

AFTERNOON SITTING

ROUTINE PROCEEDINGS

ORAL QUESTIONS

Submissions to Barber Commission

Ms. Atkinson: — Mr. Speaker, my question is to the minister responsible or acting for the Saskatchewan Power Corporation, and it deals with your government's misuse of the Barber Commission to sell your view on privatization at taxpayers' expense.

Today we have an additional piece of evidence that the Barber panel has been little more than a propaganda machine for the PC Party. I have here a Barber Commission participant information sheet listing an individual willing to present a brief to the public hearings. The astonishing thing about this participation sheet is that it is on Barber Commission letterhead and it's being transmitted by a fax machine from the PC caucus office.

Will the minister inform this House, and the people of Saskatchewan, about the role your PC caucus staff has played in stacking the Barber Commission with bogus briefs, and will you tell this House how much this effort has cost the taxpayers of Saskatchewan?

Hon. Mr. Lane: — I'll take notice, Mr. Speaker.

Ms. Atkinson: — Well obviously the minister has missed the point. And while he is taking notice, what we have here are internal Barber Commission documents, documents obviously in the hands of . . .

The Speaker: — Order, order. The minister has taken notice. If you wish to ask questions related to that question I advise you to simply ask for further information. If it is a brand-new question then you may proceed, but I'm going to allow you to make that judgement.

Ms. Atkinson: — This is a brand-new question. And while he's taking notice can he also perhaps answer this question. What we have here are internal Barber Commission documents, documents that are obviously in the hands of the PC caucus staff, and so how can you suggest to the people of Saskatchewan that the Barber Commission is wilfully independent of the PC caucus and the PC cabinet ministers and the PC Party?

Some Hon. Members: Hear, hear!

The Speaker: — I'd say that was a very similar question . . . Order . . . a very similar question. I'll allow the minister to respond, if he so wishes, but I'm going to remind members once again that when a minister takes notice of a question, the normal thing to do is if you want further information, simply ask the minister to bring further information, not ask more questions.

Hon. Mr. Lane: — Thank you. All I ask from the hon. member, and I ask from the member from Regina Rosemont as well, that the documents that they've used, if

they would table them after question period. I understand the hon. member from Rosemont refused to give it to the press, documents used the other day, and I would ask that the hon. member show the traditional courtesy. I have taken notice, Mr. Speaker.

The Speaker: — Order, order. That's a good example of what happens if questions aren't phrased properly. I would say to the minister that responding to the member from Regina Rosemont yesterday, or whenever the question was asked, is out of order, that part of your response.

However, once again I simply respond, and I'm going to ask the member if she has any further related questions, simply to ask the minister to bring that information back, and that's where it will stop. Otherwise we're going to get into this sort of thing — the minister takes notice; a question is answered; he responds and says he'll take notice. Then, you know, members get upset, well he took notice — and we don't have a fluid question period. I'm just doing it for the best interests of this House.

Ms. Atkinson: — New question. It's obvious to us that there is a relationship between the PC Party caucus and the Barber Commission. That is obvious. It's obvious that there is a relationship between the commission and the government, because the date on the document is July 25, 1989, 11 days after the publicly advertised deadline for submissions to the Barber Commission.

As far as the public knows, the deadline for submission is over. But the Barber Commission and the PC caucus are busy behind the scenes, lining up favourable briefs long after the deadline.

I want you to explain, Mr. Minister, to the people of this province why it is that the PC Party and the Barber Commission are continuing to take briefs when the public, as far as they're concerned, have passed the deadline.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — For anyone to suggest that either political party in Saskatchewan has not been active in trying to get people before the Barber Commission is of course a sham, Mr. Speaker, to make that allegation.

I note the admission by the Opposition House Leader, I believe, who said that he wouldn't be surprised if the NDP member from Rosemont wouldn't have thought to send out packages of material to people. I have little doubt as well, Mr. Speaker, that those with either a vested interest or a strong position before the Barber — and I can include various organizations — would not, Mr. Speaker, have encouraged and supported their views to be presented before the Barber Commission. To draw, Mr. Speaker, from that, I know that a Charlotte Hookenson may be familiar to members opposite, Souris-Cannington NDP president.

An Hon. Member: — What's wrong with that?

Hon. Mr. Lane: — Well the hon. member says, what's

wrong with that. And I say what's wrong with that, Mr. Speaker, the NDP make a point of being able to appear before the Barber Commission. That's right and that's proper. So should the Conservatives; so should the Liberals; so should any other political party, Mr. Speaker. For them to draw, because the NDP appears before the Barber Commission, that the Barber Commission is biased, is not fair and it casts an aspersion against the Barber Commission.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Supplementary, Mr. Speaker. I want to re-ask the same question. The date on this fax machine transmittal form from your PC caucus office is July 25 — 11 days after the deadline of submissions to the Barber Commission. I want you to explain to the taxpayers and the people of this province how it is that the PC caucus is knowledgeable and the Barber Commission is knowledgeable that this deadline has been extended because of this fax machine transmittal sheet, but that the public of Saskatchewan has no knowledge that they can still continue to submit briefs to the Barber Commission. What gives, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Let's make it abundantly clear that all political parties, Mr. Speaker, have been urging supporters to appear before the Barber Commission. The Barber sets its own rules. I think it abundantly clear, Mr. Speaker . . .

The Speaker: — Order, order. Now the minister's answering the question, but is being interrupted, and difficult for him to do that.

Hon. Mr. Lane: — Mr. Speaker, I have indicated that all political parties . . . well I shouldn't say that. I know of at least two political parties, Mr. Speaker, that have been urging their people to appear before the Barber Commission. I find it interesting and rather inconsistent that, on the one hand, the New Democratic party says the Barber Commission is biased and that the Barber Commission has no credibility and that the Barber Commission should be scrapped, and on the other hand, they're forcing their NDP organizations to appear before the Barber Commission.

The Speaker: — Order, order. The member is off the topic.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Thank you, Mr. Speaker. A new question, Mr. Speaker, to the same minister. Mr. Minister, everybody in Saskatchewan knows that the Barber Commission is not setting its own rules, that the rules for the Barber Commission are being set in the back rooms of this legislature by the Conservative Party caucus.

One of the rules that is being set, Mr. Minister, that is being set by the PC caucus is the bending of the deadlines which will allow front groups of the Progressive Conservative Party to participate in the Barber Commission. I have a document, Mr. Minister, that lists

groups like the Association of Saskatchewan Taxpayers, a PC Party front group; oil individuals like Doug Emsley, a former PC government staffer; organizations like Saskoil and Dominion Securities — all of whom were granted the right to submit briefs well after the extension of the deadline.

Sir, could you tell us why it was that these PC backers are getting an extension to allow them to submit briefs while the extension to ordinary citizens in Saskatchewan wasn't publicly advertised? Why were you trying to manipulate the Barber Commission even more, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, I have asked and I have asked very pointedly, I have asked very pointedly for the opposition, who refused to give the information to the press the other day, the documents they had, that they be prepared to commit to tabling the documents today. You're all aware of the events that happened at the Barber Commission, Mr. Speaker.

And I expected the opposition . . . and the hon. member from Rosemont is aware of what I speak, of the events that happened at the Barber Commission, Mr. Speaker — and that the opposition will commit today to be tabling not copies, but the original documents so that they are in the possession of this Assembly, Mr. Speaker . . . (inaudible interjection) . . . no, we want those tabled, Mr. Speaker. And the practice of this House — and they are being challenged to do so — is to table the original documents after question period, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Thank you very much, Mr. Speaker. A new question to the same minister. Mr. Minister, you haven't got the guts to stand in this House and challenge the credibility of the documents that we're presenting, and the information we're presenting to you, sir . . .

The Speaker: — Order, order. The term "you don't have the guts" has been ruled unparliamentary in the past, and quite frankly, we're making a concerted effort to try to eliminate unparliamentary language on both sides of the House. And I'm going to ask the hon. member for Regina Rosemont to withdraw that statement.

Mr. Lyons: — Mr. Speaker, I withdraw that remark unequivocally. I meant to say, Mr. Speaker, that the minister doesn't have the intestinal fortitude to say out loud what he's trying to imply by innuendo.

Mr. Minister, it is clear that the PC caucus is up to its neck in the kind of political chicanery that you personally are well-known for, sir. But I ask you this question, Mr. Minister. In your attempts to try to justify the sell-off of the natural gas portion of SaskPower, why are you bringing people like Dr. Lloyd Barber into the kind of disrepute that you and the rest of your government are in, sir? Won't you do the honourable thing? Disband this farcical road show and perhaps let the people of Saskatchewan decide this issue through the calling of a general election. Won't you do that honourable thing, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — With the greatest respect to the hon. member, I don't believe it was a member of the government side that said Dr. Barber wasn't fit to run the university. I think it was the NDP that said that, Mr. Speaker, I think it was the NDP that said from the outset that the Barber Commission was a sham, was biased, should be done away with. That has been consistent. That is not recent — that is not recent.

And I note the hon. member refused to follow the traditional practice of this House, Mr. Speaker, when he had so-called documents he refused to give them to the press . . . (inaudible interjection) . . . No, you showed them. He wouldn't give them. And secondly, Mr. Speaker, the practice of this House when they are challenged to table the original documents that they have on the floor of this Assembly after question period. And I've asked, and they have now repeatedly refused to do that, Mr. Speaker. And that should be noted.

Some Hon. Members: Hear, hear!

Federal Drought Assistance Program

Mr. Upshall: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Acting Minister of Agriculture, and it is related to the federal drought assistance program. Mr. Minister, on November 10, 1988, Don Mazankowski and Charlie Mayer announced that there would be payments of 40 to \$45 an acre for the last calendar year for the drought program. Your Premier echoed that statement. In fact, I can remember him standing in this House saying there's going to be a payment of 40 to \$45, and I'm going to hold them to it.

Well now we find out that only about 6 per cent of Saskatchewan farm families will receive in the area of \$40 an acre. Of the 3,240 townships, only over about 200 will receive the maximum amount. Mr. Minister, why did you and your government purposely mislead the farm families of Saskatchewan . . .

