what is good for the politicians; what is good for the people of Saskatchewan.

The people of Saskatchewan want to put their money into enterprises such as PCS. Take a look at the overwhelming response that we have had when Saskoil shares went public, Mr. Speaker. Saskoil has 50,000 Saskatchewan shareholders. Saskatchewan people are the beneficiaries of this initiative, and they know it.

That is why Saskatchewan people are behind us, Mr. Speaker, in the privatization of the Sask Potash Corporation. They're behind us on this and they believe in it.

And I would ask you to look at the response we had when offering SaskPower and SaskTel bonds. Through the sale of bonds we've ensured, as I mentioned, \$80 million have come back to Saskatchewan, taking control from the foreign banks and putting it in the hands of the Saskatchewan people. People want to invest in these opportunities because we have made them more affordable and more accessible. Mr. Speaker, we are making these accessible to all the people of Saskatchewan.

I would like to read to you, Mr. Speaker, an insert from *Hansard*, January 12, 1976, and I'm quoting the Leader of the Opposition. And I quote:

No one in Saskatchewan can buy a share in one single mining operation. No one in this province can invest directly in the development of our resources. Nobody can.

Well I'm pleased to tell you, Mr. Speaker, and the rest of the Assembly, and the lawyer from Saskatoon Riversdale, that we, this PC government are making it possible for the people of this province to do just that. We're making it possible for them to become owners in the Potash Corporation of Saskatchewan.

**An Hon. Member:** — Real owners.

**Mr. Britton:** — And real owners, Mr. Speaker, as my colleague says — to invest directly, directly in the development of our own resources and to have control of their own resources, Mr. Speaker.

And I repeat, Mr. Speaker — I repeat it — we are making it affordable and accessible, and that will lead to diversification, jobs, growth, and economic stability, Mr. Speaker.

Mr. Speaker, I will be supporting this Bill with all the strength I have. And I, too, would make a recommendation to the members opposite. The Leader of the Opposition has received a letter asking him to reconsider his position and make his decision based on economics and the welfare of Saskatchewan, not political aspirations. And I will be supporting this Bill, Mr. Speaker.

Thank you very much.

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

**Ms. Atkinson:** — Yes, Mr. Speaker, before the member takes his seat, I'd like him to give me permission to ask a question with regard to some of his comments in his speech.

**The Speaker:** — The member has taken his seat. He has concluded his remarks.

**Hon. Mr. Klein:** — Thank you, Mr. Speaker. I'd be delighted to take that question any day in question period. They have the opportunity but they never ask it. And you know, there's several of us, as was mentioned earlier, that have questions to answer and it's the same unfortunate situation.

But, Mr. Speaker, it is a privilege for me to join in on the discussion on the Bill to create public participation in the Potash Corporation of Saskatchewan. And unlike the members opposite I will stick to the Bill in spite of the fact that many of the members opposite seem to be on vacation or wherever they are . . .

**The Speaker:** — Order, order. The hon. member knows that, according to the rules of the House, we are not to make any direct, or in this case, indirect reference to members who are absent.

**Hon. Mr. Klein:** — I appreciate that, Mr. Speaker, and I have to freely admit that . . . You know, today's discussion . . . I was with many hundreds of constituents in Regina South today, and the most important issue of the day was not this debate that the member from Moose Jaw was talking about for the last 10 hours but rather the third putt on the 18th green. That seemed to be the most important thing to them.

In any event, you know, the member from Moose Jaw asked for an honest, democratic debate, and I consider it an insult, Mr. Speaker. He spoke another empty 7 or 8 or 10 hours, whatever he went, and if you can't say what you have to say in 30 or 40 minutes, you really don't have too much to say. And he spoke about an awful lot of issues and it was unfortunate that he took the time that he did. There was no argument, there was simply only shallow rhetoric of what we have heard on this topic for many, many days and weeks and hours and all the rest of it. Basically repetition, nothing factual.

You have had the unfortunate situation of . . .

**The Speaker:** — Order. I would also like to ask the hon. member not to draw the Chair into the debate.

**Hon. Mr. Klein:** — I apologize, Mr. Speaker, and I'll stay away from that. But I believe that within the next half-hour or so, I hope to reason and enter into the debate. They say that the government is silent on this issue, but we won't be silent any longer, Mr. Speaker, and we do have some direct comments.

The member asked dramatically for one person, one person only in support of Bill 20. Well I can assure you, Mr. Speaker, that my constituents in Regina South tell me daily — daily — to get on with the job of what we should do and that is Bill 20. And I heard it again all day today in no uncertain terms.

You know, the most important thing on the opposition's mind these days is not on the debate but rather on how long they talk. And when the member finally sits down, they all go over and they shake their hand and they say, well, you were marvellous. You know, at least in the last debate that was referred to in history, Mr. Speaker, there was probably some very interesting comments made, and the debate was well taken.

Now the member from Moose Jaw North, who spoke for an awful long time in this Assembly, only had about 10 minutes of very interesting discussion that I paid much attention to. And I appreciate the 10 minutes out of that eight or nine hours that he went on. At least in days gone by, the members of the opposition had some oratorical skills, unlike today's opposition. And I will quote the headlines. They're called "radicals." They have very little speaking skills and they push their luck rather, I believe, Mr. Speaker, in length.

But I can tell you that my constituents, the constituents of Regina South, are keenly interested and supportive of the public participation program. And they have told me on more than several occasions that they expect me to speak on this Bill, and I will. But they've also told me something else. They have said, don't stand up and speak for eight or 10 hours. Can you imagine going to a church service and getting a sermon for eight or 10 hours? I mean if you can't say it in 30 or 40 minutes, don't bother saying it. So they said, say what you have to say on our behalf, but keep it limited to the Bill and make it meaty. Mr. Speaker, I will try to do that in the next little while.

This debate began with first reading on April 14 — April 14; I believe the snow was still on the ground. Second reading debates began shortly after that on April 19; I think the same snow was still on the ground, and that was about three and one-half months ago. And my constituents simply can't understand the opposition as they rise and speak in this filibuster — and that's what it is. We don't have to listen to the Alamo. We don't have to listen to the European Common Market and Christianity and the like, as the members opposite have been stumbling to tie to Bill 20, Mr. Speaker. It's simply not fair to them.

This Bill creates a major public participation initiative for my constituents of Regina South, and it involves the Potash Corporation of Saskatchewan. We have now heard, Mr. Speaker, for hours and days and weeks and months, arduous repetition — speeches on the *Romper Room*, for crying out loud, by the member from Regina

Centre. No solid argument, no debate, simply . . . I don't know — junk talk, I guess.

Basically, Mr. Speaker, this Bill gives the people of Saskatchewan, our constituents, theirs and mine, the opportunity to purchase shares in the Potash Corporation of Saskatchewan, as Saskoil did. And they referred to it in their discussion.

The NDP spoke many times on this potash debate about Saskoil, but did they ever mention, Mr. Speaker, that Saskoil stock is currently trading at about \$13? It started below the \$10 mark. Now they might say, well it's for the rich and the wealthy. Mr. Speaker, it wasn't. Anybody . . . I was speaking to a grade 4 class in my constituency, grade 4, and a little young fellow — probably about as high as I am because in grade 4 they're growing them big these days — but in any event, he was very, very pleased because his father had bought him \$100 worth of Saskoil, and he was following that. And he said, my \$100 is now worth \$130, Mr. Klein, and he was tickled with that. So I said, well wait till we get done with potash. So he's watching it. And it will provide all of our residents, young people like that child in grade 4, elderly people like my mother, people like me, my sister, my constituents, all of us — and particularly, Mr. Speaker, PCS employees — with another new Saskatchewan-based opportunity in which to invest.

I have an awful lot of remarks to make on this Bill that unfortunately will go unnoticed, Mr. Speaker, because I would suspect that the majority of Regina South constituents and certainly an awful lot in the city of Regina, will be at one of the top 20 tourism attractions in North America as they go to the Regina exhibition. So they're all going to be there and it's a beautiful day outside and they will miss these remarks.

But I can assure you, Mr. Speaker, that when the day is done, I will take my remarks and the member from Moose Jaw opposite, and I will send them to my constituents and let them judge as to what was the meat of this Bill. And I will be prepared at any time to face him or any member of the opposition when the time comes to go and discuss this Bill even more than I have done with my constituents of Regina South.

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

(2015)

**Hon. Mr. Klein:** — This Bill will provide for our province a productive, broadly-based, diversified partnership with people. And that's what the NDP don't believe. It will create a more stable corporation, Mr. Speaker, that will allow it to increase — increase — its contribution to Saskatchewan. Now we have never argued about the potash corporation and its contribution to Saskatchewan, but this will allow that contribution to become even larger, Mr. Speaker. The potash corporation needs investment to grow, to expand, to diversify into new areas, and this investment is best achieved by freeing the company to pursue investment opportunities without risking taxpayer dollars or being constrained by government priorities. Freed from the constraints of government, the corporation will be in a stronger position

to anticipate, to respond, and will be in a stronger position to ever-changing market opportunities.

And, Mr. Speaker, by transferring the risk from government to the people, to the investment community, taxpayers' dollars will be freed to be spent on health care, on education, and other social programs.

We have heard them say that the contrary will be in effect, but, Mr. Speaker, I can assure you, without that lead weight around the neck of the people of this province, those dollars for those other programs will be there, without any question, and in greater dollars. That I will explain later in my remarks.

Potash, without question, is an important resource to our province and to the people that live within it, and protection of that resource is therefore provided in this very legislation, for the people of Saskatchewan and for the potash industry.

To begin with, Mr. Speaker — and they try to discolour this — but the Bill limits individual or group ownership to 5 per cent. I will simplify this so that all the constituents hopefully in Regina will understand this. Five per cent is going to be the limit that the people will be able to own. Well on 5 per cent you can't do a whole heck of a lot, but you can make a few dollars, with, of course, the exception of the provincial government. And we, in protection of this industry and in protection of our people, yes, the government will be allowed to hold more than 5 per cent of the shares.

We go one step further. Fifty-five per cent of the company must be held by Canadian citizens — Canadian citizens. Now I know that the NDP have often been accused of burning the American flag and they may very well have some problems with the Americans, but this Bill says, Mr. Speaker, that 55 per cent of the people must be Canadians. And what's wrong with being Canadian? Nothing, I submit.

The head office, Mr. Speaker, the head office of the potash corporation must remain in Saskatchewan. And I'm speaking directly to this Bill, to what the opposition is trying to scare the people of this province. It's not fair. The head office must remain in Saskatchewan. We will protect our people; we will protect the potash corporation, Mr. Speaker.

A minimum of three people on the board of directors must be Saskatchewan residents. And we've heard an awful lot about that, but a minimum of three people must be Saskatchewan residents. And the majority of the board must be Canadian citizens. Well I submit, Mr. Speaker, that this is only plain, ordinary, common business sense. What is wrong with that? Therefore the combination of share ownership by the government, potash corporation employees participating in it, Saskatchewan residents being able to buy shares, that will ensure that the majority of shares will be held in Saskatchewan, Mr. Speaker.

Another restriction in the legislation stipulates that PCS may not sell its mining assets as a whole. And they've been saying that. The legislation says they can't do it. What's their argument? Let's get on with it. That's what

my constituents of Regina South keep telling me. And also it may not sell the principal mining assets which it currently owns in Saskatchewan. Mr. Speaker, Mr. Speaker, protection for our people to its ultimate.

Their argument has no substance. Their debate has no substance. They have been up here speaking about everything except this Bill, and they're proud of it. And they take the time in this legislature to speak 8, 9, 10 hours. If you can't say it in 30 minutes, you shouldn't say it or get up and speak about it. Let's debate this Bill.

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

**Hon. Mr. Klein:** — But I too, Mr. Speaker, will take the opportunity to deviate just for a moment or two, as they did, and comment briefly on the total public participation program of our government as it affects our Saskatchewan residents, their savings, and the opportunities that it creates for them — this potash Bill included, Mr. Speaker. The public participation initiatives of our government are the keys to our overall program to revitalize our province, to revitalize our economy from the set-backs that resulted from the decline of world markets for our agricultural and resource products and the drought.

These initiatives will give our citizens exciting new opportunities to participate in the development of their communities and in their province. And above all, their initiatives will help us to diversify Saskatchewan's economy by creating more business, more investment opportunities, and that in turn, Mr. Speaker, will create more jobs for the people of our province.

The question is asked, why should we allow the potash corporation to become a public company? Well to allow the corporation as a private company to expand and create jobs and opportunities — that's one, Mr. Speaker, and that's what public participation is all about.

The economy of our province has changed considerably as it has developed over time. We're moving into more changes now, particularly with this Bill, changes that the people of this province eagerly desire, changes that our government is working to give to them, changes that the NDP opposition, with their lack of business sense — and it has been exploited to its fullest in the last months, Mr. Speaker — but changes that the NDP opposition simply cannot comprehend; it's way above them.