The Speaker: — Order, order. The hon. member has indicated that the minister has purposely misled, and once more I'd ask him to withdraw that remark.

Mr. Upshall: — I'm sorry, Mr. Speaker. Yes, I will withdraw that, Mr. Minister, why did your government mislead the farm families of Saskatchewan by making them believe there would be a payment to the majority of people, of 40 to \$45 acre? Why were you not honest with farmers when talking about the drought program?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I think the hon. member should look inward when he says who is misleading who.

An Hon. Member: — Whom.

Hon. Mr. Hepworth: — Whom. If they prefer, then whom is misleading whom. I think, Mr. Speaker, the people of Saskatchewan, the farmers of Saskatchewan, the public

of Saskatchewan, are not well served with irresponsible statements like that. I don't ever recall anyone saying ever that the majority of the farmers would receive \$45 an acre.

The first thing that was worked on by our Premier was (a) that we would get some additional help for the drought areas over and above the crop insurance, Mr. Speaker. Everyone recognized that crop insurance wouldn't be adequate for last year's devastating drought. Then as I understand the process, there was widespread consultation with premiers as well as farm groups, whereupon they agreed that those in the severest areas — nobody said majority — in the severest areas should get in that range of 40 to \$45 an acre. By the member's own admission, farmers are getting 40 and 45 an acre.

I would suggest to you, Mr. Speaker, that the Premier has delivered for the farmers of Saskatchewan a drought program and he has delivered it in spades, Mr. Speaker, for the farmers of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Upshall: — New question, Mr. Speaker, to the same minister. You can start backtracking all you like now by saying you didn't say the majority or whatever. The interpretation that you gave was that the majority would be getting that money. Now, Mr. Minister, 10 months after the announcement, 10 months of confusion and delays have led us to find that there are a number of deductions that will be coming off the drought cheque. This is unprecedented in previous cheques where there was no deductions made.

We now see deductions like arrears from farm improvement loan and cash advances, overpayment from both special grains programs, and even income tax will be deducted from the drought program.

Mr. Minister, you and your government claim that you have had substantial input into developing the drought program. Why did you allow the federal government to make these so unnecessary deductions?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I think all farmers across Saskatchewan will welcome this payment. I suppose I'm like every other farmer. We would all like as much as possible to help top up our cash flow as a result of last year's drought. And one can always make the argument, if somebody's getting 25 that they would like 30, and list goes on and on, Mr. Speaker.

But I think for the most part people will be quite happy with what they receive. The formula is determined . . . is based on crop insurance production numbers, Mr. Speaker. And this payment stands in sharp contrast to what the NDP said, who said, Mr. Speaker, who said that this payment would never be made.

Well it has been made. This payment has been made. Drought payments have been made. Interim grain stabilization payments have been made. Deficiency payments have been made, Mr. Speaker. That's because

there's a Progressive Conservative government in Ottawa and a Progressive Conservative government in Saskatchewan who can work together, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Upshall: — New question, Mr. Speaker. Mr. Minister, you can stand up there and say all you like. I've talked to farmers around this province time and time again through the whole process of this drought payment, and they themselves tell me they've never seen anything so mismanaged, so misleading, and so incompetent on the part of a provincial and federal government.

Sure they're glad to get the money. But, Mr. Minister, I ask you why these deductions were taken off. You have no long-term debt restructuring program or no long-term income stability program. Now you're telling those people the priority of repayment of their debt. You're saying that the federal government is first in line when it comes to repaying, even if they have to pay off a combine to take the fall harvest off. That's the problem.

Mr. Minister, why did you not insist that this payment be a compensation for drought and not simply a turnover of cash from the federal government back to the federal government?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, the hon. member can twist the drought payment all he likes. They said it wouldn't come, and then when it did come, they said that we should have . . . the maximum should have gone to the majority of producers. Their line goes on and on, Mr. Speaker.

What we do know, Mr. Speaker — and they can cut it any which way they like — what we do know is that farmers in Saskatchewan are going to get something close to half a billion dollars in the mail this week, Mr. Speaker, and we're happy to have it.

Some Hon. Members: Hear, hear!

Mr. Upshall: — A new question, Mr. Speaker, to the same minister. Mr. Minister, one other question relating to the drought program, and after waiting all this time of 10 months and more, we now find that there is an appeal mechanism whereby farmers have one month in which to launch an appeal.

Now that is an unusual process, when it took 10 months to get the thing out to farmers. Farmers must at the township level organize, make representation to the R.M., then the R.M. has a week whereby to advance the appeal to the review committee. And all of this could be in the middle of harvest. In fact harvest is starting in some areas. All of this could be at a time when some of the R.M. offices are closed for holidays.

Mr. Minister, I have one simple question to you. Perhaps you can answer it. Why did you not insist that a proper appeal mechanism was in place whereby those people in affected areas who do not get proper compensation could appeal in a fair and reasonable manner?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, relative to the appeal process, I think it was important that the federal government recognize that there needs to be an appeal process. Any time you're dealing with boundaries I've found and our government has found in making payments, whether it be drought payments for grains or for livestock, that an appeal mechanism is a desirable feature to have in a program. So I'm happy to see that there.

I'm also advised, Mr. Speaker, I'm also advised that this appeal program, although it may not be the socialist version of how an appeal program should be run, it was designed in consultation with the Saskatchewan Association of Rural Municipalities, Mr. Speaker. Let me be clear on that. They had been very much part of the design of this appeal mechanism. If, having said all that, Mr. Speaker, there is some hardship, if there is some hardship in terms of the timing, in terms of getting appeals in, I'll tell you what — the Premier will deliver on that one too just like he did on getting the payment here, Mr. Speaker.

Some Hon. Members: Hear, hear!

Assistance in Case of Drought

Mr. Koskie: — Thank you, Mr. Speaker. I want to direct a question, in the absence of the Minister of Agriculture, to the Acting Minister of Agriculture. As you are aware, Mr. Minister, if you have left Regina and travelled across Saskatchewan, you'll find that in many areas across this province we are facing again a very serious drought situation. If you look at areas like Leader and Cabri and Kyle and Lacadena, if you look at Sanctuary and Golden Prairie, in fact if you look at Humboldt, east and west on Number 5, farmers are turning under their crop.

The question I ask you, Mr. Minister: can you give some assurance — some assurance that in the event and the assessment of the massiveness of the drought that a program will be in place to provide assistance to farmers with a second-in-a-row crop failure.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, the member's observation about . . .

The Speaker: — Order, order. The minister's attempting to answer the question but not getting too much co-operation. Would you allow him to answer the question.

Hon. Mr. Hepworth: — The member's observations, Mr. Speaker, that the crops across Saskatchewan are suffering from some stress due to the recent hot spell are valid enough, Mr. Speaker. I think as well it's to our Premier's credit that he invited, is indeed hosting this very day, ministers of Agriculture from all across Canada, including the federal minister, so they can get some sense of what our crops are like out here, including the federal ministers who are here, Mr. Speaker.

I think, though, once again our Premier is many steps, and indeed many miles ahead of the NDP caucus and their lack of an agriculture policy, because some several months ago — years now, I think one could make the observation — the Premier recognized that the crop insurance mechanism that we had in this province wasn't satisfactory.

And so as part of their discussions, Mr. Speaker, this last week in Prince Albert, farmers will see a new and improved crop insurance program. That's what they want. That's what they want.

Some Hon. Members: Hear, hear!

MOTIONS

Order of Business in the House

Mr. Lingenfelter: — Mr. Speaker, in the spirit of co-operation that was established last night, I would move:

That the House proceed to government orders, Committee of Finance, and the Department of Health estimates.

And I would ask for leave to move that.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order. Members, come to order. Member from Regina Elphinstone and the Minister of Finance, would you come to order, and the member for Saskatoon Nutana. Is leave granted by the House?

Leave not granted.

Hours of Sitting

Hon. Mr. Hodgins: — Mr. Speaker, in a very true sense of co-operation I would ask leave of the Assembly to adjust the hours by one hour, in view of the fact that the president of Iceland will be here tomorrow.

The Speaker: — Perhaps if the hon. member would indicate the adjustment, leave could be . . .

Hon. Mr. Hodgins: — Mr. Speaker, I would move by leave of the Assembly.

That notwithstanding the previous order of the Assembly, when the Assembly adjourns on Wednesday, August 2, 1989, it do stand adjourned until Thursday, August 3, 1989, at 2 o'clock p.m.

An Hon. Member: — You've got the dates wrong.

Hon. Mr. Hodgins: — When the Assembly adjourns on Wednesday, August 2, that is today, it stand adjourned until Thursday, August 3, that is tomorrow, at 2 o'clock.

Leave granted.

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Mr. Speaker, I move, seconded by my seat mate, the member for Melville, by leave of the Assembly.

That notwithstanding the previous order of the Assembly, when the Assembly adjourns on Wednesday, August 2, 1989, it do stand adjourned until Thursday, August 3, 1989 at 2 o'clock p.m.

Motion agreed to.

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

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

Mr. Lyons: — Thank you very much, Mr. Speaker. Mr. Speaker, I want to say this before I begin my remarks for the second time today. Mr. Speaker, in regards to the selling off of the potash corporation to foreign and other interests, taking it out of the control of the hands of the people of Saskatchewan, that I'd rather be doing other business of the government. I would rather be dealing with something that affects people in a very, very immediate manner. I'd rather be doing the kind of political work that was done here last night when the government got off its silly privatization mania and attempted to deal with some of the other problems that affected us all here in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lyons: — That's what we'd rather be doing, Mr. Speaker, that's what we'd rather be doing. Make no mistake about it. But because the government is forcing us day after day after day to defend the interests of the people of Saskatchewan and stand up for what they're telling us, and they're telling us to defend the potash industry, we are here. And we are here and trying to do that in the best manner that we know possible and the best manner that we're capable of. So I want to say that just by way of preliminary observation.