Back in our first beginnings, Saskatchewan as an economic unit, when we were still a territory and before we became a province in confederation, we began with two very, very important advantages. Now I won't carry my history back into another country or back into another era. I'm talking about Saskatchewan, Mr. Speaker. The number one advantage was our rich stock of natural resources, our vast expanse of virgin farm land and that was most historically important. But along with it potash, oil, uranium, forestry, and they have taken on significance even to a greater degree recently.

Our second advantage was the opportunities our territory and province presented for a new beginning, a new beginning for the people that came here. Saskatchewan has never had an ideal geography, for that matter an ideal

climate, but our frontier lands offered the promise of prosperity to many thousands of people throughout the world.

They came here from other parts of Canada, from the United States, from Europe of course, from Asia, Mr. Speaker, indeed from all parts of the world. People settled here in Saskatchewan to share, to develop our resources — potash included — and to start new lives.

And on this early base our economy grew. The standard of living of the people who settled here soon rose and has been maintained and improved to a high level by world standards ever since that beginning of Saskatchewan.

But for most of us, the first 84 years of our history as a province, our economic development has been confined to the primary level. Virtually all of our exports have been based on our natural resources.

Export of potash and the cyclical nature of that very business, Mr. Speaker, is a perfect example of what our Saskatchewan pioneers had to learn how to handle and learn how to develop.

And it's not Saskatchewan people in those early years did not want to diversify our economy. Indeed they wanted to develop business, they wanted to develop industries to do more processing, to do more manufacturing.

Our business history does include, and I will speak for a moment on Regina, our business history does include an automobile assembly plant in my very home town of Regina, where we put cars together, Mr. Speaker. A box factory — now that was a feeble attempt at development of an industry by the old CCF (Co-operative Commonwealth Federation) here in Regina. They thought well, if we could make cars, we can make boxes. Well, that didn't work. Neither did their wool factory work. But at least they were trying, along with dozens of other industrial experiments that I won't go into because it doesn't relate to the Bill. But none the less, they did make a feeble attempt at government ownership and that's the connection in several industries that simply didn't work in Saskatchewan.

The number one challenge, Mr. Speaker, that we face here in Saskatchewan, is the need for this economic diversification. We've been trying it for a lifetime in our province, but the government can't do it. That's the problem with the NDP philosophy. We need the private sector to develop these opportunities. The government can maybe do a little bit of incentive, but they can't put these industries there, and that is the essence of Bill 20.

Mr. Speaker, that is exactly what this Bill will provide. Simply for us to survive as a viable province with an economy in today's global village — and that's what today's world is, Mr. Speaker, a global village — we simply have to diversify. This is an objective that most of us who live in this province can now share and accept. And if we didn't know it before, the urgent need — the urgent need — to diversify was driven home to all of us by the events of the past few years.

We've all seen in the past few years what can happen to a

resource based economy such as the one we have in Saskatchewan, Mr. Speaker, when demand for and prices of resources such as potash are way, way down. Our other resource industries, agriculture, uranium, oil, forestry, they have been our province's economic mainstays. But in the past few years we've had to contend with wheat prices at their lowest level since the Dirty Thirties. World prices for our other key resources, potash, uranium, oil, they haven't been much better. And who could have predicted, back in the '70s when our economy was stronger, that world prices for our key resource products would suffer a severe drop. And I will even quote the former leader of the opposition, Mr. Blakeney:

Who could have ever predicted that all of these resources would have suffered such a severe drop all at the same time?

Now even Mr. Blakeney was astute enough, Mr. Speaker, to pick that out. And this has caused an economic downturn for our province, created not by us but created for us by the poor market conditions around the world — for potash as well as for our other resource products, prices that are well beyond the control of the people of this province.

(2030)

We can ask again, why should we allow the potash corporation to become a public company? Well I say this: to allow the corporation to compete more effectively against international competition. Now the members opposite have spoken at length about international competition but not in depth. They didn't say why; they didn't give any reasons and they just keep rebounding back to the same thing.

At least back 15 years ago when the original debate took place, Mr. Speaker, there were reasons, but now the members opposite — no, no reasons, just length. How long can you get up and talk? I would dare say, Mr. Speaker, if they wanted to push me to the limit, I would speak as long as they could, and all of my friends and all of my constituents as I approach them certainly know that. The good Lord blessed me with tonsils and a mind that I can speak for as long as I like but they said, just hit on why. Never mind the length; give us some meat to chew on. And that's what I propose to do in this debate, Mr. Speaker.

Several years ago, I used to get the feeling that our government was kind of a lone voice in the wilderness when we tried to promote our need to diversify.

**An Hon. Member:** — You're certainly in the wilderness with that.

**Hon. Mr. Klein:** — And the member from Regina Centre, now he's spouting about the mouth. I listened to his debate for six hours; he spoke on the Alamo. The only time I will speak on the Alamo is when I refer to his speech. It has nothing to do with potash, Mr. Speaker, and neither does *Romper Room*.

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

**Hon. Mr. Klein:** — And I can tell you, Mr. Speaker, that as I speak to his constituents in this city, they tell me that we as a province must diversify. The old pioneers of our country, the old pioneers of this province, they know we had to diversify our economy. They lived through it. I've lived in this city for almost 50 years — 50 years, Mr. Speaker, in Regina. I am very, very familiar with the taxes that we pay, the services we receive, and all the rest of it. And I can tell you that I recognize that this city is the capital of this province, but I can also tell you that this capital city is more dependent on agriculture and the farmers than most of the people in this city care to admit, and it's very important.

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

**Hon. Mr. Klein:** — But, Mr. Speaker, I can also tell you then in the last 20 years, my constituents and my colleagues in business have also pointed out to me the need to diversify this economy so that dependence on the agricultural sector is not as great as it is today.

So we need to develop more processing, more manufacturing, more industry here in Saskatchewan. And they recognize, Mr. Speaker, that's a little bit different now; maybe more than a little bit — maybe considerably different.

The people of this province, Mr. Speaker, from all walks of life, and interestingly enough, from all sectors of our economy, rural and urban, now realize the situation, that we must work to develop more processing, more manufacturing, that we can't live in the past like the NDP want us to do. They want us to go backwards.

We're trying to build the future. I want to build for my children and for my grandchildren, Mr. Speaker. And I'm going to be a grandfather again in the next day or two or three, and I'm delighted with that prospect and my grandkids are going to live here, and I want some place good for them to live.

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

**Hon. Mr. Klein:** — We can no longer live in the past, Mr. Speaker. They know that for the province to survive as a viable economy in today's global village, we in Saskatchewan must diversify. That's why there's so much strong support right across the province. The member from Moose Jaw was saying that he can't find anybody in his constituency that supports this Bill. I would be delighted to go through his constituency with him. I visit Moose Jaw. It's only 45 or 50 minutes. We have a lot of friends in Moose Jaw. We work with them regularly. They're all telling me the same thing as Regina South constituents are telling me; get on with it!

I challenge that member from Moose Jaw; I'll go out and talk to his constituents even if they carry NDP cards. We'll go through the whole rigmarole and talk to all of them in Moose Jaw. They agree with this Bill, Mr. Speaker.

But you know, there is so much strong support right across the entire province for the efforts of this government in our programs for diversifying this

economy. And that's why they like the Bill. They recognize the diversification that's going to come about from it. And that's why the NDP keep losing whatever credibility, whatever little credibility they may have or may have had. They keep losing that when they get up and talk meaninglessly.

Now the member from Saskatoon Fairview in debate the other night stood up. He had some criticism about the Bill, and criticism is fine when he stuck to the Bill. The member from Moose Jaw stuck to the Bill for about 10 or 20 minutes; that was fine. We'll accept that; that's what this debate is about. But he went on eight or nine hours about nothing. At least, Saskatoon Fairview didn't, and he said his piece and away we went. And we understand that. That's what the debate is all about.

So that if we're doing something wrong and if you've got a strong debate, carry it forward — carry it forward; bring it to us. Maybe you will be right, but don't talk about the Alamo and *Romper Room* when you're talking about the potash Bill.

That's why, Mr. Speaker, the NDP keep losing whatever credibility that they may have as the public realizes . . .

**The Speaker:** — Order, order. The member for Regina Centre.

**Mr. Shillington:** — I wonder if the member would permit a question.

**The Speaker:** — Would the member then permit a question?

**Hon. Mr. Klein:** — Mr. Speaker, we have question period every day. This is day 84 or 85 . . .

**The Speaker:** — Order, order.

**Hon. Mr. Klein:** — Mr. Speaker, the members of the opposition can ask questions every day in question period; that's their forum. In 87 days, as Minister of Urban Affairs, I had one question and it came about day 80. I'm debating this right now. They can ask questions any time they want, but the public realizes that the NDP, Mr. Minister, is out of step with today's economic realities.

And even many of their leaders are starting to admit that their policies are not in step with today's economics.

You ask the question again: why should we allow the potash corporation to become a public company? Well, Mr. Speaker, I submit that selling shares in PCS is a good way of encouraging businesses to think about investing in Saskatchewan. Businesses is something that they don't understand, they just simply don't understand that. That's another debate that we could get into at another time. But, Mr. Speaker, one of the NDP leading strategists puts it this way:

There's something going on in the new economic world that we in the NDP don't know about.

Now that's the confession of a die-hard NDP socialist. There's something going on out there in the economic

world that they don't know about. The people of this province came to that conclusion several years ago when they turfed them out of office.

And the people of this province are coming to realize that the NDP still don't know much about today's economic situation, even though they have a new leader in place. Their debate on this Bill prove that in no uncertain terms; no solid argument, no solid debate, nothing, just empty rhetoric. And I'm waiting for their next speaker that will probably go on and on for another six or seven hours with no facts, no anything, just whatever he feels like talking about.

And that's why this very Bill has support, Mr. Speaker, as I have indicated, from the people of all walks of life who are strongly supportive of the government and the steps we're taking to diversify our economy. And daily—daily—Mr. Speaker, I talk to the members of Regina South constituency that tell me that, because they know that this creates more jobs and more business opportunities for our citizens.

The public clearly sees the need to diversify our economy. All of the public sees that, only the NDP doesn't. They're against jobs, they're against creativity, they are against diversification, and they stand up and they talk and they talk and they talk and they talk, but they don't say why.

It begs the question then, Mr. Speaker: what will public participation do for the Potash Corporation of Saskatchewan? Well I've got a long list here, and I'm just going down my list one at a time because I may very well end my remarks before I get to the bottom of the list. But because in the past the corporation has cost the province a lot of money to keep it going—and I will speak about that in a moment, Mr. Speaker—they bring up the fact that the corporation has put dollars into our budget. But when I get there, when I get to those dollar values, Mr. Speaker, I will tell you the real facts and let the people decide as to what happens to that money.

But people right now from all walks of life—as I mentioned earlier: urban; rural, from the agricultural sector, farmers and ranchers; of course from business and industry, because they understand that; but even labour unions and their employees, Mr. Speaker; educational institutions, teachers, students; co-operatives; home-makers; all, all of these people, that whole sector, Mr. Speaker, are coming to realize the changes that we must make in our economic development programs if we indeed are to survive as a province. And public participation in the Potash Corporation of Saskatchewan will provide them with the badly needed flexibility that that corporation requires.

First of all, through diversification of its products, PCS has the potential to become an even greater world-class corporation with headquarters right here in Saskatchewan. Won't we be proud of that, Mr. Speaker? WESTBRIDGE is doing pretty well, Saskoil doing pretty well, and the potash corporation.

Now the member from Saskatoon South, he giggles at that. He thinks it's very humorous; he thinks it's funny as

the devil to have the Potash Corporation of Saskatchewan to be a world-class company in this global village. Well I don't think that's so funny. I think that's desperately needed, and we will put it there.

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

**Hon. Mr. Klein:**—With private sector involvement, this company will have the flexibility that I mentioned earlier, Mr. Speaker, to expand and to diversify, to pursue new products, new markets, new business opportunities. With diversification, the company would no longer be dependent on one product or subject to a volatile market.

Private investment means that the corporation will no longer have to compete with taxpayers' funds that have to compete with other priority areas such as what I mentioned earlier: education, health care, and other social programs that provide the safety net for our people. That means that the government will be free to provide that safety net, Mr. Speaker, to provide health care, to provide education, to provide social services, to provide home protection, to provide low interest rates that they had nothing to do with—all of that because the burden of supplying these funds to the government company will be removed and gone.

With private investment, the corporation will be able to freely react in a prompt and timely manner to changing market conditions, to take quick advantages of opportunities that will benefit its operations. Something that you can't do—you can't do that as a Crown corporation, Mr. Speaker.

And finally, with private investment involved in PCS, the responsibility for providing capital funding for the company to grow, to expand into those areas, will no longer fall on the taxpayers of Saskatchewan, but rather to the private sector, Mr. Speaker.

(2045)

And with their usual lack of business know-how, the NDP opposition ask, well why sell the corporation now after a year in which it has returned with a gigantic profit? I mean, gigantic profit? It was a modest profit, Mr. Speaker, when you consider the investment that I will refer to in a moment. And they say, well why sell it now? Well they've never been in business. When do you sell a racehorse, after it loses? No, you sell it when it wins. That's when it brings you some dollars. If they knew anything about business, and they don't, and I've preached in this Assembly now for six years on business—not that I'm the smartest guy in the world about business. No, I'm not.

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

**Hon. Mr. Klein:**—And I appreciate the applause that I got from the members opposite. No, I'm not the smartest.

But I'll tell you, Mr. Speaker, business has been my life. My friends, my personal friends, and my associates, all in the business community for my entire life—for all the length of time that I have been in this city and for the past 30 or 40 years, all business people, I value their advice. They are smart, successful people, and their advice is

valuable to me. And that's why I speak with some authority when I speak in this Assembly about business; not because I'm that smart, but because my friends have proven how smart they are, and I rely on them.

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

**Hon. Mr. Klein:** — But if the NDP knew anything about business — and the more they speak on it, the more it shows that they don't, Mr. Speaker — they would understand that the most appropriate time to encourage investment in a company is when it's profitable, as I mentioned about the racehorse.

And this is especially so — especially so, Mr. Speaker, in a cyclical industry such as potash. And it couldn't be more important than in that potash industry. And they missed that whole thing. If they knew anything, they, the NDP, about business development, anything at all, they would understand that now is the best time to encourage private involvement in the Potash Corporation of Saskatchewan.

**An Hon. Member:** — Jack, how come you sell that pulp mill?

**Hon. Mr. Klein:** — Now they're talking about the pulp mill now. You see, they're going to bring that up in discussion. They can't stick . . .

Mr. Speaker, I think I've done a reasonable good job on sticking to potash. They go about everything under the sun; they speak from their chair about it. They don't understand business; they don't understand the potash corporation; they don't understand privatization because they don't want to in spite of what their people tell them, and they don't listen. They never have and they never will.

You ask again, Mr. Speaker, why should we allow the potash corporation to become a public company? Well I'll tell you why: so that the corporation does not have to use taxpayers' money to finance growth and diversification. I mentioned earlier and I'll talk about it again.

Potash is a commodity subject to cyclical price changes, as I mentioned. And over the past two years, there has been a dramatic turn-around in the financial accomplishments through the sound business practices of our government; however, Mr. Speaker, in spite of the job that we did to make the potash corporation show this profit, in spite of that, it must still be recognized that the situation could again change in reverse.

This is something we in business understand — they don't. They've never had payrolls and bank interest and high interest rates and payments to make and understand the ups and downs of businesses. We do. Now admittedly the last statement of the Potash Corporation of Saskatchewan was pretty good, and we did that. And now we're saying, fine, we'll put that out to the private sector. You take the risk, because we want to take these dollars that I'm going to get into later and we want to put them into the programs that they belong for our people, Mr. Speaker.

The question is asked: how will our government ensure that there is a direct benefit for Saskatchewan people? And they've skirted about the issue, and they've said what it's going to cost us. I'm going to turn that around. I will show you, Mr. Speaker, the direct benefit.

They ask: how will our government manage the potash industry if we no longer — we as a government — if we no longer own this thing? Well they probably won't admit, and they must read the paper. I mean, you know, you see it referred to. Canada Post even turned it around and are now making a profit in spite of everybody laughing at them. So it is possible, if you apply yourself.

But the answer really, Mr. Speaker, is quite simple. There is no need for us to own potash mines, no need at all for the government to own potash mines to ensure direct benefits to the people of Saskatchewan — none at all. The provincial government will continue to manage the potash industry the same way — and this is very, very important, and the people understand this, and I'm glad that the member from Rosemont is paying attention, because I talked to a lot of your constituents — the provincial government will continue to manage the potash industry, Mr. Speaker, the same way that we manage uranium, the same way we manage forestry, the same way we manage oil, and all of our other natural resource, through legislation, through royalties, and through other special agreements. And those facts, Mr. Speaker, cannot be discoloured. Those royalties are still there, still in existence, and still adding to the Consolidated Fund revenues. In spite of what they might tell you, the royalties still go into the Consolidated Fund.

And this Bill says to the people of Saskatchewan, Mr. Speaker, now you have the opportunity, along with all of that, to invest in potash. The Bill gives the people the opportunity to invest in a potash company which could grow to become one of the largest fertilizer companies in the entire world.

That's the opportunities that this Bill presents to us, Mr. Deputy Speaker, because you watch it grow when the people of Saskatchewan get a hold of it and get it into their very own hands, Mr. Deputy Speaker. You watch this Potash Corporation of Saskatchewan grow. That company will grow and expand and diversify, and we will all share in its benefits. We here in Saskatchewan will get a broader tax base because the corporation will grow and expand and will build new industries.

And as taxpayers of Saskatchewan, we will no longer be paying off the huge debt at international interest rates which have built up since the NDP in their folly nationalized the industry in Saskatchewan back in the '70s.

The member from Saskatoon Centre is chatting about something and I don't know what, but she's probably the last one in the world that would understand business, so it doesn't matter what she's saying.

But one of the objectives of the public participation movement is to take as much control over the lives of people out of the hands of big government and put it back into the hands of people . . . (inaudible interjection) . . .

Now there she goes spouting again, probably very meaningless diatribe, I don't know. I can't hear her, but I have listened to a few of her observations and I doubt that she has anything at all to add to this debate. But in any event, Mr. Deputy Speaker, we will take this out of the hands of the big government of the NDP and put it back into the hands of the people.

And that's probably only one of the reasons, only one among several others that the NDP opposition is opposing public participation, because they don't believe that the people should participate. They want to have this great huge government, they want to operate the whole shooting match and do it their way. Well we disagree with that. We want to put this back to the people.

The NDP are the great architects of big government, and they proved that in the last years of their days with their family of Crown corporations. It's the NDP policy to take over businesses, to take over industries. Look at the *Regina Manifesto*. The Leader of the Opposition, the current-day leader, the member from Riversdale, he has never denied that. He has never once denied the fact that the *Regina Manifesto* declared that they wanted to nationalize every business in this province. And I wish that he would appear and speak about this subject one day in debate on business, but he never does. And I challenge him with that at every opportunity. But none the less, Mr. Deputy Speaker, that's the manifesto of the NDP to take over all of the businesses and run them all. God help us!

But it's the NDP policy to take over businesses and industries, just as it did with the potash industry back in 1975, and I remember that very, very, very well. They want to control business. They want to control industry. And there's the member from Saskatoon South mumbling again. I don't know if he'll enter into this debate or not. I doubt it. I don't know what he's going to have to add to it, but none the less, I could listen to it.

But they want to control business and industry. They don't want to reduce the number of Crown companies, but they want to set up more of them, even more, so they can add more of their friends, their relatives, to the public payroll.

Now, we every now and then, Mr. Deputy Speaker, get into debate and I suppose we could go into name calling and patronage and the like, on and on and on. And unfortunately, perhaps it may very well be part of this political process. And I believe that every time the NDP brings up the patronage aspect of it, they lose—they lose. Because I can tell you, Mr. Deputy Speaker, that the list of NDP candidates and ex-candidates that were in their huge government trough is endless and far surpasses anything even beyond our wildest imagination.

The NDP is very envious, Mr. Deputy Speaker, of the success of our government's recent offering of shares and bonds in Crown companies, and this is another example. You ask: why should we allow the potash corporation to become a public company? Well, another answer, to free up government funds, as I mentioned earlier, to pay for increased health care and education. And I will get into that in a moment, Mr. Deputy Speaker. But the NDP is

very envious of the success of our government's recent offerings of shares and bonds in Crown corporations. They took the liberty of speaking at length about some of the comparisons.

Mr. Deputy Speaker, I will stick to the Bill, and I will deviate for a moment or two, but they said it couldn't be done, that these sales . . . It would be shown that the people of Saskatchewan do not want to participate in these Crown companies.

Well WESTBRIDGE, in six or seven months, the initial price \$6.30, now over \$11—close to double. That's not bad. The sale of SaskPower bonds raised a total of \$343 million with 42,000 people—42,000 residents making purchases. And now the recent SaskPower VE series, after one year, Mr. Deputy Speaker, after one year paid very close to 10 per cent interest. And if you bought a \$100 bond, it can be sold now for \$130—a \$30 tax-free capital gain coupled with almost 10 per cent on your money.

The sale of TeleBonds raised more than \$106 million with 33,000 residents, over 33,000 residents making purchases. That's 75,000 people making purchases in two bond offerings; 75,000 people right there who support public participation. And when Bill 20, the potash corporation, Mr. Deputy Speaker, is offered, we will have the same results. The people of this province are waiting, they are waiting for this offering so that they can invest right here in their own natural resource.

And you can be sure that the shares in the potash corporation will be an equally attractive offering to the people of our province. But will the NDP dare prevent these people from investing their savings here at home? Certainly, certainly they're trying to obstruct that, they're trying to stop the people from this province of Saskatchewan in investing their dollars right here at home in Saskatchewan. What does that do? That forces our people to invest outside of our province.

(2100)

So . . . I don't know. What do the NDP dare say to these thousands of people who want to invest in these share offerings? I'm really not sure. The recent offerings of TeleBonds showed a very healthy interest among rural residents, 43 per cent of purchases being made in rural Saskatchewan. The city of Regina accounted for almost 25 per cent, Mr. Deputy Speaker. And the average purchase from rural residents was \$2,380. And this is very important and, Mr. Deputy Speaker, this is key to Bill 20, this is key to the argument.

Because they have stood up in their place hour after hour, day after day, week after week, and going on months, and saying that this public participation in the potash corporation is only good for our big, wealthy friends. Well I will repeat, Mr. Deputy Speaker, because this is very important. On TeleBonds the average purchase from rural residents was below \$2,400. The average purchases in Regina was slightly over \$1,800, as was Saskatoon.

Now I tell you this: we all know, even the members opposite know this, Saskatchewan people are savers.



Saskatchewan savings per capita is one of the highest in this great country of Canada. And so these figures, they don't tell me one bit that it's for the wealthy; they tell me that it is available to the average wage-earner.

When you consider an investment between . . . an average investment between \$1,800 and \$2,400, and you consider that the per capita savings in the province are the highest in the country, Mr. Deputy Speaker, all of our offerings have been for the ordinary person right here in this province —nothing more, nothing less.

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

**Hon. Mr. Klein:** — Now unlike the NDP, who are still leaving with the economic policies of the past under a leader who is out of date even in the '70s — even with his new book, well even with his new book last month about the new economic forecast for the '70s. He's out of here.

But our government's decision to invite public participation in the potash corporation is based on its future needs rather than on its past.

Well the member from Regina South says it's funny that the Leader of the Opposition is away. Now I didn't say that, Mr. Deputy Speaker. The member from Regina South admitted that his leader was away. I don't know where he is . . . (inaudible interjection) . . . From Saskatoon South. Well I'm sorry for the slip, Mr. Deputy Speaker, I'm sorry for the slip — the member from Saskatoon South. I got excited because he was the one that said his leader was away for the last two weeks — not me. Their own caucus admits that their leader has not been here for two weeks, so what can I tell you.

**An Hon. Member:** — Mr. Speaker, point of order.

**Hon. Mr. Klein:** — But public participation in the PCS is the natural next step in the corporation's evolution . . .

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

**Mr. Lyons:** — Mr. Deputy Speaker, on a point of order. Once again the member from Regina South has referred to members in the Legislative Assembly who have been absent. Already the Speaker has once tonight had to bring him to order on that particular question. And, Mr. Speaker, I'd ask that member once more to withdraw the remarks he's made regarding to the absence of members from the House; either that or sit him down in his seat.

**The Deputy Speaker:** — Order, order. Members are aware of the rules that we are not to refer whether members are in or out of the House, but there has been a fair bit of debate back and forth from the floor, and I would bring this to the attention of the members, that they allow the member from Regina South to continue his debate and not prod other members into discussion or debate.

**Hon. Mr. Klein:** — I appreciate your ruling, Mr. Deputy Speaker, and I won't refer to it again. It was the members speaking from their chair, not I, that referred to that. But our government's decision to invite public participation in the potash corporation is based on its future needs

rather than in the past. And their leader, the Leader of the Opposition, is still hanging his hat on the past and probably putting it on backwards as well.

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

**Hon. Mr. Klein:** — Mr. Deputy Speaker, public participation in the Potash Corporation of Saskatchewan is the natural next step in the corporation's evolution. I've noticed some people come up into our gallery just in the last few moments. Now I don't know if they're visitors from out of province or if they live here, but I should explain to them that we are having a debate right now on the . . .

**The Deputy Speaker:** — Order. I must remind the member from Regina South that we are not to draw members in the gallery into the debate.

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

**Hon. Mr. Klein:** — Well thank you very much, Mr. Speaker, I won't. But public participation in the potash corporation is the natural next step in the corporation's evolution. And in fact, public participation in the corporation is critical, critical if the Potash Corporation of Saskatchewan is to vigorously pursue all of the opportunities available to it as a world leader, and a major contributor to our province's economy as it can be, as it should be, and as it will be.