Mr. Speaker, this morning I had just entered into, or I should say, had finished off an economic analysis, or bringing to the attention of the legislature some relevant factors economically in regards to why it is that our party will be opposing and has opposed the privatization of the potash industry, the Bill 20 that is presently before us.

The questions of price, of supply, of demand, of the cyclical nature, of agricultural prices, practices, the cost of production — all of those things entered into as economic factors which we have looked at, very carefully I might say and with a great deal of thought and with a great deal of experience, given the experience of the members of the New Democratic Party and the New Democratic caucus, first and foremost the Leader of the

Opposition who in fact probably knows more about the history and the development of the potash industry than any other member of this House.

As I said, I was dealing with some of those relevant economic factors and was just finishing up one on the section which will lead me into the next section, and that is the cyclical history.

It is our contention, Mr. Speaker, as I wanted to indicate to the legislature, that contrary to the claims of the Progressive Conservative Government of Saskatchewan that the extreme volatility in the potash industry is forcing it to try to lessen the public's exposure to that market fluctuations, that basically we have seen two cyclical movements in the potash industry, two down and one up, and one partially on the up, the first being the movement, '62-'73, as the downward; the upward, '74 to '81, which resulted in record high prices for potash in the years '79 to '81, and the downturn and massive downturn in '81-'85.

And I tried to identify some of the salient features of that economic conjuncture which led to that downturn. I just would like to run over some of them very briefly, and I'm doing so not to deal with repetition but I want to deal with these so that it makes sense in terms of my next section that I deal with, which are the relevant factors for the creation of the Potash Corporation of Saskatchewan and those factors that led up to it, because the creation of the Potash Corporation of Saskatchewan was not done out of mere whim or not done out of ideological considerations, but were done out of real concerns which were facing all potash producers in Saskatchewan, both those which are Canadian and those which are American in ownership. I just want to identify, before I get into the next section, those factors.

One, of course, is the factors that the question of price and how it was related to supply in the development of Saskatchewan supply. Another relevant factor was the interest rates. Another relevant factor was U.S. agricultural policy in terms of price support. The coming on stream of new mines, both offshore and also in terms of New Brunswick and the increase in productive capacity in New Brunswick, all of which are factors, which were relevant and which led directly, I would submit, to two things.

First of all, those economic factors led to the activities of the potash industry in Saskatchewan which forced the, if you like, forced the Government of Saskatchewan to deal in the manner which it did in terms of the provincialization, if you like, of the potash industry, the bringing into public ownership of some 40 per cent of the potash industry in Saskatchewan.

And the second relevant factor, the second relevant factor was, of course, that which happened on the political level — the politics here in Saskatchewan and also the activities of the United States government in regards to anti-dumping and duties and that whole subset.

I want to deal with that now because the . . . but it's got to be understood that those things did not happen. And if you excuse me, Mr. Chairman, I want to move this chair out of the way. I find it in the way. Now if I can remember

where I was.

Unfortunately I'm lost in the logical nature of the argument, and I know that it's . . . Let's put it this way, Mr. Speaker, to restart this particular portion of the argument, that the political events surrounding . . . the political and social events which led to the creation of the Potash Corporation of Saskatchewan were directly related to and were a product of those economic events characterized by the downturn '62 to '73. And I don't think anybody in this Legislative Assembly will challenge that, the whole question of prorationing, and so on and so forth.

But there's been a number of items which have characterized, if you like, which have given a certain character to the relationship of the potash industry in Saskatchewan with the provincial governments that have been in power in this province prior to 1962.

That the government . . . In other words, the Government of Saskatchewan has, since there was a decision made by the former CCF (Co-operative Commonwealth Federation) government of Tommy Douglas to try to find mechanisms to develop the industry in Saskatchewan, that the provincial government has always played a key and crucial role in the development of that particular industry. And I want to just deal with that, if I can, a little later.

But I think that that is one of the salient features of the development of this industry and of the future of this industry — I mean, that's why we're dealing with it here in the legislature, this Bill 20 to sell off the potash corporation — but one of the salient features has always been, in regards to the potash industry in Saskatchewan, the government has always been involved to one degree or another.

And to try to paint a picture, as the members of the Progressive Conservative caucus are doing, that somehow potash appeared in this province as if by magic, is, I would suggest, a distortion of historical truth at the very best, and that is without wishing to imply or impugn any motives to it. People can make up their own minds as to that.

The major objectives of that government intervention in the potash industry in Saskatchewan since before the first mine was built in this province, Mr. Speaker, can be summed up this way. First of all, there has been an attempt to achieve a stability within the overall production of potash. Now by stability, I want to talk about stability of production because the stability of production relates very directly to the impact of the potash corporation and to the private producers on the living standards of the people of Saskatchewan.

In other words, when you've got a . . . when you live in a potash town, and you've got a job in a potash mine, and they're working at full time or if you've got a full-time occupation you tend to have a full-time pay cheque and that provides the kind of financial stability that is extant within all those regional social formations.

So it's been the objective of every government since the CCF in developing potash to achieve a stable productive

path; in other words, to try to level out the hills and the valleys so that one can do some planning, because all governments, all governments in their need for revenue, need to do planning, whether or not they admit it, whether or not their ideological framework says to them, well you really aren't supposed to do this according to what we believe but we're going to do it anyway.

One of the things that has been common to the CCF government, the New Democratic Party government, the Liberal government, and the Progressive Conservative government since before the opening of the first mine in Saskatchewan has been the desire to achieve stability in that industry and in production.

You know yourself, Mr. Minister . . . excuse me, Mr. Speaker, the other members of the Assembly know very well that the government itself introduced a Bill last year whose express intent and purpose was to achieve that stable productive path. And we had some questions about it; we had some questions about the intent. I personally am happy there because it gives us a mechanism, as I will talk about a little later on, it gives us a mechanism to deal with the potash industry in a way that we want to deal with the potash industry.

But what's interesting, Mr. Speaker, that in dealing with that Bill there was a congruency of objectives. The aims of the Liberals and the NDP and the Tories have been to achieve that kind of stability, because in economic terms it guaranteed a set level of mineral rents for the province, and provided the kind of base for economic planning, whether it was for the development of social programs, or development of economic incentive programs, or for whatever reasons that the policy of government had put forward would allow it to achieve that particular stable sharing of mineral rents from potash.

Now the methods by which those objectives, the stability of production and the stability of income, if you like, were achieved or attempt to have been achieved, have varied over time and have varied, as I would submit, not necessarily out of an ideological preoccupation with public ownership versus private ownership, regulation versus dividend income, but in fact varied as a result of the changing circumstances which the province found itself in in regards to the development of potash.

And I think history and those who are directly involved in that history, Mr. Speaker, will bear that out. On the one hand, we look at the typical instruments such as taxation, and that certainly has played a major role in the debate in terms of the development of potash industry in this province, or lack of taxation in the case of the immediate trigger, if you like, the thing that set up the development of the Potash Corporation of Saskatchewan.

Also the question of quantity regulation, and we've seen that in development of the Ross Thatcherite approach to the potash industry of Saskatchewan, and that Ross Thatcherite approach being of course the agreement with New Mexico and the United States producers to enter into a prorationing arrangement, an arrangement which was carried on, I may say, after the change in governments.

(1345)

Those are the traditional methods. In the case of Saskatchewan potash, I don't know if you can use the word traditional method, but those are basically the methods that both the CCF had to, in terms of incentive for the construction of the mines — tax incentives, not the tax breaks for the corporations to build them; I mean, that's what were granted by the CCF — and production quotas by the Liberals and a guaranteed market share. Those were the traditional methods of dealing with the potash industry.

However, Mr. Speaker, those instruments which are common to North American potash . . . those legislative institutions which have to deal the North American potash scene — in our case we had a problem that arose in the early '70s in that the Government of Saskatchewan was faced with a constitutional challenge on its ability to assess rent through the "traditional market mechanisms." The potash corporation refused, in other words, to play ball with the Government of Saskatchewan, when the Government of Saskatchewan, in a period of rising prices — remember this was not at the ebb, this wasn't at the bottom in '71; this was in a period of rising prices when it was seen that there would be . . . the cycle was on the way up, there was project increased revenues for both the potash corporations, and that the people of Saskatchewan felt that, yes indeed, it is only fair that when the potash corporations are making money of their potash that they should share in that wealth. And that was crux of the matter from our viewpoint.

And the constitutionality of that debate was this. The potash corporation said, you do not have the right to levy the kind of tax structure on the industry that you want to levy, and we're going to take you to court and we're going to try and deal with that. That's one aspect of this particular debate.

But the other aspect of the debate was of course the federal government, led by that time a Liberal, Pierre E. Trudeau, on the right of the provinces to collect — I think this is the way I would put it — that there was a challenge by the federal government on the right of the provinces to collect and keep its share of provincial taxes and royalties, which of course, Mr. Speaker, goes to the heart of the whole question of the constitutional economic arrangement that Saskatchewan found itself in back in that particular period of time.

It is that arrangement, by the way, Mr. Speaker, that is again, I would submit, under attack, not to the extent directly as challenged by the Trudeau government, but in fact in a more and in greater danger because of the development of the free trade agreement between Canada and the United States which weakens, inevitably weakens the ability of the province to carry out its economic planning based on resource development.

This is the long-term implications of what we believe . . . these are what we believe to be some of the long-term constitutional and legal implications of what the government is doing here. We think that not only is the direct selling-off of the Potash Corporation of Saskatchewan, as contained in Bill 20, economic

foolhardiness, we think that what it does is endanger the ability of all province to deal with what is constitutionally been fought and won back in the early '70s. And I'll want to deal with that a little bit later.

But there's a third factor which enters into this whole mesh, which relates to what the members opposite have been talking about, this being an ideological debate. And in some senses it is. I mean, I don't think anybody in this side is going to deny that it's not an ideological debate. And the ideology, if you like, is that we happen to believe on this side of the House that the resources of this province do not belong to multinational corporations, that there is no right either constitutionally or by way of legality which limits or impairs the ability of the people of the province of Saskatchewan to get their return from their resources on the one hand, and to also to utilize that return on their resources on the other.

Now this is some of that network of political factors, if you like, that entered into the decision to set up the Potash Corporation of Saskatchewan. And what it is, is basically developed a sort of range of interesting economic issues that every government's got to face, and every government regardless of its political stripe has been forced to deal with. And what's surprising about it is ultimately they have reached, at one point or time, some pretty similar conclusions.

First of all, there's the question of the constitutional division of powers on the regulation of resource industries in a federal state. Mr. Speaker, I bet you that there is not one member in the Progressive Conservative caucus that would dare stand up in this legislature and say that the resources of Saskatchewan don't belong to Saskatchewan but in fact belong to the federal government. I don't think there is a member of the Progressive Conservative caucus on that side, Mr. Speaker, that would hold that, particularly when it comes to potash, particularly when it comes to potash industry and particularly when it comes to PCS (Potash Corporation of Saskatchewan).

I have yet to see any one of the members opposite stand here and say no, that the economic basis for the constitutional division of powers is wrong, and that we should, in fact, turn over some of our constitutionally given powers contained both within the British North America Act, fought out in the courts, won in the courts, won in the courts by, on the one hand, Peter Lougheed from Alberta, and Allan Blakeney from Saskatchewan. Not one of them would stand up and challenge that fundamental notion in terms of resource development, that the province ultimately is the final arbiter of resource development within its own jurisdiction.

Now having said that, and having made in fact that admission, in the case of the potash industry of Saskatchewan when faced with the constitutional challenge by the federal government, the federal government of Pierre Elliott Trudeau, I guess the question then to the members is: what would you have done?

You would have a choice, and a very stark choice politically as well as economically. The potash companies there were saying at that time we don't have to

pay one cent more in taxation royalties than we're paying now; in fact, what we're paying now is too much and we're going to hide the books from you, and not show you what is in the books, and not show you what kind of tonnage is being produced, and not show you what kind of profits were being made. And not showing you what kind of actual state the industry was in, what would the members opposite have done? And they would have been faced with the choice.

They could have rolled over and played dead, which is what the member for Qu'Appelle-Lumsden did, because that's the choice that he made, Mr. Speaker. He would roll over and play dead for the potash industry. In his speech after speech — and I'm going to refer to it a little later on at some length in terms of the potash debate and the position that he held in that, it was clear that he was nothing more than an apologist for the potash industry.

Secondly, because this same debate that we're facing today on Bill 20, as I said long ago in this debate, is the crystallizing debate of politics in Saskatchewan since the 1960s.

When faced with that kind of challenge by the potash corporations, the companies, the members had to ask themselves, what would they have done when the companies refused to pay taxes? Let's put it this way. What will they do if individual citizens of Saskatchewan refuse to pay taxes? We know what they would have done; we know what they will do. They will either foreclose on their farm or they'll take over their house.

Well the same thing had to happen, Mr. Speaker, in regards to the potash industry. These corporate citizens of Saskatchewan refused to pay their taxes . . .

The Speaker: — Order, order. The hon. member is going over an argument which, quite frankly, has been used by quite a few members. And each member in the House, I cannot allow each member who speaks to go over the same argument. And therefore . . . as I indicated yesterday in my ruling. So the hon. member is going to have to somehow decide for himself how he is going to present his case without repeating that argument which, quite frankly, has been repeated many times.

Mr. Hagel: — On a point of order . . .

The Speaker: — There is no point of order, information, or anything else. I've made my ruling and it's now up to the hon. member to conduct himself accordingly.

Mr. Lyons: — Thank you very much, Mr. Speaker. I intend to try to stick with the intent of your ruling as I interpret it. The facts of the matter are this, and it's a historical fact and it's something that we all have to deal with. Now the nature of the argument around that historical fact, I'll try to vary it, but the historical facts are that the potash corporation didn't pay their taxes.

Facts are facts; the government had to deal with that, and that doesn't change, Mr. Speaker. And the argument that I'm making, which I believe is different, Mr. Speaker, in this regard is this, is that I am asking a question of the hon. members opposite: what would they have done in a

similar circumstance?

And I don't believe, Mr. Speaker, that that has been said in this debate. I don't believe that anyone has asked that particular . . . or framed the argument in that way. Right? Because the members opposite, some of them had the opportunity to pronounce on that, and their record stands clear, and it would be a far different Saskatchewan if in fact they'd had their way, I would submit, Mr. Speaker.

The second point of the argument I'm making in regards to the interesting economic issues that are raised on a political level, and the question that I will ask and pose this way in that regard is when faced by the challenge of Pierre Elliott Trudeau's Liberal government in 1972, in 1973, in 1974, on the question of taxation of the potash revenues, what would have been the response by those members? What would they have done?

Would they have said, no, I guess we're not going to stand up for Saskatchewan's economic interest; and yes, I guess that the federal government has a right to our resource revenue, and done something else other than what happened.

And what happened was the creation and a political and economic decision that was taken to deal with those problems whose progenitor, if you like, was the major cyclical downturn prior to '71 and then the upswing that began after, and the response to that, because that's what we're talking about; ultimately that's what we're talking about.

The role of public ownership, Mr. Speaker, as an economic issue is the one that we're addressing today, but it is one which in 1973 and 1974, the members would have had to make a choice, because public ownership, based on the intrinsic nature of those things which accrue to it, particularly in terms of the taxation of advantages, was the only solution — was the only viable option.

Now, Mr. Speaker, I happen to think that not only was it a correct decision at that time — and here if you'll allow me to digress a bit from the analysis that I'm engaged in to a little bit of personal reflection and commentary — but I know I happen to think that that was a good thing and the correct decision at the time.

I also happen to think that it was a decision whose time had come and a decision which, when looked at in the dispassionate light of economics and benefit analysis, the benefit cost analysis to the people of Saskatchewan, that prove and will prove to be the long-term decision, the decision which serves the people of Saskatchewan best in the long term.

(1400)

And it's not just me that happens to think that, Mr. Speaker, because a little later on this afternoon I'm going to deal with some analysis and some conclusions reached by experts in the potash industry, including the Economic Council of Canada. In the rating of performance between the publicly owned Potash Corporation of Saskatchewan and the private sector potash companies in this country, the private sector, Mr. Speaker . . .

Some Hon. Members: Hear, hear!

Mr. Lyons: — Because again that relates directly to this debate on why, if outside independent economic experts, those who have got some dispassionate view of the potash industry, say to me that the Potash Corporation of Saskatchewan performed better or even if it performed the same as the private sector corporations, then I would suspect that maybe perhaps the arguments and the economic arguments put forward by the members opposite may be motivated not by — not by — a cool and dispassionate analysis of those arguments, but may have other agenda items on it in regards to what they want to see in Saskatchewan.

Now one of the things that I haven't touched on is the effects of the market structures on the evolution of a resource industry, and that's the oligopolistic nature of resource development in Saskatchewan. And I intend to deal with these, particularly in the context both of the conflicts with the federal powers vis-à-vis taxation, and the regulation of trade and commerce, and of the somewhat acrimonious debate vis-à-vis the relationship between the Government of Saskatchewan and the private potash industry.

Mr. Speaker, I think all members in this Assembly realize that the evolution of the policies of all governments towards the utilization of the potash resources that we have in Saskatchewan find its way back to those days in the 1970s — the question of the constitutional crisis, the question of the legal challenge.

Well let's take a look a little bit about that time. Now historically in terms of the potash industry, the first mine, as members may or may not know, was opened by the International Mineral and Chemical Corporation Canada Ltd., in 1962. Between then, 1962, and 1970, there were nine more mines opened in the province of Saskatchewan.

I've mentioned earlier what the factor "A" in government policy had been during that time. The primary policy object in any dispassionate and cool analysis of the policy objectives of provincial government over this period seemed to be the development of the industry in Saskatchewan. And I don't think there's anybody, Mr. Speaker, I don't think there's anybody in this Legislative Assembly who can honestly stand in their place and say you're not interested in developing the potash industry in Saskatchewan. Right?

I wouldn't accuse the Conservative members of that, and hopefully the Conservative members wouldn't accuse the New Democratic Party members. We may differ over it, but from the time of Tommy Douglas to Ross Thatcher to now, the primary political and policy has been the development of the potash industry.

The province's 10 mines were operated, Mr. Speaker, by nine companies of which two, Noranda, member of a large multinational conglomerate — and they own Central Canada Potash — and Cominco are Canadian. Five mines were controlled by various sole U.S. interests: International Minerals and Chemical Corporation, the

potash corporation of America, Kalium Chemicals, AMAX, Pennzoil, Texasgulf, Swift, and United States Borax corporation. One mine was British and South African, the mine that was known as the Sylvite mine, and one was the Franco-German consortium which developed the Alwinal deposit in Lanigan.

Now I said earlier that the primary interest of all governments has been to promote the industry. To encourage firms, Mr. Speaker, historically in terms of the initial development of the potash industry, to encourage firms to bring their mines into production in Saskatchewan, the provincial government guaranteed a low provincial royalty payment. And that guarantee went from 1962 up until 1981; that was the final date. The government of the time, the government of Tommy Douglas, had in fact instituted a low royalty structure to attract foreign capital, to develop the potash industry in Saskatchewan.

The decision to do that, Mr. Speaker, the decision to do that was taken for sound economic reasons. One of the ironies of history that we find ourselves here saying that the best way to develop potash and continue the promotion of the development of the potash industry is to maintain it in the public ownership, when in fact the first development was through our predecessor who urged that it be developed privately. But it was a sound economic decision based on the following factors.

First of all it was just the initial capital required and the creation of the capital pools in order to do so. At that time in Saskatchewan their economic base was much less, the taxation base was much less, and it required a fairly substantial outlay of capital to develop the mine.