The PCS needs investment to grow and to expand its base of operation into new areas. And this investment is better gained by raising private capital dollars rather than asking the government for money and competing with other government priorities. Back in 1975, Mr. Deputy Speaker, the old NDP government under the Blakeney leadership, along with the present leader, they nationalized — yes, nationalized — the potash industry. It was a bad business decision, no question — none. And our province has suffered badly as a result.

I remember the embarrassment in the early days of the 1982-83 year of this government as we went out into the business sector throughout the world with our various functions. They said, oh, isn't Saskatchewan the place that took over private industry? Isn't Saskatchewan the place that made the Americans unwelcome?

Well, it was pretty tough to respond to. Yes it was; that was fact. So what happened back there in those days? Well it was a disaster. But within a couple of years they, the government, had borrowed millions and millions of dollars — millions of dollars, well beyond the comprehension of my constituents of Regina South — and mostly at high interest rates from the U.S. money markets. My constituents in Regina South remember 1982, Mr. Deputy Speaker.

Those were the days of mortgage rates at 20, 21, 22 per cent on their homes, and the NDP said well, we can't help you stay in your home, we have to buy another potash mine. So if you get chucked out of your house, well that's how it goes. You can't do anything about it.

Well in 1982 this government did do something about it,

Mr. Deputy Speaker. We protected our home owners from that folly of high interest rates, and we still do to this very day. And I might add, Mr. Deputy Speaker, that we are the envy of the country to this very day as I come back from a ministers' conference of the housing community.

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

**Hon. Mr. Klein:** — But within a couple of years they had borrowed millions of dollars — yes and I won't even get into the farm land thing. Boy, you talk about disaster, you'd . . . And our farmers are still paying for the price of that one.

But within a couple of years, Mr. Deputy Speaker, that government, the NDP government had borrowed millions of dollars, mostly at high interest rates, from the U.S. money markets, which together with over \$400 million — \$400 million of taxpayers' money — our money, our money . . . Government isn't some strange independent third party with a money tree in their backyard. Government is us — all of us in this Assembly and all of our constituents, Mr. Deputy Speaker. That's government.

And they took our money, and what did they do with it? With all of that funding behind them, they bought 40 per cent of the potash industry in this province. Well good for them. Congratulations. We're still paying the price.

And then with the downturn in the agricultural economies in the world throughout in 1980, what happened? The demand for potash fell off, and the people of Saskatchewan — us, the taxpayer — were left with a Crown corporation lemon, thanks to the poor business deals of the NDP.

You know, I noticed with interest, Mr. Deputy Speaker, an advertisement in the *Leader-Post* the other day that was headlined, "Get the Facts Straight." Now, the debate . . . (inaudible interjection) . . . And the member from Saskatoon Nutana, I'm glad you said that: oh, another Tory advertisement is. And they're going to condemn this advertising, Mr. Deputy Speaker, but it says right here . . . And it's against the law if this is a fabrication. You should know that; if it's a fabrication it's against the law. But he says . . . And this is who sponsored the advertisement, Mr. Deputy Speaker:

The Institute for Saskatchewan Enterprise (and they laugh) is a Non-Partisan, Non-Profit Organization formed by members of the general public . . .

And you can't stand this. You know, when your unions go out and print garbage, it's fine. Right? Now when you've got an independent third party coming out and printing something, you can't stand that, you can't stand that . . . (inaudible interjection) . . . No, I said when the unions print garbage, that's one thing, but when you get an independent third party that the members of the NDP want to call garbage, go ahead, you're welcome to do that because they know that.

But, Mr. Deputy Speaker:

The Institute for Saskatchewan Enterprise is a Non-Profit, Non-Partisan Organization formed by members of the general public, and individuals in the business, academic and co-operative sectors.

And they laugh at the co-operatives. Go ahead, giggle now. Giggle now. It says the co-operative sectors. Go ahead and laugh. Oh, they don't laugh at the co-operative sectors.

The Institute's mission is to carry out research and publish studies to stimulate public awareness of all aspects of enterprise from an economic, rather than a political, perspective.

Now what do they say, Mr. Deputy Speaker? You know the last hours, days, weeks, months of the NDP debate, Mr. Deputy Speaker, has highlighted the lack of economic understanding of this issue by any of the NDP. And they have pointed it out as they get up and talk and talk and talk and talk — 8, 9, 10 hours. It's a joke. They're a joke. The people out there understand that. They've got nothing to say, but this advertisement: "Get the facts Straight."

And albeit, Mr. Deputy Speaker, I'm not claiming that this is fact or gospel or whatever, but this comes from an independent third party. What do they say? And they say this: the taxpayers have lost money. In 1988 dollars . . . And the member from Saskatoon Nutana, I wish she'd get into this debate and bring something more than just the NFU (National Farmers Union) or her father's perspective into this debate, but she can't because she's not knowledgeable. She can't debate this. She'll get up and talk about nothing. But the taxpayers have lost money, Mr. Deputy Speaker, and:

. . . 1988 dollars, the taxpayers accumulated investment is \$1.950 million and increasing year by year . . .

Almost \$2 billion, \$2 billion dollars of taxpayers' dollars in this government-owned potash corporation, according to this third party.

. . . and increasing year by year since PCS dividends are less than the annual interest bill (that) the province pays on the investment.

(2115)

Now we have heard them talking about all of these great profits, all of these great profits that the potash corporation has made. But has any one of them, any one every spoken about the interest on it? Not one. Hours, days, weeks, not one has spoken on the interest cost to the taxpayers. Not a one, and that's a shame, Mr. Deputy Speaker.

The argument then becomes this, and I will quote again:

It is obviously impossible to value . . .

And they can't understand this so pay attention because here's an independent third party giving you a little lesson

on business. Now I know that you people don't understand that, but this is not coming from me, so you don't have to worry about it. It's coming from an independent third party. I'll talk about these third party people, yes, I'll talk about them . . . You want to compare Roger Phillips with Barb Byers any day in the week and you are on, credibility included, Mr. Deputy Speaker.

It is obviously impossible to value an investment if you don't know how much of it you own as an investor and how much is financed through debt.

Now that's pretty simple. Everybody can understand that. My constituents understand that, your constituents understand that, their constituents understand that, even the NDP constituents understand that. Do you know who doesn't? Those members sitting in those benches, they don't understand that, Mr. Deputy Speaker. The fact of the matter is that the value of an investment is how much you can get for it and they don't understand that. And now we go on and it says:

. . . Saskatchewan had received no net returns (no net returns) from PCS after seven years under the NDP, zero. In fact, PCS costs Saskatchewan \$501,000,000 in nominal dollars . . .

Well, that's a pretty tough statement, Mr. Deputy Speaker. Will they argue that? No, they would rather get up and speak for 6 or 7 or 8 hours on the Alamo or *Romper Room*, or whatever else they choose to talk about. But get involved in fact and debate, no. And I'm in this debate and I'm prepared to debate. Let's talk facts. That's what this advertisement is — get the facts straight.

Another one:

. . . the government now proposes to sell PCS. The Institute study shows that it is worth considerably less than the taxpayers have paid for it. They study also suggests a way of calculating the cost of the social benefits which some people may ascribe to the investment. For instance, the study shows that in 1988 dollars the investment cost \$45,625 per man-year of employment over the period 1975-88.

In other words, Mr. Deputy Speaker, the government could have paid \$45,000 per year in 1988 dollars to the employees of PCS to let them stay home and have been slightly ahead. It matters not how that has happened, as their argument is, and that's what their argument . . . matters not how this has happened, Mr. Deputy Speaker, but this is what it is costing in economic terms.

Now it doesn't matter who was right and it doesn't matter who was wrong in that 1975 debate, Mr. Deputy Speaker. That matters not, and that is the most profound statement. That is the most profound statement in this advertisement, that it matters not how this has happened. But this is what it is costing in economic terms and that is the major thing. And it is true.

And the member for Regina Rosemont, I challenge him when he gets up in his place to refute those figures because they will be a myth and they will not work out. I

will watch *Hansard*, and I will publish his answer to that respect, Mr. Deputy Speaker.

Now you know, the members opposite earlier, from their chairs, Mr. Deputy Speaker, condemned the likes of this kind of an organization. And as I mentioned, when their unions speak, you know, that's a horse of a different colour. When their unions speak it's supposed to be gospel. We're supposed to listen to it, you know, and it's supposed to be credible and all the rest of it.

But I'll tell you, as I mentioned earlier, if the NDP want to condemn the likes of Lloyd Barber, the president of the University of Regina; if they want to condemn the likes of Roger Phillips, the president of Ipsco and hold up the likes of Barb Byers or Larry Brown, I challenge them to come to my seat — and not only mine but any seat in this city, into Regina North, with 600 employees at Ipsco in Regina North and challenge what they have to say about Roger Phillips against the likes of Barb Byers. And I'll tell you whose credibility will stand out, Mr. Deputy Speaker.

And they get upset when they talk about these union people, but it was they, it was Barb Byers and the House Leader there, the member from Regina Elphinstone, that said together, we're out to disrupt this government and to stop government and stop this Assembly. Mr. Deputy Speaker, they will fail in that accusation.

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

**Hon. Mr. Klein:** — The facts are, Mr. Speaker — and I hope the member from Regina Rosemont writes this down because he will have to repudiate these facts, not I — Potash Corporation of Saskatchewan financing from 1975 to 1982, over and above equity financing, Mr. Deputy Speaker, over and above equity financing: in June of 1977, over \$75 million; June of 1978, \$148 million almost, just shy; 1979, another \$157 million; 1980, approaching another \$132 million of debt financing, Mr. Deputy Speaker; 1981 — and this is taken, this is fact right from the annual reports — 1981, short-term debt and long-term debt, another over \$123 million; 1982, Mr. Deputy Speaker, another over \$183 million. How do you finance that? You answer that in your remarks. This will be an interesting debate, Mr. Deputy Speaker.

They spoke about profits and dividends. PCS profit in 1976, half a million dollars — not bad, half a million dollars, but no dividend; 1977, little over a million — pretty good, but no dividend to the taxpayers; 1978, now we're really climbing up there, almost 25 million — I'll give you the benefit of the doubt: it was your government — but still no dividend, Mr. Speaker; 1979, \$78 million profit — really getting up into the gravy now, but still no dividend. So what's in it for the taxpayers?

Now let's get into 1980. Let's get into 1980. Finally we made the big time, Mr. Speaker. We made over \$167 million and we paid out \$50 million in a dividend. Well isn't that wonderful.

How much of that contributed to the Consolidated Fund of the day? Figure it out. How much was the interest cost? And they paid a splendid \$50 million into the Consolidated Fund. Well won't that go a long way into

health and education.

Then in 1981, what happened? Well they slipped a little bit — went down a little of \$141 million profit. That's still pretty good, I admit that, Mr. Speaker, not a bad profit, 141 million. But what do they do? Another dividend, \$50 million. Big deal. What did it cost the taxpayers? Ninety million bucks. And the year before, what it cost the taxpayers — 90 million bucks.

Boy let me tell you. They go on and they say how it contributes to health and education and all the rest of it. It's a joke. They didn't understand it then; they don't understand it today. And I'm waiting with a bated breath for the member from Regina Rosemont as he is going to explain to us what a great deal this is. Those are the facts, Mr. Speaker. They're right out of the annual reports. How can they argue that?

Facts are — and I'm going to simplify this as I conclude my remarks tonight, Mr. Speaker, as I conclude my remarks for my constituents of Regina South — the actual government investment in the Potash Corporation of Saskatchewan exceeds \$1 billion. And the member from Regina Lakeview is going to challenge me in Regina South in the next election, and I welcome that. And I'll go to the doors with her and we'll talk about the potash Bill. You won't understand it then, so pay attention now. Maybe you will.

But the actual government investment, Mr. Speaker, in the Potash Corporation of Saskatchewan, exceeds \$1 billion. It begs the question then: what kind of a return are we getting on this investment? I mean, they don't understand that. You know, as government, well they can take all the money and do whatever they want with it. That's what they did. They didn't care about an investment or anything. I'm telling you that when you invest taxpayer's dollars, you better have something.

So what kind of return are we getting? That's the question. That's what the people in Regina South, Mr. Speaker, are asking me. What kind of investment have they made; what kind of a return do they get? I said well, they invested \$1 billion. Well, what kind of a return? And as the NDP have pointed out more than several times in this debate over the last hours and days and weeks and months, they indeed, Mr. Speaker, have pointed out the return that we are getting.

The government-owned potash corporation, yes, it has had profits . . .

**An Hon. Member:** — When run by Tories, too.

**Hon. Mr. Klein:** — And the member from Regina Elphinstone, speaking from his seat, he'll have time to get into this . . . But it has also had losses for whatever arguable reason, and that is not the debate. And I may very well choose to enter that debate, Mr. Speaker, but I won't.

But the important fact is this, that the NDP have pointed out, hour after hour, day after day, week after week for many months, that it has averaged a \$26 million profit annually for total earnings of \$334 million — that's their

figures — since 1976. What a total and absolute disgrace that is to the taxpayers of this province, and you have admitted it — shame on you!

The NDP argue that PCS, therefore, is a good money-maker, and as a result it contributes dividends to health, to education, to welfare, and the like. But, Mr. Speaker, the money invested by the government in PCS is primarily cash that the government didn't have, so they borrowed it. And as a result, the provincial government has paid up to almost \$100 million in one year for interest, this \$100 million in one year to earn \$26 million average. What a great deal that is for the taxpayers, and the NDP didn't tell you that.

Well, Mr. Speaker, I am telling all of my constituents in Regina South that very story, and I will be quoting verbatim from *Hansard*. The truth will be there and the people will make up their minds when it is time, and I will be delighted to challenge them on this issue.

Borrowing money which costs as much as \$100 million a year in interest to invest in something that earns an average of \$26 million a year does not make very much sense to me, to my constituents, and to my government. And now, Mr. Speaker, with this Bill before the legislature, private capital will take the risk in the development of this new, strong, dynamic, vibrant corporation and remove that risk from the taxpayers' back . . . (inaudible interjection) . . . Well, let's listen to the member from Saskatoon Nutana. I mean she's just spouting off, you know. What does she know? She has nothing to add to this debate . . .

**The Speaker:** — Order, order. I ask all members to come to order and the member from Regina South to continue his remarks.

(2130)

**An Hon. Member:** — Mr. Speaker, will the member take a question?

**The Speaker:** — The hon. member asks if the member will take a question.

**Hon. Mr. Klein:** — Mr. Speaker, as I've said earlier in this debate, this . . .

**The Speaker:** — Order, order. Allow the hon. member to respond.

**Hon. Mr. Klein:** — Thank you, Mr. Speaker. This government will take a question on this debate at any time in the proper forum. The member opposite knows very well when the proper forum is, and I would be . . .

**The Speaker:** — Order, order. This is the third time now, I've asked hon. members to allow the member for Regina South to continue. The member from Saskatoon Nutana has asked if the hon. member will ask a question, and immediately he is interrupted over and over. Would you allow the hon. member from Regina South to continue his remarks.

**Hon. Mr. Klein:** — Thank you, thank you, Mr. Speaker.

The member from Saskatoon Nutana has been here long enough to know that we have question period regularly every day. She has the opportunity to ask the appropriate question at that time, and I don't have a problem with it when she asks that. We're into a debate now on this issue, and I know that my people in Regina South are interested. I'm sure the people in Saskatoon Nutana are interested. She probably doesn't want them to hear this, but none the less, it will be heard.

But with a new broad shareholder base, the potash corporation will be free to pursue business opportunities both within and outside of Saskatchewan, which was not really the preferred position as a Crown corporation. It is the objective of this government to diversify our provincial economy, to create more jobs and business opportunities for our citizens, and I've spoken on that many, many times.

You ask again, why should we allow the potash corporation to become a public company? Well I say this: to reduce the pressures to increase people's taxes, because without that, that won't be a burden.

But in our programs to develop more processing, Mr. Speaker, more manufacturing, we will utilize the resources of our province. Potash is a key resource, but history has shown that it is vulnerable to changes in world markets, and of all of our resource industries, probably one of the most cyclical. A broadly based, diversified partnership with the people of this province will help create a more stable company . . .

**An Hon. Member:** — Sure, sure.

**Hon. Mr. Klein:** — . . . and it will contribute more to our province. Member from Quill Lakes says sure, sure. Well let him enter this debate, Mr. Speaker. I'd be curious if they had anything meaningful to add.

I think in my remarks tonight I kept relatively on the topic; I've spoken about potash, and I've explained it all. And I'm prepared to debate with these people at any time and any place if we're going to stick to Bill 20. And I don't need to hear the nonsense from their seats. But this new investment, Mr. Speaker, in PCS, through shares, will allow the government to target more tax dollars to health care, to education, to agriculture, to many of our social programs, and they are the key mandates of the Government of Saskatchewan.

Mr. Speaker, as you can gather, I think it's fair to say that I'm reasonably supportive of this Bill. But more importantly, I firmly believe that my constituents of Regina South, they are even more convinced of this Bill. And without question, I am prepared to discuss this issue with them at any time, with them, with members opposite, because I know that when it comes to supporting Bill 20, Mr. Speaker, I have the support of my constituents of Regina South. Thank you.

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

**The Speaker:** — I recognize the member for Regina Rosemont. You've been recognized, sir, and you may proceed.

**Mr. Lyons:** — Sorry, Mr. Speaker; I'm sorry. I didn't hear your recognition, sir.

Thank you, Mr. Speaker, for the recognition. It's indeed an opportunity to enter into this historic debate here today. I will indeed attempt to take up the challenge of the member for Regina South who just finished speaking. It will not make for great or stirring debate, but it's going to concentrate a lot on one of the skills that I've been able to acquire during my upbringing, that is a little bit of ability to do an economic analysis.

I intend to spend some period of time in developing my thesis based on the economic analysis done by myself, people in our research department. But many other people and economists across Canada who have, without necessarily an axe to grind one way or another or without one partisan position in the debate, have looked at the whole question of the Potash Corporation of Saskatchewan, its role in the economy, both in micro-economic terms — and that is in the sense of the performance of the firm itself and how it performed vis-à-vis relative to other potash corporations, businesses involved in the potash industry in the private sector — but also as well, on the macro-economic terms.

And while there are certain debates over as to the methodologies one would utilize in that particular exercise of analysis, suffice it to say that there is enough basis now in terms of benefit cost development, analysis regression, analysis, and so on, to be able to say that there are parameters which can be set out to try to develop some objective criteria by which the performance of the Potash Corporation of Saskatchewan can be judged in terms of its effect and impact on macro-economic basis, that is, within the overall economic basis of the micro and macro . . .

**An Hon. Member:** — Holy mackerel.

**Mr. Lyons:** — As the member from Quill Lakes says: holy mackerel. Well, it won't be mackerel, but it won't be very stirring macro, Mr. Speaker.

Before, however, Mr. Speaker, I get into the economic analysis portion of my remarks in this speech, I want to deal with a little bit of the outline first of all to tell you about what I will be speaking over the next period of time and attempt to convince you at the very onset of the relevance of the remarks. I've taken note — great pains in fact — note of the various rulings you've made in regards to this speech, and I'm going to make every attempt I can to avoid any kind of repetition, tedious or otherwise, although it's, as I said earlier, said that it's not going to make for great or stirring debate. Economic analysis generally doesn't, but I hope that you'll bear with me in that.

As I said before, I want to deal first of all with the outline of the speech. First of all, I think that all members recognize — even the member from Regina South by his performance here tonight — recognizes the importance of this historic debate. He recognized the importance of the historic debate, Mr. Speaker, not just in the sort of narrow partisan type of speeches which occur and which

have marked this particular session of the Legislative Assembly since whenever we got together some time back in last March, but recognize it, in fact, that what we have here is a clash, a clash of ideologies, and I don't think anybody makes a bone about that.

There are certain ways of looking at the world and certain viewpoints which one approaches the solution of problems, and those are ideological. In other words, the facts are presented in such a manner as to put forward a certain world viewpoint.

On the one hand, we have over in the government side, an ideology of free enterprise, what some people would determine as a right-wing ideology. Right wing, left wing, sometimes those become meaningless in political contexts. But let's just say that on that side of the House are those who believe in the tenets of Adam Smith and his predecessors and his followers, that is, in the notion of the market and the invisible hand.

Within the context of their ideology, this Bill which is before us, the Bill to privatize the Potash Corporation of Saskatchewan, makes perfect sense within the framework of their ideology. Now it doesn't make, I would submit — and I will prove as the time wears along here — it doesn't make perfect sense within a rational economic analysis, both by their standards as well as by our standards. But be that as it may, within the framework of their ideology, the privatization of the potash industry represents, I would say, a political watershed in dealing with this government. It represents a turning point; it represents that kind of crucial moment in any endeavour by any government that everything is out there on the line.

I think that the members on that side of the House recognize that fact as well as do the members on this side of the House. We recognize that we do not believe in unbridled free enterprises as a method of solving solutions for the people of Saskatchewan, and we have our own ideology. We have our own world viewpoint that says that in order to solve problems, it takes a combination of factors. It takes private enterprises, because we know that small, family-operated businesses and entrepreneurs with limited capital but with lots of energy and lots of drive and lots of creativity can make a difference in terms of how to solve solutions and provide goods and services to people. And that's one side of our ideology.

We also recognize the role that the co-operative sector plays. And anybody that lives in Saskatchewan and doesn't recognize the key, fundamental, important role economically that the co-operatives play doesn't recognize reality. Well all one has to do is look at the listing of the top businesses in Saskatchewan. And from the top to the first five businesses are all co-operatives: the wheat pool, Federated Co-operatives, and so on and so forth. We find that those kind of enterprises are key in terms of the engine, particularly in the distribution and the goods and service sector of the economy, that those co-operatives play that kind of fundamental role.

And the third aspect of our particular world viewpoint, Mr. Speaker, is the role played by government enterprise. And government enterprise, I would say, we would

define fairly broadly. There is not necessarily one model or another of what constitutes a government enterprise, both in terms of its internal structure, internal management, and as well as in the forms in which the government holds its participating position within that government enterprise. And historically within Saskatchewan — and I'll deal with that a little later — that has taken various forms and different forms at different times in our history in order to respond to specific economic needs.

So within that kind of economic context of this debate — and ultimately it's an economic debate even though it has great social and political ramifications — within the context, I think members on both sides of the House recognize the important and crucial nature of this particular debate. It is a debate which is characterized by the Leader of the Opposition as reducing itself to this, that is, this debate of Bill 20, an Act to sell off the potash corporation:

Should we, the people of Saskatchewan (I'm quoting from the Leader of the Opposition now) develop and sell our potash ourselves (that is, the potash resources) for our own benefit, or should we let others do it for us for their benefit? It's as simple as that.

And quite frankly, Mr. Speaker, I agree 100 per cent with that particular quote from the Leader of the Opposition. That's basically what this debate is about, and I'm glad to see that members from the government side are now beginning to participate.

And that, by the way, I must say, is the question that the member from Regina South attempted to deal with, and I congratulate him for that. He attempted to deal with and put forward his viewpoint in regards to the question: should the people of Saskatchewan manage, develop, and sell our potash resources for ourselves, for our own benefit, or should we let somebody else do it for their benefit?

And the minister, the member for Regina South, has taken a position on that and he should be congratulated, and hopefully the other members from the opposition, pardon me, the government members from the government side will participate and attempt to deal with that particular question.

Now that kind of historic importance, in terms of debate, does not come along every day to this legislature or any other legislature, because that particular debate and that particular question has defined the political history of Saskatchewan since the 1920s and 1930s. It has formed, on the one hand, the free enterprise parties who have taken the position that, let others do it, whether it's foreign or eastern Canadian capital or foreign capital or somebody else. And whether it's been the Liberal Party or the Conservative Party, they have taken one position of that since the days of Mr. Anderson and Mr. Martin and the history of the free enterprise parties, if you like, in Saskatchewan.

(2145)

And on the other side of the debate, that particular crucial debate, has been our forerunner, the Co-operative Commonwealth Federation. And it's an offshoot, I guess, in the Social Credit movement, which back in 1933 joined together with the CCF and gave Mr. Tommy Douglas their endorsement, both at the same time in that particular election.

Be that as it may, the particular debate that we have here tonight, I say to you, Mr. Speaker, is the . . . if not the culmination, at least it is the focal point in a way in which history does not often reveal itself. We have two tendencies that have been at work in Saskatchewan finally coming to clash, finally coming to wrestle with each other as to who will predominate in terms of not only the rational debate which takes place in this legislature but also the kind of debate that is spread throughout Saskatchewan right now.

Because the debate that is going on here, Mr. Speaker, is, despite what the member from Regina South said, the debate that has taken place and has consumed this province politically since the spring. And it has helped to redefine, I would suggest, sir, it has helped to redefine the political landscape of this province. It has helped to give a shape and a focus and a clarity to the issues which lay before all the people of this province in a way that hasn't occurred since the sharp debates around medicare. And to a much lesser extent, or at least in 1975, the debate had a much softer, if you like, ideological overtone. It had a much softer focus to it.

But now, because of the government's privatization agenda and because the parties in the province define themselves vis-à-vis the use of natural resources and who benefits from those natural resources, we stand at that historic opportunity, the historic moment and historic place in Saskatchewan's history.

And I want to deal with that in greater length at a little future time, but I want to move on a little bit to say that I'm going to talk about the economic importance of this debate. Many members have in the past little while outlined an economic rationale for the basis of the position that they've been taking here in this debate. I intend to deal with that rationale but in a manner that hasn't been dealt with before in terms of looking at some alternative economic analysis.

But having said that, I think that at the basis of the debates that we've been hearing, the debates at the numbers, and the basis of the statistics that members have been dealing with in this debate, is the crucial notion of the economic importance of this debate as to its effect on the future economic direction of the province.