The second factor was just a question of expertise — the second factor was the question of expertise. And quite frankly there were not in Saskatchewan that pool of expertise of Saskatchewan residents who had the expertise necessary to develop the industry, and it was just a fact of life. All the major potash producers were outside the borders of Saskatchewan. And so there was a necessity to bring that and to create that royalty structure to bring it on stream.

There were time limits. Again, Mr. Speaker, in my thesis earlier in this regard to the sell-off of the privatization of Saskatchewan potash, that there was government intervention by way of regulation, and part of the regulatory regime in place at that time was that if a mine was built and had come on stream by 1967, of October 1967 . . . pardon me. I'm wrong on that date. It there was the construction of a mine and had begun by October of 1967, that tax royalty holiday, because basically that's what it was, somewhat the same thing that the present government did in regards to the stimulation of oil well development in the oil industry, that that guarantee was put in place to last until '81.

Now this guarantee was provided in the year 1962 and it was promised to extend it to 1974 for all but two pioneers in the industry, IMC (International Minerals and Chemical Corporation (Canada) Ltd.) and PCA (Potash Corporation of America). Now the reason PCA's royalties and IMC's royalties were guaranteed until the '81

deadline that I mentioned earlier is that they were the pioneers and they took the initial risks.

Boy, does this ever sound like sort of an exercise in free enterprise. Here are the risk-takers being rewarded by the socialists, for taking the risk, for bringing in the capital, and for developing the expertise. Right? All of which were good economic decisions at the time they were made and have proven to be good economic decisions at the time as history has shown.

Now one of the problems that arose at the time in the early '60s was that there was a need for again, based on a perceived need based on, I guess, an overestimation of demand which occurred, that there was a perceived need to increase excess capacity . . . or to exceed capacity, to develop more mines in the province to produce more potash. We saw the extension of the royalty guarantee to the October 1, 1967, deadline.

Of course, as I outlined earlier, the effects have been an increase in the productive capacity, and that resulted in a drop in world market prices for potash and stimulated production of mines in other jurisdictions and which acted in somewhat of a vicious cycle to maintain high capacity or low demand — both being the same thing — which did not provide the kind of rate of return on the investment or the kind of high-priced yield which occurred later on.

So in that sense it was I would say this socialist government of Tommy Douglas was pretty smart. They got the Americans to come in and open the mines, spend their capital, take the risks, increase the excess capacity, know that there was going to be a long-term or a relatively long-term flattening of price structures — in order to compensate for that, institute a low royalty regime in the province, and basically things worked out to the benefit of all concerned.

Now in historical terms, this probably marked the end of what might be called the expansionary phase, at least the first step in the expansionary phase of the Saskatchewan government policy. The Government of Saskatchewan made some conscious decisions to expand the potash industry here in the province and intervened in the economy with the blessings, Mr. Speaker, with the blessings of the Liberal Party at that time who thought it was a good thing that the government provided the regulatory regime so that potash mines and potash development would occur in Saskatchewan. Nothing wrong at that time with the government being involved in the potash industry.

And I'd like to note in particular that as the '60s rolled around, those particular policies were developed not by the CCF, but the latter day policies particularly, which was the big intervention, if you like, into the market-place was not done by the socialist hordes of the CCF but were done by those raving free enterprisers of the Liberal Party and of Ross Thatcher. There had been no greater intervention in terms of government regulation in the economy.

But the similarities, the similarities, Mr. Speaker, were this, Tommy Douglas and the CCF wanted to develop the

potash industry; Ross Thatcher and the Liberals wanted to develop the potash industry. Both of them realized that in order to do that you had to have government intervention into the market, because as I explained yesterday and last night, because of the nature of the oligopolistic structures of the international market-place.

That's the thesis that I will put forward and I do not . . . (inaudible interjection) . . . how do you do, nice to meet you. The . . .

The Deputy Speaker: — I'd ask the member for Weyburn to allow the member for Regina Rosemont to make his comments.

(1415)

Mr. Lyons: — Mr. Speaker, as I said before and have just said before I was interrupted, the results of that particular government intervention in the economy had been a massive increase in the productive capacity of the potash industry in Saskatchewan.

The results for the producers . . . on the one hand the overall results had been the increase in capacity and basically an over-supply — although I'd hate to use the term over-supply, because that implies that somehow there's too much potash. Well when you have countries of the world where they're not getting enough or can't afford to buy our potash, even though they need to and would like to buy it, I don't see it as an over-supply. The problems there lie in other ways.

But basically with the large capacity that was available and the demand, the small demand, potash producers were basically operating with that excess capacity, and the economic effects were basically that they were unable to cover their operating costs at the going transaction prices. And that is that, another way of saying that the mineral rents were less than the production costs, and the mineral rents at that time were determined solely by market mechanisms. That was found not to work.

But the reserve economically of capacity was that that same capacity of the Canadian industry, and particularly led by Saskatchewan, had by this time, this point in the late '60s, early '70s, given it the capacity, had given it itself the ability to impact mightily on market prices both in North America, but also on offshore.

The problem facing the governments, that is the Thatcher government and then the Blakeney government — because we're now at that transitional phase — based on the thesis that all governments in Saskatchewan have intervened in the potash industry in a major way, the problem then was to find a way to co-ordinate the independent . . . Dr. Olewiler identifies the problem this way.

And I just want to quote:

In particular, the power to regulate output through a system of quotas and the ability to regulate and raise revenues through the taxation was becoming more constrained. In light of this, as well as the fact the provincial government or agencies are not

taxable by the federal government, the province's next move was quite predictable.

But the problem that was faced in sort of economic terms was, quite simply: how does one co-ordinate when you have a series of producers operating in a primary product market to co-ordinate the independent oligopolistic behaviour of the Saskatchewan producers? In other words, how to avoid the mess that the potash industry created for itself in New Mexico so that it didn't repeat itself here in Saskatchewan.

That was the economic problem faced by those in government at the time who found it necessary, extremely necessary to regulate the potash industry in Saskatchewan. That is, at that particular time that problem was dealt with by, not the NDP, Mr. Speaker, because it was the Thatcher government who dealt with it. Because beside this province . . . of capacity . . . concurrently at the same time the potash producers in New Mexico were putting pressure on the United States government to restrict the import of Canadian potash.

As we saw earlier, those potash producers in New Mexico faced a much higher cost structure, both in terms of the direct extractive costs of the ores, but as well when you factor in the transportation costs. And faced with these higher costs, the reaction of the free enterprise potash industry was to turn to the government for help, as free enterprise generally do when their businesses get in trouble. And what they did, Mr. Speaker, what they did was they went to the United States government and asked that the United States government charge Canadian producers with dumping — that is, with putting potash on the American market at a cost which was lower than could be reasonably expected.

And of course what they did in making that charge was that they used their own higher price structure for particularly extractive cost structure in potash in New Mexico than is existent in Saskatchewan. And as I have shown earlier, there is a significant variance and a major competitive advantage that we enjoy here in Saskatchewan compared with the cost structure that is in place with the New Mexicans, with the United States potash . . . (inaudible) . . .

Now the result was that the Thatcher government, in order to avoid the challenge facing it in its primary American market, in consultation with those potash producers, most of whom were operating out of the Carlsbad, New Mexico area, that the Thatcher government in consultation with both the Saskatchewan producers, who as you saw seven out of 10 were American anyway, and with the governor of New Mexico sat down and intervened in the market in a way that was, I guess, most amazing when you look at the past history of the Liberal ideology. What was developed, Mr. Speaker, was the potash conservation regulations. And it was this particular regulation that, I would submit, was the very predecessor, it was the very predecessor of the Potash Corporation of Saskatchewan.

The reason I say that and the reason we're standing here today debating this is because in terms of the overall regulation of the potash industry it was that particular

regulation, that particular agreement that was signed with the New Mexicans which legitimated, and which legitimated for ever, the right of governments of Saskatchewan to intervene in the potash industry in ways that they said would be most favourable to the people of Saskatchewan.

Now at that point in time, New Democratic Party of Allan Blakeney and others argued that the agreement, the substance of the agreement reached with . . . or reached between New Mexicans and Saskatchewan, that the agreement was a bad deal for Saskatchewan. And I think that . . . and it was a bad deal.

I think that upon reflection that any member with a sense of decency would say, yes okay, they locked in the production quotas at a level which on the one hand allowed the New Mexican potash producers to operate at full capacity or near full capacity and hence lower their per unit cost of production and hence increase their profitability, and at the same time limited capacity in Saskatchewan, the ability of Saskatchewan mines to operate at much less than full capacity — 50 per cent, 55 per cent, etc. that kind of level, which made it then, if you like, or which unlevelled the playing-field.

Because what the American potash producers didn't like was that when they took the playing field, they found out that the players for the Canadian team were much bigger, much stronger, and much faster than their own players, so what they had to do was change the shape of the playing field and make sure that they had the referee in the back pocket.

And that's the political rhetoric which surrounds that. I'm sure the member from Qu'Appelle-Lumsden is familiar with that. He in fact is engaged in that kind of thing for a long, long time, and I don't know how much longer he'll be around to do it, but he understands the nature.

Because the onerous provisions of the production licence which arose from that agreement were based on these factors. And here we have the direct precursor of the Bill, Mr. Speaker, that the government introduced last year, but also the direct predecessor of the creation of the Potash Corporation of Saskatchewan. It set these licence factors at 40 per cent of the production capacity of each mine — that's in regards to the Canadian producer. It was based on the market demand for Saskatchewan potash, and it took into account the working stock and reserve requirements; as well, a floor price of \$33.75 per unit was also established. This was the famous prorationing scheme which people who remember back in the history of the province can remember very well.

Having introduced those factors, Mr. Speaker, into the potash industry, set the stage for and legitimized the government's ability to say, the potash industry's going to produce X amount of tons of potash, that this mine will produce this amount of potash, and that mine will produce that amount of potash, and it said it. It said, we'll take into account a number of factors, including your reserve requirements, and we will have the ability to set the price, the minimum price at which you can charge your customers in order to avoid the kind of cutthroat

competition which the potash producers in New Mexico were not able to deal with.