Of course, one can't divorce that political debate from that economic debate. But basically, what we are debating here is a method and a methodology of dealing with an economic approach to Saskatchewan and its insertion in the method that it is inserted in the global economy, as members like to talk about, and the approach that we take to defending the interests of the people of this province, of the utilization of its natural resources and how that is best done economically. And there I will define "economically" in a very, if you like,

traditional, narrow sense of the word — that is, in regards to the utilization of resources and the best utilization of resources.

And that debate, as I said earlier, will take place on a macro-level, that is to say that the level of how it affects the province, but also on the micro-level itself. And I think it's important that we look at both the direction externally but also internally of PCS, of how it has operated internally in regards to a whole set of economic indicators that are commonly accepted by economists of whatever political stripe and whatever political position they have to take, and how those economic indicators have in fact reinforced one side of the debate vis-à-vis the other side of the debate.

So that kind of analysis, I believe, has its importance in this debate. And I will undertake a little later to begin, and unfortunately it's, as I said earlier, not very exciting, but at least it deals with some of those kind of economic indicators that haven't been brought into this debate, quite frankly, because they're not the kind of economic indicators that necessarily are broken down or carried in the headlines or carried in short ads in the paper.

Thirdly, Mr. Speaker, I want to speak about . . . in my speech I'll be speaking about the sociological importance of this debate. By that I want to say that the role that potash plays on a regional basis in Saskatchewan, I think all members of this Assembly know, or if they don't know they should make themselves aware very, very quickly. The potash industry in Saskatchewan, as the member from Regina South himself admits, is a key industry in terms of the economic development of this province. And when I say that key industry economically, it's also key industry sociologically in terms of how we see the viability and the maintenance of a rural Saskatchewan that I don't think too many of us want to see disappear.

Saskatchewan proved that the potash industry for many, many farm families, for example, and I'm not going to get into the debate, but I'll just make this point, to point the direction that I will take, the potash corporation and the potash mines that are in production in Saskatchewan provides a great deal of off-farm income for farm families in Saskatchewan, provides the kind of second income that will allow those farms to remain viable as economic units, not necessarily in and of themselves based on their farm production, but in combination with that off-farm income provides the maintenance of an agrarian productive base which is important, I think, that all people believe are important, not only to the economic producing units on the farm themselves, but are very, very important for the viability of small town Saskatchewan, both in terms of the kind of tax base that it generates on an individual level and also for the kind of business operations that can maintain themselves in rural Saskatchewan on the main street.

It has that particular weight on the sociological basis, but there's another aspect to the sociological argument that I want to deal with later on, and that is the argument that's been put forward as a basis for the privatization of the potash industry, but not only the potash industry, of other industries and enunciated most clearly by the government member, the member from Kindersley.

And the member from Kindersley, I think, has been the most, if you grant me the privilege of saying, the most upright, up front in dealing with precisely what it is that lies behind the government's attempts to privatize. And that is to develop a sociological transformation of the province in terms of the creation of, well he calls it an entrepreneurial class, I think in sociological terms he would call it, you know, an industrial capitalist class or a fraction of a class of the Canadian capitalist class — in Saskatchewan something that has been missing. Both he and I will agree on that, and I think that most sociologists in Saskatchewan would agree that one of the differences that characterizes Saskatchewan sociologically is the absence of that particular fraction of a class.

The minister has put forward a thesis in regards to how privatization will help create that particular fraction of the class. I want to deal with that, and I want to deal with that in a sociological analysis and how it fits into this debate because I think that, and quite frankly, the minister as I said has been up front on that. But the effect that that will have, in fact the ability to realize that particular thesis that the minister has put forward, I will bring into question in this debate. I think that in fact it typifies somehow an artificiality and a longing for an era of historical development that, not didn't bypass Saskatchewan, but didn't provide the basis for the creation of that particular class formation. So I'll deal with that because I think that that will help provide some sociological definition to the debate.

As well I want to deal, Mr. Speaker, and I will deal with the political importance of this debate. I touched on it a little bit, but there's some other aspects that have longer-range implications, not just for who wins the next election, or, you know, who's ahead in the polls right now over the issue. This issue of potash and its privatization versus the maintenance of a Crown corporation must be put and seen within the context of an ongoing debate over resources and resource allocation, east versus west, as has been traditional in, in particular, Western Canada.

It has a very, very immediate focus in terms of our immediate past, and by there I use the last 15 years of our immediate past in regards to some of the debates the provincial government has had vis-à-vis the federal government in the allocation of revenues derived from resource development. And, Mr. Speaker, I don't need to go into that right now, but I'm quite sure that you will have certainly realized the importance of that debate as any member of the government has to realize.

Any debate over Ottawa as to who's going to get what money is an extremely important debate. And you know, it's been dealt with on one level in a somewhat superficial manner, I would say, particularly by the member from Regina South who tended to ignore that particular political debate, i.e., the debate over taxation, royalties versus dividends, and profits accruing to a Crown corporation.

And the minister is speaking from his seat, and he's had his opportunity, and he did gloss over that particular matter, because that matter is not only a political debate,

also enters into the bottom line at — a phrase that that particular minister likes to utilize at a fair number of opportunities — because the ability to develop and use our resource revenues is a bottom line, ultimately a bottom line item. And the minister who claims to speak for business conveniently has ignored that particular argument in regards to the potash corporation.

Mr. Speaker, those are the three areas of importance in regards to the debate: the economic, sociological, and the political arguments that I'm going to develop.

There's a few other ones that I want to deal with as well, and those, I suppose, are the arguments of refutation. In other words, I want to deal with the arguments that the Conservative members of the legislature, particularly the minister, have put forward as their rationale, as their case for the sell-off of the Potash Corporation of Saskatchewan.

I want to deal with questions like . . .

**An Hon. Member:** — So-called facts.

**Mr. Lyons:** — Now the member from Saskatoon Eastview has referred to them as the so-called facts. One can always put interpretations on statistics, but underneath those statistics there is an argument, and I would want to tend to treat the arguments of the members of the government seriously in this matter. And I just touch on some of them now, not to go into them but just to outline for you some of the arguments that I've heard as I've listened to the debate from the members opposite.

First of all, and again we heard it tonight from the minister, the member from Regina South, is the albatross of debt, or as he called it, the heavy weight or the leaders chain of debt that hangs around the necks of the people of Saskatchewan because of the investment by the people in the potash corporation and the creation of the Potash Corporation of Saskatchewan.

And we've heard a set of statistics from that minister, and we've heard sets of statistics from other members, both of which I think tend to be one-sided in their presentation, because I think that the answer in this particular regard lies somewhere, the truth lies somewhere in the middle, that it has been on the one hand . . . I won't get into the argument; I'll deal with that particular argument later on.

(2200)

I'm also going to deal with the fact or the statement by members of the government that the money, that somehow — and this is what they argue now — that somehow the money would have been better spent if it had been put in a bank or credit union. There is a certain logic to the argument — I won't say validity, because I don't believe that it's a valid argument, but there's a certain logic to the argument that the money spent in acquiring the assets of the Potash Corporation of Saskatchewan would have been better spent doing that. I will deal with that argument, because I don't think that is a valid argument, as I said. In fact I think that it shows the kind of economic short-sightedness that this government has been famous for.



The other argument that I've heard so far, another one, that it would have been better to sell equity in the corporation than to pay principal and interest to the U.S. bankers. Again, the member for Regina South has put that argument forward. I intend to deal with that argument, because again I don't think that it has the kind of economic basis and rationality to it that the mere statement of the fact would support. I mean, these *ad hominem* arguments put forward by members opposite can't go unchallenged, if you like.

And the other final one, in terms of . . . and again, not to be dealt with at great length now, but it just isn't provable historically, is the arguments put forward by the government members that you can get taxes and royalties instead of profits and dividends through the sale of shares and through regulation. Basically it's the government regulation, that somehow you can do the same thing through government regulation that you can through direct ownership.

I would submit, Mr. Speaker, that that in fact remains one of the crucial arguments based on the activities of the government, and I would submit that the history of this province, both economically and politically, does not prove the case; that that case cannot be proven empirically from the past, and I suggest, Mr. Speaker, as we shall see and go along further on, that that case will not be proven empirically at this time either.

And finally, Mr. Speaker, I want to deal with the nature of potash development in Saskatchewan, the context of the creation of PCS — particularly the political context, and that requires a little bit of history. I think that all members understand or need to understand the debate, because it doesn't matter which side of the House that you're sitting on, that there is a political dimension to this PCS debate that has been missing, and that is just the very notion of precisely why PCS was created and how it was created.

Part of it relates to the arguments that I've said earlier on in regards to the taxation versus dividends argument, but also some of it deals with the activities of the federal government, in particular the Trudeau administration, and how they approached inter-provincial relations, federal government, provincial government relations.

The cautionary note that I want to interject in this debate is that history often has its ways of repeating itself, and that the activities of the provincial government now can have a way of boomeranging on it, particularly given a possible change in the nature of the federal government. Or from the point of view of the federal government, history can boomerang vis-à-vis the change on the regime, the government that will be here in Saskatchewan.

And again the requires dealing with, I guess, in some history as to the activities of the potash industry; that is to say, the private sector potash industry whose activities, I would submit, led to the creation of the Potash Corporation of Saskatchewan and in fact who are governing and defining this debate here tonight.

Let's just put it for the moment that it was the activities of

the private potash corporation that led to the setting up of PCS. It's the private potash corporations who provide the driving force, ultimately provide the driving force behind the privatization of the potash industry, again referring to who benefits from this particular activity of the government.

That, Mr. Speaker, outlines in general, very much in general, the approach I'm going to take in the debate. Now as I said earlier on, I want to deal with and take up the challenge put forward by the member from Regina South as to the development of the potash industry and whether or not the potash industry was a venture which has proven to be profitable for the people of Saskatchewan, as this side of the House would submit, or whether in fact the creation of the Potash Corporation of Saskatchewan proved to be an albatross to the people of Saskatchewan, as has been put forward by the members opposite.

I want to refer you, if I could, Mr. Speaker, to a number of authorities in the area of potash. And I'd say they are areas, they are authorities with no particular axe to grind — unlike, for example, David Dombowsky, on our side, who obviously has a political axe to grind, or the Institute of Private Enterprise that the minister, the member for Regina South, is fond of quoting who has their own particular axe to grind, all of whom stand to make a bundle at the sell-off of the potash corporation, and some of whom have made a bundle already by selling off other assets of the people of the province.

Some of the authorities I want to refer you to include some noted economists. I would like to refer all members to an interesting pamphlet put out by the Centre for Resource Studies. The Centre for Resource Studies is a body affiliated with Queen's University in Kingston, Ontario, in the Department of Economics, and they're noted for their . . . And quite frankly, because of the history of Canada and the insertion of the resource industry as one of the primary creators of wealth in Canada, the Centre for Resource Study has gathered around it a number of noted economists who deal with the whole question of resource development, how those resources have been developed, its history, some of the internal — as a matter of fact, not some, but a great many of the kind of internal mechanisms which have made resource development either profitable on the level of the firm, or the level of the region, or in fact the level vis-à-vis taxation policy on a national level.

And one of the pamphlets that was produced by the Centre for Resource Studies, working paper number 29, was produced in January of 1984. So that's after the present Progressive Conservative government had time to set their stamp and their direction on the Potash Corporation of Saskatchewan, and also as . . . also in terms of having had an ability to look at the activities of the former Blakeney government.

The pamphlet is called, "The Dominant Government Firms in Oligopolistic Industry," — oligopolistic industry. And oligopoly, as you know, is like a monopoly, only instead of having one firm dominate a particular market, you have a small or a few number of firms. And this is the case of Saskatchewan potash by Frank Flatters and Nancy

Olewiler.

And Mr. Flatters is a . . . I'll just read a little bit of his credentials, if I may. He's a graduate of Carleton University with a B.A. Honours in Economics, received an M.A. in Economics in the University of Western Ontario, his doctorate from the Johns Hopkins University. He's been a professor at Johns Hopkins, the University of Chicago and Queen's, where he's an associate professor in the Department of Economics. He's also an author, etc. etc.

Dr. Olewiler, who I will be quoting more extensively because of her continuing research in the area of potash comparisons and potash analysis, also has an Honours Bachelor in Economics, this one from Barnard College at Columbia University. She got her M.A. from Simon Fraser and her doctorate from the University of British Columbia. She's worked in economic research for the state of New York — hardly a socialist political entity — the First Boston Corporation, again one I need not say, not known for its socialist tendency. She's also taught at Michigan State University and the University of British Columbia. She's another assistant professor of Economics, and her interests lie in the econometrics and resource economics.

And Dr. Olewiler has produced a number of valuable case studies regarding resource industries, not just potash.

And one of her big contributions to economic theory in Canada and economic development has been her ability to construct econometric modelling which is used to, if you like, used to evaluate comparisons to different firms economically as to their performance, without, I may say, the notion of economic bias built in. The basis . . . and I'll deal with the methodology applies to all firms, whether or not they happen to be government owned, or whether or not they happen to be in the private sector.