In other words, Mr. Speaker, there was *prima facie* evidence to suggest that both the Liberals and the New Democrats at that point in time agreed there was a need for government intervention in the economy, and particularly the Saskatchewan potash industry.

The results of that . . . Now what was the result of that government intervention in the economy? Was it as those who are blinded by the free enterprise ideology like to suggest, that every time a government gets involved in the economy things go to Hades in a hand-basket. No, that's not what happened in Saskatchewan when the Liberal government intervened in the potash company. In fact the opposite occurred; both the Saskatchewan and American potash producers appeared to have benefitted from the agreement, particularly compared to a regime and an environment which was unregulated.

On the one hand, we here in Saskatchewan benefitted by having the provincial government act as the co-ordinator and enforcer of co-operative behaviour within the industry. And I said this was a direct precursor to the role that PCS plays today, Mr. Speaker, that because the government at that time forced the industry to act in a co-operative manner and not according to the jungle laws of price cutting and undercutting which leads to nothing more than lay-offs and shut-downs and basically the kinds of capitalist anarchy that's well-known to unregulated markets.

What we had was a situation in which it was recognized that to benefit Saskatchewan people it was necessary to have the provincial government act as that co-ordinator and regulator.

Now at that time, and one of the differences between today's regime, at least the economic environment by which we operate and the economic environment that the Thatcher government was operating in — as the Minister of Finance of the province well knows — that the Thatcher government displayed little interest in determining the size of the dividends which were paid to Saskatchewan as a result of the activities of the foreign-dominated potash producers in Saskatchewan. They didn't really care what size of revenues would accrue to the public purse. And that is of course evidenced by the nature of the tax regime then in place and kept in place by the Thatcher government.

(1430)

What is not clear, Mr. Speaker, what is not clear to those who looked at the activities of the Thatcher government was this. Whether or not . . . whether the Thatcher government was afraid that an institution of a royalty structure which would be . . . (inaudible interjection) . . . I understand the member from Wilkie is chirping again from his seat.

What's not clear, Mr. Speaker, was whether or not the Thatcher government didn't introduce a tax regime beneficial to the people of Saskatchewan either because of the threat of trade restrictions from the United States, or

basically it made a decision that in order to rescue the potash producers operating in Saskatchewan from what they saw as an industry plagued by massive price deflation and a profit spiral downward, that it was more important to maintain a low royalty structure in order to motivate the producers to keep on producing here in the province of Saskatchewan.

Whatever, whatever the difference, whether it was that they didn't want to provoke a reaction by the U.S. government or in fact they wanted to maintain the profitability levels such as they were in the potash industry, the effect of this was basically the same. The intent was not necessarily that important.

The effect, of course, was, as I had made the case earlier, was to involve the government in enhancing the economic rents available to Saskatchewan producers, to the producers — not the people of Saskatchewan, but to the producers in Saskatchewan. And that's the big difference between yesterday and today in terms of the potash industry.

While measures that increased the price of potash were instituted on the consumption side, this was offset, in historical terms, by the increase in the sales of potash domestically. And it was a very, very small increase.

And I want to say, Mr. Speaker, that the identification of that particular economic problem lays in the fact of the nature of the ownership, which is the foreign ownership of those Saskatchewan potash producers. Those producers were able to benefit from the government regulation, but the people of Saskatchewan weren't, and they weren't because of the very nature of the foreign ownership.

Basically this meant that a large share of the producers' gains did not, as I said, accrue to Canadians. The stuff went out of the country. And because of the nature of the small number . . . of the nature of these large corporations, head offices beyond the borders of Saskatchewan, with the research and development beyond, of all those things that are normal activities of any corporation that were done beyond Saskatchewan, a very small share of any distributed profits that accrued would remain in the province unless there was, in fact, the introduction of that kind of royalty and price, that kind of dividend and royalty structure which was the next logical progression.

After the Thatcher government introduced government intervention in the potash industry in a large way, but refused to take the next step which was to deal with the question of taxes and royalties, it was left then to the Blakeney government, which was elected, as you well know, in 1971.

Now it was at that point in time that the first possible conflict, the first signs of conflict between the government, the newly elected government of the New Democratic Party led by Allan Blakeney, and the potash industry arose. That was in June of 1972.

What happened in June of 1972 was that the Blakeney government tightened, I guess is the best way, tightened the prorating regulations. And what they did besides

tightening the regulation, in other words to determine how much productive capacity could be generated out of each and every mine in the province and making sure that the Saskatchewan mines produced according to the prorating agreement, in fact a requirement which the Thatcher government didn't push and didn't press — and the member from Qu'Appelle-Lumsden, as a member of that, he can take that particular part of the blame — besides tightening up on the regulations to ensure that Saskatchewan production would be maintained at the level at which it was required, the Blakeney government also introduced a prorating fee of 60 cents per short ton.

Now I don't know what a short ton looks like, Mr. Speaker. I don't know whether it's . . . the difference between a short ton and a long ton in terms of a visual, but I know that 60 cents, based on the tonnage of capacity that Saskatchewan has, meant a fair sum of money to the treasury and to the coffers of the Government of Saskatchewan.

It was evident from the activities of the Thatcher government that they weren't so necessarily concerned with using the revenues which could be generated from potash in here in Saskatchewan. Anyway . . .

The Deputy Speaker: — Order, order. I'd like to keep it to one debate. I'd ask the members to allow the member for Regina Rosemont to continue without debate flowing across the floor between other members.

Mr. Lyons: — Thank you very much, Mr. Speaker. As I said, the effect, or was just about to say, the effect of the activities of the Blakeney government in tightening up the prorating agreement and instituting the royalty structure of 60 cents per short tonne was to effectively abrogate any existing long-term contracts then in existence in the province. And I say effectively abrogate. It's not the same as the legal abrogation, but in terms of, in reality, that's basically what happened. You see what happened was that no mine could then exceed its production quota, as per the prorating agreement, even to fill the long-term contracts that it had signed.

Now what happened? This wasn't general throughout the potash industry, I want to say that. What happened basically was this, is that there was one company in particular, the Central Canada Potash Company, which was affected by, was affected by this particular activity of the government. The Central Canada Potash Company, as we've seen, is a subsidiary of Noranda, which happens to be a Canadian company.

And it's very interesting, it's very interesting that because of this challenge by the potash producers to the rights of the Government of Saskatchewan in setting its royalties, as per an agreement which had been agreed to by all the producers of potash — with the exception, I might say, with this exception — that the affect was that the Potash Corporation, the Central Canada Potash, excuse me, Central Canada Potash was unable to fulfil its long-term . . .

The Deputy Speaker: — Order. I'd ask the members not to engage in debate across the floor when the member

from Regina Rosemont has the floor. I've asked members before, and I will ask them again to allow the member for Regina Rosemont to make his comments. I'd ask the member from P.A.-Duck Lake to also not to be speaking when the Speaker's on his feet.

Mr. Lautermilch: — I apologize, Mr. Deputy Speaker.

Mr. Lyons: — Thank you very much, Mr. Deputy Speaker.

As I said, to recap, Central Canada Potash, 49 per cent owned by an American firm in Chicago had . . . Let's put the scenario this way. With the introduction of the proration agreement, the mines had been limited to a certain percentage of their productive capacity, which is 40 per cent of their productive capacity. When a mine exceeded the prorationing agreement, it had an effect on all the other mines in the province, which is why the argument for the central co-ordinator, the government as a central co-ordinator of the potash industry from this province.

Because Central Canada Potash refused to go along with the prorationing agreements and attempted, in fact, to skirt the prorationing agreement by signing a long-term contract with a company called CF Industries of Chicago, which by coincidence happen to own 49 per cent of Central Canada Potash, Central Canada Potash, owned 49 per cent by CF Industry, entered into this long-term arrangement which in fact abrogated or broke the prorationing productive guide-lines.

To fulfil then, after the production quotas were strictly enforced, to fulfil the contract, that is the contract to CF Industries of Chicago, Central Canada Potash was by necessity required to turn to the other potash producers in the province to obtain product. In other words, Central Canada Potash had to buy potash from other people in order to feed its parent company — well partly one of the spouses of this parent company.

What is interesting is that at this point in time, in 1972, only Central Canada Potash was perturbed by the tightening up of the prorationing regulations. And as we shall see in just a few minutes, Mr. Speaker, this activity of Central Canada Potash was in fact the trigger which forced the Government of Saskatchewan to act in the manner that it did.

You see, the government, by cracking down on the . . . by clamping down on the productive capacity of each of the mines and the ability to produce at each of the mines, what it did, what it did was then begin to raise the price structure so that Central Canada Potash had to go outside its own reserves and own resources to develop, to fulfil its contractual obligations by buying potash from the other companies. What it did was then begin to raise the price of potash domestically for the domestic North American market, and of course the other potash producers were certainly not adverse to having the prices of their product raised.

So there was no activity, at least none so far as was able and visible to the government at the time by the other potash producers in regards to its reaction to these

tightening up of the prorationing regulations. The same cannot be said, however, in regards to the prorationing fee of 60 cents per short ton. Because here's where the bear went out in the buckwheat. And they went out there because it was affecting the profitability. As the price of potash began to rise because of the tightening up of the prorationing agreement, so did the profit levels of the other potash producers in Saskatchewan.

As those profit levels began to rise, the Government of Saskatchewan said, we have the right, and the people of Saskatchewan are entitled to benefit from those years in which the government guaranteed low royalty structures — guaranteed, and in the case of two mines until 1981 — that we've got the right to be able to develop our resources for our people, and that means that we've got to raise revenue from potash and introduce that fee.

(1445)

Now what happened? When the fee was introduced, Central Canada Potash, which had never agreed to the prorationing agreement in the first place, and which had challenged the government, although not in the courts at that time on the enforcement of the prorationing agreement, Central Canada Potash set in motion a series of legal and political activities which in effect gave challenge to the right of the Government of Saskatchewan to control the potash industry for the benefit of the people of Saskatchewan.

First of all, they launched a series of legal manoeuvres in July of 1972 which resulted in the challenge to the prorationing allocation system, then they launched a court action that dealt with the constitutionality of prorationing itself. In other words, Central Canada Potash, and which, to its credit, had always maintained its central position . . .

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

Hon. Mrs. Smith: — Point of order, Mr. Speaker. I believe that the argument that the hon. member is putting forth on the prorationing and the court case have been used extensively by other members in this House, and I would ask you to consider that.

Mr. Kowalsky: — Mr. Speaker, I would like to speak to the point of order. I've been listening to the member, Mr. Speaker, and the member is creating a completely new argument. True, that there are some parts of old arguments that come into the argument. You have to do that to make the reference. But if you've been listening carefully to the member's argument over all this afternoon, you will have found that he will have been making an argument that nobody else has made.

The Deputy Speaker: — The point of order is well taken. I believe that the member has gone over ground that has already been covered many times, and certainly many different arguments have been made with the same points used, so I would ask the member to try and break some new ground and bring that into the debate.

Mr. Lyons: — Well thank you very much, Mr. Speaker. I quite frankly, not to challenge your ruling, I just quite

frankly think that the argument I'm putting forward is basically new in this sense, and in terms of dealing with an economic decision that was made based on conjunctural political factors, but I . . . the facts of the matter are the facts of the matter. There was a constitutional court case launched. I mean, I can't help if history . . .

The Deputy Speaker: — Order. Certainly it has been brought into debate many times about what was done back in the '60s and early '70s in the potash corporation. But the Bill before the House is an Act respecting the reorganization of the Potash Corporation of Saskatchewan, and — order — the arguments have certainly been used many, many times, and I would ask the member to bring some new issues into debate.

Mr. Lyons: — Thank you very much, Mr. Speaker. I appreciate your ruling. The notion of the economic division of powers and its constitutionality as regards the creation of economic decision making which led to the formation of the Potash Corporation of Saskatchewan, I think is relevant in terms, particularly in terms of the economic argument that I've been making. Because the simple facts of the matter are that without that kind of constitutionality, the history and the challenge, you will not have seen the creation of the Potash Corporation of Saskatchewan. Although, I suggest, and what argument that I'm making, which is the new argument, and very distinct from any argument that has been made heretofore, is that there was an inescapable logic to the decisions that were made based on underlying economic assumption. That is, that the factors which I have dealt with in the first several hours of my speech, those regarding price elasticity, and demand elasticity, are what we're discussing are the — if you like, the symptoms. They are the superstructure of the basic economic argument.

I find that in order to develop the economic argument, that at some point in time I have to make reference to what happened in terms of the constitutional history. I'll be brief, however, because as you said they have been referred to. I have no doubt that these facts have been referred to.

I think, however, in dealing with this particular argument I can't recall a detailed explanation of the history, particularly in regards to the November 1973 occurrences. And as you may not be aware, in November of 1973 the federal government for the first time in the history of Canada challenged and launched a challenge to the economic ability of a province to maintain its control over resource revenue.

That in itself, Mr. Speaker, speaks volumes as to the uniqueness of the activities of both the Liberal and the New Democratic administration in the creation of a potash . . . of putting together that set of factors which led inevitably to the creation of the Potash Corporation of Saskatchewan.

Because the Government of Canada, led by Pierre Elliott Trudeau at the time, challenged not singularly, or of itself, the province's ability to regulate its resource revenue, and in this case the potash industry in Saskatchewan, but it

joined another potash producer, in this case Central Canada Potash, as a co-plaintiff.

I think that's interesting, not only interesting, very telling of the kind of pressures that were being put on the Government of Saskatchewan at the time by a federal Liberal government working hand in glove with the potash industry. The reason being, and once again I ask the question to the members opposite, that when Peter E. Trudeau, Pierre Trudeau, comes trying to pick your pocket, what are you going to do? Are you going to roll over or are you going to stand up to them? That's the political challenge that was faced.

The economic challenge, of course, was a massive, a massive reaction on the behalf of not only the Government of Saskatchewan, an NDP government, but also by a Conservative government in Alberta who realized that what was happening was a massive challenge to the ability to use resource revenue to the benefit of the people of Saskatchewan.

Now with the challenge, Mr. Speaker, at the same time and somewhat conjuncturally, although I think that it's definitely as a result of the kind of manoeuvres and the kind of tightening up of the prorationing agreement that the Blakeney government did, you began to see a recovery in potash prices. And you also began to see, of course, a recovery, hand in hand with that of the profits which would accrue to the producers of potash.

Because there was that development of the price rise — and the price rise, I won't get into the statistics here because they've been dealt with before and I have no intention of being repetitive, Mr. Speaker — but basically what happened was, is that because of the rise in prices as a result of those measures introduced by the Blakeney government, the government itself said, we have the right to take more of our potash revenue and return it to the people of the province. So they doubled the prorationing fee from 60 cents a short ton to \$1.70 a short ton in October of 1973.

What is interesting in this, Mr. Speaker, is that when prices began to recover, the Government of Saskatchewan, at that time an NDP government, made a policy decision which extended beyond the policy decisions which had been made by the previous government. The previous governments had made policy decisions which would in effect stabilize the potash industry in the province. Now we see the government moving beyond the question of stability for the industry, for the producers, into the question of economic stability for the people who owned the resource, the people of Saskatchewan.

Now there is an environment that was created through this, as I said, at the increase of the \$1.20 per short tonne. What happened then was this. Those governments said, those producers then said, wait a minute now; we don't think you've got the right. Whereupon it was at one time just Central Canada Potash, the rest of the industry responded by saying, whoa, wait a minute; we don't think you've got the right to be able to develop those prorationing fees.

The potash producers went on a capital strike, Mr. Speaker. In essence, that's what happened. They said, no, we do not grant the right of the Government of Saskatchewan to be able to collect our excess profits, our massive profits that we're developing through the price rise instituted by that same government.

And in response to the activities then of the potash industry, the government began exploring alternative policy tools — I guess is one way of looking at it — for accomplishing the goal which was of maximizing the economic rent from Saskatchewan as well as ensuring the distribution of a significant share of these profits went back to the provincial treasury.

That takes up to 1974 and the introduction of several new policies in the potash industry. Because once again I want to emphasize, Mr. Speaker, that these policies were not taken in any kind of isolation just out of some kind of will or decision of the government; these were taken in the context of the government; these were taken in the context of rising world prices, as I've shown, that rose from 1973 up till 1981, and faced with a government which said, we own the potash industry, that the people of Saskatchewan own those natural resources and have the right to those.

So what happened? In '74 the provincial government did a number of things. First of all, it wanted to alter the existing tax structure on the industry, and in doing so, in order to develop a tax, an alternative tax structure which would be fair both to Saskatchewan and the people of Saskatchewan on the one hand — that's the one hand — on the other hand would be fair to the producers.

Because don't forget, there was that agreement in place guaranteeing low royalty structure for some producers till '67; others till '81. Seventy-four, excuse me, and others till '81. Seventy-four, excuse me, and others till '81. That date of 1974 is significant in that economic context, that having guaranteed them. And to those producers who the agreement ran out in '74, the government said, okay, that agreement's over; now let's look at a realistic tax structure which will accrue the maximum benefits to us and at the same time guarantee a fair return on the investment of the producers which fell under the '74 agreement — the agreement.

Now, Mr. Speaker, that would seem to be a reasonable and rational approach to take. I mean, that was a rational approach. The government had said earlier on in its election leading up to 1971, the people of Saskatchewan have the right to the resources and to the development of the resources.

In '74 the agreement expired. The government said, we're going to renegotiate a new agreement because the people have the right to the resources. We're going to develop a new alternative tax structure.

But what was reasonable to the people of the province, and resulted in the re-election of the Blakeney government, was not reasonable to the potash industry executives in Chicago and other places who said, now, we are now making super profits here in Saskatchewan and we don't want you to touch them. So the government said, look, we want to take a look at your books; we want to look at a number of items about the potash producers'

cost structure. They just didn't want to do it out of a whim. They wanted to look at the cost structure based on the cost per tonne in order to provide a reasonable taxation structure that everybody could live with.

Now I think it would be fair to say that the industry did not co-operate with that endeavour for a number of reasons. One, I think it was probably uncertain, and I'm going to give the industry, based on statements that it has made in the past, give it every benefit of the doubt. One, it was probably uncertain as to the true objectives of the government.

(1500)

Secondly, I think the industry, and partly because of its background, I think the industry quite frankly was worried about the underlying agenda of the government. I think that that's probably a fair statement to make, and I think that at that point in time that resulted in certain ways of reacting which led directly to the creation of the Potash Corporation of Saskatchewan.

Because the industry had said, wait a minute, we don't know what's going on, and because the industry is dominated by Americans who have this blind ideological distrust of government interventions in the economy — heaven knows why, given the structure of the United States industry itself. Everywhere from its airlines and shipping to railways and manufacturing facilities there's government involvement, particularly in the distribution industry. But I think it's fair to say that to grant the industry its due, that it would not co-operate for those.

And I also think that it would be fair to say that as Dr. Olewiler has said that "a mutual distressful and hostile environment developed between the governments and the industry."

In 1974 the province announced a new tax on potash, and it was a unilateral tax introduced because the potash producers in Saskatchewan, those foreign-owned potash producers, wouldn't respect the rule of law in this province and wouldn't respect a co-operative approach made to it by the government of the day.

And if members need any kind of flavour of understanding to that debate, I will be willing to, at a future day, bring to this House correspondence and memos between former premier Blakeney and some of the potash corporations because it gives you the kind of tone that the potash producers took with the legally and duly elected Government of Saskatchewan, a tone which said, we own the potash and we're going to run it, and you guys can't say anything about it. I'm not trying to exaggerate, but that's basically what some — not all, but some of the players in the potash industry took at the time.

The potash industry reserves tax was designed, unfortunately so, but a design none the less without a lot of key information from the industry. That industry had its opportunity to make an input into the design of that tax structure, a fair royalty and tax structure, and it refused to do so.