In the case of Dr. Olewiler, she has done a great deal of research following the activities of the Potash Corporation of Saskatchewan from the point of view of a firm which has not a monopoly, but has a great, great deal of strength in the market-place internationally and nationally — in this case, in potash. And I think that some of her comments in regards — well I'll get to them in a few minutes — will be very, very instructive to all members of the Assembly.

Mr. Speaker, as you know in that context, and for the members, for the people who are out there watching, I think it's important that we put this in a little bit of . . . this economic analysis in some kind of historical context. As everyone knows, and here in the legislature, that unlike wheat, for example, or unlike forestry and other forms of mining, hard rock mining in particular, potash has represented a relatively recent arrival on the economic scene here in the province.

Basically the discovery of potash took place very early on in the 1940s, although the extent of the potash deposits in Saskatchewan are still being mapped at the present time, and nobody knows, quite frankly, how

much potash is in the province. Basically those reserves lay unused from 1940-45, somewhere in there, to 1962.

But since 1962, when people began to realize the economic importance of the potash industry for the province, from 1962 until the present day, Saskatchewan, next to the Soviet Union, the U.S.S.R., is now the world's second largest producer. When you think about it, Mr. Speaker, you take little old Saskatchewan and put it up against the rest of the world, and here we are number two in terms of the production of potash. The reason for that, of course, is that . . . I guess it's a freak of geology and a freak of nature more than anything else that we were blessed with these large reserves.

Some people say that, well we don't know exactly how much potash is in Saskatchewan, but we do know, Mr. Speaker, that based on present and projected demand, that there's enough potash in Saskatchewan that is economically mineable for at least several thousand years into the future.

(2215)

So we've got a resource here which is, while it's a non-renewable resource, it's certainly not a resource which is going to be depleted in a very short period of time, and a resource which we can take our time with in terms of developing a management plan or a management profile of how best we are, as the years and decades go along, how we are best able to deal with that particular resource.

Now as you know, Mr. Speaker, that the sector was first developed by the private sector, that potash was developed by the private sector. And there was a number of complex economic, political, and legal conflicts between the private sector potash producers and the provincial government in Saskatchewan that led to the formation of PCS in 1975 after the historic debate that we've all talked about.

The province then began buying producing mines located in Saskatchewan. By 1978, the provincial government had acquired three mines; that is, between '75 and the first Bills which set up the Potash Corporation of Saskatchewan in 1978, we had in fact bought three mines. We had interest in two other mines, and we were the largest single producer for the North American market.

Now that's not a very long period of time ago if you think about it. Between 1975, when the Bill was first passed, to '78, when the mines were acquired, '79, we had become the largest single producer of potash in North America, replacing, of course, New Mexico. The development, this particular economic development had an impact in a whole series of areas that I'll deal with a little later. But again just to briefly put it in context, by 1984 the Potash Corporation of Saskatchewan had accounted for 30 per cent of Saskatchewan output and for 30 per cent of the sales in North America.

Of course production numbers varied from year to year, and it will be important in dealing with some ratios that we're going to develop economically in terms of

production. But for the present moment we won't deal with those.

Mr. Speaker, I guess on economic terms what we're dealing with is the whole notion of the potash corporation as a generator of wealth, or another way of putting it, more strictly speaking economically, is a question of rent. Economists use the term, the development of rent, as a method of explaining how it is that resources are developed. The question of who has the rights to this rent — this is the economic argument if you like — and how it was shared between the owners of the deposit and the residents of Saskatchewan has been at the crux of the debatable issue. That's basically been the crux, if you like, of the economic argument — on the one hand rent is received, whether it's in the form of taxes and royalties or dividends and profits, and how that rent is divvied up between the owners of the deposit. And there we get into the whole notion of the concept of who owns the deposit — and either the private sector has been defined earlier on legally through the whole legal history that I'm not going to get into, or the people of Saskatchewan through PCS — has been the nub of the issue.

As we've noted, potash is primarily an export good. Only about 16 per cent of the potash that's produced in Saskatchewan is consumed domestically, that is, in Canada. So another variable has entered the economic equation: on the one hand, we're dealing with the subdivision and division of rent; and secondly, the question of the production of rent as it's consumed and as an export good. The rest, of course, is exported to the United States and various offshore markets.

Therefore in terms of historical analysis on an economic basis, many of the potential conflicts between consumer and producer that you see domestically, in economic terms, are avoided for potash, so we don't have to deal with the whole question of basically price, the settling of price, vis-à-vis an internal market. So price is not a market, and when it comes to the potash industry and the Potash Corporation of Saskatchewan, price is not internally regulated for the most part . . . a factor in the equation.

In this sense, on an economic basis, Mr. Speaker, unlike many government enterprises that we deal with here in Saskatchewan but also nationally — Air Canada, so on and so forth, CN, Via — we don't provide many goods and services for Canadian consumers.

I would submit it's because of that fact, on the one hand, that the market variable that's the most important in terms of the subdivision of rent, that is, the market mechanism which creates price, because it is missing from a domestic market situation and is exported, in fact, export-driven, that because the consumption of the product produced in Saskatchewan is not consumed either domestically here in Saskatchewan or across Canada, what that has done is created a set of economic circumstances which have been unique. There are not many other corporations, public or private, across Canada that find themselves in the same situations as does PCS.

One can look, for example, at the . . . and I will a little later on because there are certain parallels, but some of the

parallels that don't apply to the Cape Breton Development Corporation. The Cape Breton Development Corporation as, Mr. Speaker, as you may know is a publicly owned mining company set up to exploit a natural resource, in this case coal in Cape Breton. And it was set up with a set of circumstances not like those of PCS; in fact, very, very unlike those of PCS, but it produces its product domestically. It has a market which is very, very domestic in terms of . . . in a regional market, if not a national market, both for the generation of electrical power in the Maritimes as well as through consumption at the Sydney steel company.

Be that as it may, those kind of economic circumstances which surrounded the creation of CB Devco weren't present in the creation of the Potash Corporation of Saskatchewan. And I can't think, although I have tried fairly hard to think of a similar corporation with a similar set of economic circumstances as we find dealing with Potash Corporation of Saskatchewan. Quite frankly, it's a unique case, and in a sense required some unique, if you like, although not necessarily off-beat — a unique application of analytical tools from the tool-box of the economist.

You know, PCS it's quite different from corporations like Petro-Canada, De Havilland, hydroelectric Crown corporations, other well-known government enterprises. It's been a relatively profitable firm. That in itself may form one of its uniqueness because it's mandate, while having a Crown base to it, has basically not differed that much from the private sector corporations.

Mr. Speaker, if one looks back at the history of PCS in strictly economic terms in the bottom line, from the time of its founding in '75 and its acquisition to today, you will find a string, a very, very tight string of a tight strategy which was to follow profit maximization to the maximum. And that the profit maximization strategies, with the exception, and I want to say here, with the exception of three or four years in the mid-80s, were basically the same kind of strategies which were pursued by private firms but which had results which were different from private firms because of a number of variables, one of which was the very fact that it was owned by the people of Saskatchewan and did not have to pay, and as a Crown corporation did not have to pay the kind of taxes, particularly federal taxes.

But more importantly, because it had positioned itself vis-à-vis the rest of the world market, we find that PCS, if it remains — and here, Mr. Speaker, I want to make that important point — that if it remains a public corporation, its ability to capitalize, to increase the rents, in other words, economically speaking, it's ability to increase those rents because of its position vis-à-vis the world market will provide a great economic future for a publicly owned PCS. And I say that with the proviso that it is publicly owned. I will get into that as we delve deeper into the nature of PCS.

I say that, Mr. Speaker, the future of PCS is bright if the government doesn't wear shades, for the very reason that PCS, because of its dominance in the market as an oligopoly — in other words, its oligopolistic position, acting as a co-ordinator within the industry itself, can

affect the kind of rents that are achieved by PCS.

We saw, if you like, Mr. Speaker, a bit of that thinking in the Bill which was presented to the House in the last session, that is the Bill to regulate the potash industry. That Bill, in fact, set up the government, and with the government, PCS, because of its market share, positioned it to act as a co-ordinator, if you like, of the potash industry because, quite frankly, the history in the past of the potash industry in this province — and this is one of the factors that led to the creation of PCS — was that it acted as an uncoordinated, and I also might say, unregulated oligopoly in the past.

In fact, it raised production and lowered production and raised prices and lowered prices and did all kinds of things, despite the fact that it enjoyed itself as the second largest producer of potash in the world market. It was not able to capitalize on its, and hence our, natural benefits based on its oligopolistic position vis-à-vis the world market, because it refused to, basically, get its act together and act in the interests of the people of the province and in terms of the people of the province on an economic basis.

It's our position, Mr. Speaker, that from the strict economic point of view, the Saskatchewan's share of the world market, of the world rents, can increase. I want to emphasize that particular point because that means that there is the potential in the future, and in not a very long period of time, that Saskatchewan potash will become one of the primary productive ingredients for food production on an international scale.

Now I'll prove that, or attempt to prove that particular statement, Mr. Speaker, because of the economics of what is happening in terms of land use on a global scale; that is to say, that the production of arable is now reaching maximum, and that as opposed to exhaustive agriculture you will find more and more that the world will turn to intensive agriculture.

(2230)

And as I will attempt to show a little later on in my presentation, this increase in intensive agriculture is going to result in a tremendous increase in demand for fertilizer, primarily potash in Saskatchewan. Because the government, because of its ideology, because of its ideology, because of its inability to look forward into the future any more than its next budget, is now threatening what can possibly become, and we say will become, one of the major resources internationally in the next 10 to 15 to 20 years.

Mr. Speaker, I say that because of the very nature of potash itself, I guess. As you know very well, potash is a source of potassium which along with nitrogen and phosphorus is one of the essential components of fertilizers, particularly those fertilizers which are in popular demand.

The nature of potassium in plants, and as some sciences say also is applicable to humans, potassium, the element, enables plants to withstand adverse growing conditions, it promotes root growth, it stiffens cereal grains and it aids

in the synthesis of starch and sugar. That is basically, Mr. Speaker, why people want potash, why people want potassium in their food.

And because of that, because of its importance in the international food chain, what we find, Mr. Speaker, is that the international potash industry — and this is an item which is often not mentioned by the government privateers on the other side of the House — that the international potash industry consists of first of all relatively few producers, relative for example to car makers or armament manufacturers or something that is produced on a global scale and is used globally.

And the second characteristic, besides having relatively few producers, the potash industry has a substantial degree of public ownership. And here we're not talking about Saskatchewan. The major potash-producing countries are of course, Canada, Saskatchewan, the USSR publicly owned potash corporation, the United States, East and West Germany — East Germany again having substantial — and it being in terms of the two Germany's the major player in the potash market — and East Germany has a publicly owned potash industry; France, Italy, Israel, Jordan, and Spain, all of which — all of whom, I should say — have public ownership to some degree or another in their potash companies — all of which, Mr. Speaker.

There's no miracle to that, and there's no sort of unexplained or inexplicable reason for that. Part of it just rests in the very nature of the potash industry which I've already outlined, a natural resource, most of which is deemed for export by these other countries as well, I may very well say. I don't think Jordan, for example, consumes domestically anywhere near the amount of potash that it produces.

Now these aren't the only countries with potash in them, of course, Mr. Speaker. Brazil is planning to — in fact I believe they already have — opened their first potash mine last year, if I'm not mistaken.

China has significant deposits of potash, which they will develop — Indonesia, Australia and Thailand. In North America, just to complete this picture of who the players are on this particular economic playing field, there are about 12 private sector producers, with the exception of the United States and West Germany, although what's interesting, as my understanding, Mr. Speaker, is that in fact some of the West German potash industry is now going to have some public ownership along with it, because of the need for capitalization and modernization coming from the introduction of not private sector money but public sector money, as by the way is their tradition in Europe.

With the exception of the United States, and up until recently West Germany, all other potash producing companies have government ownership. And, Mr. Speaker, not only do we find, hence, in Saskatchewan, ourselves in that similar situation — in other words, the Potash Corporation of Saskatchewan far from being an anomaly because it is a publicly owned corporation — far from being the orphan or pariah as the member from Regina South tried to make out earlier on tonight, the

Potash Corporation of Saskatchewan rests very well in the domain of all the other major players in the potash industry internationally. That is because of its importance and its insertion economically within the economies of those countries . . . those countries saw it like we did that it is important that in order to maximize those rents available that it become and maintain itself as a public corporation; that is, as a publicly owned corporation, owned by all the people and managed by their representatives.

And there's another interesting little aspect to this particular game of similarities, Mr. Speaker. For not only is the Potash Corporation of Saskatchewan at home in the family of, if you like, Crown-owned corporations internationally, with the exception of the United States, all the other countries of the world have a single exporting agency. As you know, in Canada's case this is Canpotex. Canpotex is responsible for the sales of PCS. It is dominated, or has become dominated, by the private producers of potash, thanks to the activities of the present government. But be that as it may, Canpotex is responsible for all potash sales outside North America.

Now in terms of marketing and its relationship to price . . . in terms of marketing and price, in the past a number of potash cartels have operated on a global scale. Amazingly the first potash cartel, Mr. Speaker — despite the fact that we've had our own legal experiences with potash cartels — the first potash cartel was formed in 1924 when Germany and France, through their publicly owned potash companies, formed one. And what they did, Mr. Speaker, was when they formed that cartel in 1924, they divided up their joint share of the world export market so that Germany got 70 per cent. And it was a formula based on roughly equivalent to the productive capabilities of both companies that Germany got 70 per cent and France received 30 per cent of that export market.

This history is going to be very, very important, Mr. Speaker, I assure you, when we get to the question of the creation of PCS, the whole legal position that the province of Saskatchewan found itself in when they faced challenges, both internationally and in the United States, by the government of the United States, but as importantly, when faced with challenges of the private potash producers who would deny the people of Saskatchewan their rightful share. Because, Mr. Speaker, one of the issues that arose in that particular point in our history in the last 15 years or so have been precisely over this question of cartels.

Now France and Germany, who were the primary producers of potash in the early '20s, formed this cartel. That cartel was weakened over time by the introduction, basically, of producers, new producers, much the same way that OPEC (Organization of Petroleum Exporting Countries) has been weakened over time through the breaking away and the introduction of new producers in oil. The first potash cartel was broken up by the introduction of Poland, Spain, the U.S.A., the U.S.S.R. and by, at that time, it's now Jordan, but at that time it was Palestine.

By the end of the Second World War, in fact, the cartel

was effectively eliminated. Even so, despite the fact that the cartel which had formed itself as an oligopoly, on an international basis, by the end of the war the ownership of potash was concentrated in relatively few firms.

In West Germany, for example, there were three private sector firms whose sales were handled by one agency. Now there are two, but at that time they were one agency. All the French mines were integrated. Again, right after the Second World War all the private French mines were integrated with the public sector mines, the government-owned mines. The sales of potash from Spain were handled by one agency.

Now I don't have to go into great detail of how the U.S.S.R. handled its potash sales and its sales from the countries of what has become to be known as the eastern bloc. Those countries of course had not only publicly owned mines, government-owned mines, but they also had a monopoly of trade. That monopoly of trade established in the 1920s in the Soviet Union, but in the 1940s and 1950s in the other countries of the eastern bloc, were able to regulate the sale of potash as they do other commodities.

In Canada, as we said earlier, the first potash mine was opened in the early '60s, and it was at this point in time that the productive capacity of the Saskatchewan mines began to play their role economically on the world scale. And when I say that, I say economically in the narrow sense, in terms of the increase in productive capacity, the relations of productivity, the return on investment, all those kind of economic indicators and economic factors which go into the development of the productive capacity.

Between '62 and '72, for example, in that 10-year period, which you know in the scale of development if industry is not very long, Mr. Speaker, what on a global scale had been an orderly market because of the development of those mines in the 10 years, the orderly market fell into disarray. And as I said before, since that time the industry could be characterized by the beginning of the 1970s as an uncoordinated oligopoly. In other words, there was all this productive capacity, there were all these productive reserves, there were these players who in 10 years had come into Saskatchewan — and the reasons for that will become evident a little later on — who came into Saskatchewan, who then began to produce all this potash in a totally uncoordinated way.

The impact on the world market can be described as nothing more than the disordering, if you like, of the world market and the way in which it affected potash producers, not only here but in New Mexico and in Palestine and around the world. It led to a fairly serious economic slump in the potash market.

This huge increase in the world production, brought about by Saskatchewan's mines, not by anybody else's mines, but by the utilization of productive capacity here, together with a dampening in demand — and there were a number of reasons for that — led to a period in the early 1970s of very low prices, very, very low prices particularly compared to, not the hey-days of the mid-'80s, for example, but in fact even by today's

standards, that, plus excess capacity.

(2245)

Now we've got Saskatchewan, the productive capacity, the huge increase. What happened, to put it succinctly, Mr. Speaker, was that the over-capacity was ultimately controlled by an agreement stuck between Saskatchewan and by the U.S. governments. And that agreement basically did two things: one, it set quotas on production; and the other thing it did was establish a floor price for potash. These measures, of course, were dropped by the mid-1970s after the election of the Blakeney government, but of course played an important role in the election of the 1971 provincial election here in Saskatchewan.

One of the reasons why the agreement dealing with over-production and dealing with excess capacity and the floor price fell, of course, was that the natural demand increased as the over-capacity, the excess capacity began to be absorbed through the increased use of fertilizer; that that over-production became normal production, if you like, on a global scale. And having done that, of course, the more people use potash, more people buy from Saskatchewan mines, up goes the price, up goes the demand.

Now in doing that and seeing that economic phenomena, we see on the one hand, a rising in prices; on the other hand, going hand in hand quite frankly with that, was the formation of PCS. The economic effect of that, of course, was to concentrate potash production not just in Saskatchewan, but to concentrate potash production on a global scale in fewer hands. In other words, it was to increase the oligopolistic tendencies of potash production internationally.

As we just pointed out, Mr. Speaker, earlier on, that there had been basically relatively few potash producers to cover the global market. The creation of PCS in economic terms has been to develop that oligopolistic situation to an even higher degree.

Of course, by classical economics that's a bad thing to happen. By classical economics Adam Smith would say, for example, that you know you shouldn't have monopolies and oligopolies because what they do in fact is determine the market price, they in fact distort the market, they do all kinds of bad things to this invisible hand. They put the strings on the invisible hand and lead it around. But that's in the viewpoint of the 17th century.

In fact it worked quite well to the advantage of Saskatchewan, as we shall see that oligopoly, despite the fact that it was challenged by the governments in the United States, particularly the whole question of dumping — and I'll get to the dumping a little later on. Despite that, in fact, what it did in economic terms was to produce a rise in prices and the ability to control production and to influence the international potash market in a way which put Saskatchewan, quite frankly, on the map internationally as one of the major producers of potash.

Along with the creation of PCS, Mr. Speaker, another

event took place in Saskatchewan, and that was the formation of Canpotex. What Canpotex did was lead to the, I guess, the coordination of all potash sales from Saskatchewan producers of offshore markets; that is, for those outside of North America.

Now remember we had discussed a little earlier on one of the key items in economic factors in this Potash Corporation of Saskatchewan is that demand is not domestic. Demand in fact is international, 30 per cent to United States, 70 per cent to offshore, roughly. The Minister of Energy and Mines, I know, can come up with a specific year, a specific date that those figures don't fit into, but roughly that's the historical ratios between North American consumption and offshore consumption of the potash industry.

But on the one hand, while in Canada and in Saskatchewan we saw it in the mid-'70s, and again in the context of a price rise and increased demand for potash, we saw the creation of those oligopolistic mechanisms, PCS and Canpotex. We didn't see in the United States a similar move. In other words, there is no American equivalent, for example, to Canpotex. There is no mechanism in the United States, economic mechanism, to act as a single supplier on the world market, because that's what we're dealing with here, on the world market for potash.

Each individual producer in the United States is responsible for their global market share. And quite frankly, Mr. Speaker, I would submit that, and I think that the facts will bear it out, the fact is that the United States more and more finds itself in a secondary and now tertiary position as a producer of potash on the global market. One of the reasons can be directly attributed to its refusal because of its blind ideology, the free-market ideology which is rampant in the United States, its refusal of the potash firms to get together and form a market mechanism. It goes against their whole grain that you don't get businesses together — well at least the stated and expressed grain that you don't get businesses together, despite the fact that their refusal to do, I would submit, has had some pretty severe economic impacts on New Mexico.

Saskatchewan fortunately has not had the antitrust type of laws that the United States, because that's been one of the problems with the U.S. potash producers. I don't think it's any lack of desire; I think that the potash producers, as we can tell from our past history, in the United States don't want or aren't able to enter into that oligopolistic situation, that market, because of their antitrust legislation.

But I think, Mr. Speaker, that oligopolistically in terms of production of potash, in terms of the sale of potash, in terms of the ability to carve out its niche in the market, to absorb a certain percentage of the world's rents in terms of production of this particular commodity, are all important factors in the production of potash and the creation of PCS, but they can't be seen in isolation from its history. Because these are the factors which in fact, if you like, form the history, the legal and the economic and political history of PCS.

Because one of the interesting and unique characteristics of potash, unlike other goods — unlike lumber or fish or wheat or whatever — is that potash is a homogeneous good, what would be known as a homogeneous good. I know that there's difference in ore grades among the different mines — some have a greater concentration or a lesser concentration than different mines, but the final product that is produced from each and every mill around the world is virtually identical. What you're dealing with is a homogeneous compound, the composition of which is the same whether it's found in Palestine, whether it's found in Saskatchewan, in the Soviet Union or in New Brunswick.

So the factors of production that I'm going to speak about are primary, are key. In some senses, it's almost classic; it's almost classic. You're dealing with the production — you're not comparing apples and oranges when you're dealing with potash production on a world scale.

Now as the Minister of Mines has informed us from time to time during this debate, potash output is either expressed in terms of potassium chloride, the KCl, or as  $K_2O$ , which is about 60 to 62 per cent of KCl here in Saskatchewan. I think the minister's got that right.

Now the industry . . . one of the problems in doing the economic analysis and putting together the statistics that we've been able to get together has been that sometimes the industry relates output in terms of KCl, sometimes industry puts forward its statistics in terms of output, a greater percentage in terms of  $K_2O$ . The effect of that has been is that it's required some extended bridging of regression analysis in terms of different ore grades, the cost of production, and the relation of productivity, both as between mines but also as just between statistics based on different years and base factors.

So I want to be able to lay that out now because some of the statistics that I'm going to get into, particularly as this debate might roam, or the debate goes along, I don't want it challenged as I've seen the minister do here in the past when she's saying, well is that in terms of KCl, or is that in terms of  $K_2O$ .

We'll be dealing with a constant, a whole set of constant numbers that have taken the conversion factor, and recognized conversion factors, and I'll deal with the methodology so that she's able to check on what I'm saying in regards to this.

Now the sylvinite, if you like, basis for the production of the potassium chloride and the  $K_2O$  in Saskatchewan roughly ranges from 20 to 35 per cent. Other countries, like the United States, the U.S.S.R., Germany and France also have the same type of sylvinite deposits, but they're of a particularly lower grade than those in Saskatchewan. This is one of the geological quirks that we, and quite frankly, was quite a good geological quirk, if you like, quite fortunate that we found ourselves in. So what has become to be used as the common standard if you like, because of the ability to extract the  $K_2O$  out of the potash, has been that the  $K_2O$  has become the range. It has become the standard. As I said, in Saskatchewan it's between 20 to 35 per cent, in other places and other potash producers of the world, ranging from 7 per cent in New Mexico to 20

per cent or higher in the U.S.S.R.

It may seem esoteric but it's because of that fact, Mr. Speaker, that some of the production costs, or Saskatchewan's production costs remain among the lowest in the world. And again that's the nature of the geological formations — favourable geology.

And I want to refer you to a study done by W.F. Sheldrick. Mr. Sheldrick is a resource economist with the World Bank, and in 1983 he produced a study on the potash industry globally and the factors of production particularly as it relates to the cost of production.

And this Mr. Sheldrick has done some very good work in developing a constant, and I'd advise the Minister of Mines to have one of her resource geologists check the Sheldrick papers out as to its effect on developing some type of model, some type of base model for the cost of potash extraction. The World Bank used his papers, for example, in financing many of our competitors on an international basis when they were doing that kind of comparison figures.

Now I see it's a couple of minutes, only a couple of minutes to go before 11, Mr. Speaker, so I don't want to get into, if you like, the heart of the message that I'm going to put forward tonight.

I do want to say, though, as I said earlier on, that economic analysis and doing an economic comparison is not necessarily the most exciting . . . makes for the most exciting political debate in the world. I do want to say, though, that the results of that economic analysis, as I draw the argument out over the next few hours, that the heart of the argument will provide — particularly for the Minister of Mines, who is very interested in the subject, who has paid a great deal of attention to everything that all members on this side have said, and I have noticed her presence in the House for listening and for being very respectful, because I know that the conclusion that is reached, Mr. Speaker . . .

**The Speaker:** — Order. Before I adjourn the House for the evening, I would just like to bring to the attention of the hon. members that Mr. Charles Robert, who has been seconded to us from the House of Commons in Ottawa and has been kindly loaned to us by Speaker Fraser, this will be his last day in the House, and on behalf of all hon. members, I wish to thank him for the very valuable service he provided. And I think he served the House very, very well, and I'd like to, on behalf of all members, thank him for participating in our Assembly and helping us out during this time. Thank you very much.

**Hon. Members:** — Hear, hear!

**The Speaker:** — With that, it being 11:00, the House stands adjourned until tomorrow morning at 8 a.m.

Order. I should retract that statement. Since committees sit tomorrow morning at 8, the House will not sit until 1 p.m.

The Assembly adjourned at 11 p.m.