Mr. Speaker, we're now getting into, if you like, some

condensed historical events, which leads directly to the creation of the Potash Corporation of Saskatchewan and hence to the debate that we're having here today. I've got a lot more I'd like to say, but in doing so, what I would like to do is adjourn debate on this motion and adjourn the debate for a future day.

The division bells rang from 3:04 p.m. until 3:10 p.m.

Motion negated on the following recorded division.

Yeas — 14

Rolfes	Lingenfelter
Koskie	Brockelbank
Mitchell	Simard
Kowalsky	Atkinson
Goulet	Hagel
Lyons	Lautermilch
Smart	Martens

Nays — 31

Muller	McLeod
Andrew	Lane
Taylor	Smith
Swan	Muirhead
Maxwell	Schmidt
Hodgins	Gerich
Hepworth	Klein
Meiklejohn	Martin
Toth	Sauder
Johnson	McLaren
Hopfner	Petersen
Swenson	Baker
Wolfe	Gleim
Neudorf	Gardner
Kopelchuk	Saxinger
Britton	

Some Hon. Members: Hear, hear!

Mr. Lyons: — Thank you very much, Mr. Speaker. Thank you very much. I want to say first of all, Mr. Speaker, how happy I am that I've got support for this particular motion on both sides of the House.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Thank you very much, Mr. Speaker. Thank you very much. I want to say first of all, Mr. Speaker, how happy I am that I've got support for this particular motion on both sides of the House.

Some Hon. Members: Hear, hear!

Mr. Lyons: — And that at least in one heart a little notion of fairness still beats on the Tory side.

However, I'm a little disappointed in the outcome of the results, of course. I think that it would have provided the government a chance to reassess its position in regards to the potash debate and would have allowed them . . . would have allowed all people in Saskatchewan to go on to do some business which is important to them and not to the right-wing privatization agenda of the Conservative government that we're seeing here today.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Be that as it may, Mr. Speaker, I'm quite

prepared to continue on.

In regards to the potash reserve tax, the PRT, which I had spoken about, I think that one can deal with the creation of the tax and the development of that tax in greater detail, and I want to refer members to some of the background information, if they so wish, to deal with it.

That is by a number of papers by D. Anderson, one written in 1981 called "The Role of Mineral Taxation in Industry-Government Conflict: The Case of the Saskatchewan Potash Reserve Tax." And again that's produced by the Centre for Resource Studies at Queen's University — same Queen's University that deals with a number of papers that I've been dealing with in the potash industry.

Secondly, there's the Saskatchewan Potash Industry: Alternative Strategies for Future Development, put forward by the Economic Council of Canada as a discussion paper; and by the Market Power and the Saskatchewan Potash Industry — Canadian Public Policy; and the Interprovincial Competition and the Canadian Potash Industry, the CIM bulletin of 1978, produced in 1985.

(1515)

Anyway, be that as it may, that for members who are interested in that part of the real history, the economic history of Saskatchewan, I don't intend to deal with every event leading up to the introduction of the potash reserve tax. Basically it's sufficient to say that in principle the potash reserve tax was designed to overcome the constitutional difficulties to which I earlier referred; that is, that a provincial government faced with levying taxes on an industry which sells its products outside provincial jurisdictions — and of course that raises the whole issue that the federal government raised.

The government of Pierre Trudeau attacked Saskatchewan and attacked the notion of the province's ability to control the taxation on the one hand, by saying that because the products were sold overseas and the federal government was the sole legitimate constitutional authority to regulate overseas trade and out-of-country investment and trade, that it had the right to in fact determine the rate structure. That's a simplification of the issue, but that's what it boiled down to in a nutshell.

Basically under the British North America Act, which was in effect, the federal government had jurisdictions over a matter of interprovincial and international trade, and it claimed for itself the exclusive right to levy indirect taxes because this is a question of the indirect taxes structure. That was the position of the federal government at the time. On the other hand, the provinces argued, and Saskatchewan among them, but other provinces joined that particular debate, in fact from all the way from Alberta to Nova Scotia.

The provinces had the authority to raise revenues — in this case, in terms of potash revenues — from industries which were regulated internally within the provincial jurisdiction, and that they could levy direct taxes on those resource-based industries, as by the way, could the

federal government. The province wasn't challenging the federal government's right to levy direct taxation, but was challenging in fact the federal government's right for indirect taxation.

But — and this is important, and this is important particularly in regards to the Crown-owned Potash Corporation of Saskatchewan — neither government, as established legally and constitutionally, could impose taxes on the agencies of each other. In other words, the federal government, as you know, all members of the House know, the federal government cannot tax the provincial government, and the provincial government cannot tax the federal government or of its agencies, and the agencies include a Crown-owned corporation, in this case Potash Corporation of Saskatchewan.

Now one of the major issues in the development of the economic rationale for the creation of the Potash Corporation of Saskatchewan — and I say the economic rationale, not the political, but the economic — was that as I had outlined earlier in regards to cost of production figures and the role that cost of production figures play in giving Saskatchewan a comparative advantage. The fact that potash remains a Crown-owned resource, not subject to indirect federal taxation, allowed it to maintain its position, competitive position, vis-à-vis potash producers in Saskatchewan.

And as I said earlier, in 1974 the Blakeney government began to explore policy alternatives in regards to the potash industry. What happened was that for economic reasons — not as the members would suggest, ideological reasons — but for sound economic reasons in order to maintain Saskatchewan's comparative advantage relative both to the private sector in Saskatchewan as well as to other sector producers in North America, that they would utilize those revenues, or utilize that tax structure to ensure that the cost of production would make it favourable to produce revenues for the people of Saskatchewan.

So while it was a constitutional argument, if you like, the basis of that constitutional argument was, as I submit and have been saying for some hours and I think without any fear of challenge by the members opposite, that ultimately this boiled down to a question of straight economics for the development of potash in the province, an objective agreed to by all political parties in Saskatchewan.

One of the major issues in the discussion of the division of economic powers — because that's what we're basically dealing with; it's a division of economic powers — that led directly to the creation of the instrument to act as the oligopolistic co-ordinator of potash production in Saskatchewan was the fact that neither government could tax indirectly the creations of each other, or could levy taxes on each other. In other words, the federal government couldn't raid the treasury of Saskatchewan by taxing the Potash Corporation of Saskatchewan.

Now one of the arguments I've made, Mr. Speaker, is that tampering with that formula, which the present government is proposing to do by privatizing Potash Corporation of Saskatchewan, endangers, I would

submit, lays bare the possibility that the Government of Canada, the federal government, can achieve by the stupidity, if you like, of an economic decision — that is, the privatization of PCS — what they couldn't get constitutionally through the courts; that by taking the flagship of the potash industry in North America out of the public sector and exposing it to private share equity, that what will happen is that the federal government will be able to impose its taxation regime on the potash industry in Saskatchewan, and reduce what comparative advantage Saskatchewan potash producers have been able to achieve, in particular the Potash Corporation of Saskatchewan.

Because since the time that this debate first arose in the province in the mid-1970s, we have seen the introduction of a new constitution in Canada, and that new constitution confers rights or enshrines distinct rights which were not part of the constitutional challenge and could not have been part of the constitutional challenge that was launched by Central Canada Potash and the federal government back in the mid-70s.

And it is that aspect I think ultimately, that aspect and the one in relation to the free trade agreement that worries me most of all, given the nature of the federal government's seemingly insatiable desire to raise tax revenues. We've seen the move towards a national sales tax. Well does this government not think that the Mulroney government in Ottawa is going to see this cash cow here and attack the Potash Corporation of Saskatchewan or a privatized version of the Potash Corporation of Saskatchewan?

I think that is an issue that has been raised for the first time in this legislature, but it's an issue which the government has refused to address. They have not answered in Bill 20, they have not answered in this piece of legislation any concerns as regards the right of the federal government to rob the treasury of a privatized Potash Corporation of Saskatchewan.

And that is particularly important if we want to get ourselves out of the economic morass which this government has led us into, because if in fact the federal government has the right and ability, or if it can be established under the new constitutional arrangements that the federal government has that right, then our ability to control the resource revenue turns the clock back to the days of Thatcher — turns the clock back to the days of Thatcher — into that dark economic morass that we found ourselves in the first place in regards to the potash industry, in the development.

What is even more worrisome, Mr. Speaker, is that with the upturn in potash, upturn relative to the cyclical bottom that we've gone through, and with the relative upturn and the prospects of a continued upturn in commodity prices, that this could end up costing the people of Saskatchewan untold billions of dollars in lost revenue — the untold billions which can fund, as other members have talked about, the social programs, whether it's education, health, or what have you.

Because what happened is, based on the history, that the economic boom in commodities which occurred during the '70s produced, first of all, massive regional economic

disparities. In Saskatchewan the increase in the price of potash and of oil, uranium, other commodities, agricultural commodities included, made us a have province and provided a resource base which was able to be tapped for the benefit of us all, and which in fact built up a fence that kept the federal government to some extent out of that taxation. That was the Potash Corporation of Saskatchewan as a Crown entity.

And it developed into this regional disparity based on resource development or inequalities and uneven development in terms of resource bases as between provinces, resulted in the kind of tremendous constitutional conflict that we saw which characterized the political landscape of the 1970s.

There is nothing, there is nothing, Mr. Speaker, that guarantees that that kind of constitutional power grab by the federal government will not occur in the future, when and if you see the same type of boom in the resource sectors of our economy, whether it's agriculture, whether it's potash, oil, or uranium.

That's what happened. The federal government saw an easy method of raising revenue. They will see this move to privatize the Potash Corporation of Saskatchewan as another easy method of raising revenue from the provinces. But I don't know, this government doesn't seem to care that that is an issue that is before us.

An Hon. Member: — And they don't want to learn.

Mr. Lyons: — They don't want to learn from history, as the hon. member says, they don't want to learn from history. And those who do not learn from history are doomed to repeat it.

Some Hon. Members: Hear, hear!

Mr. Lyons: — The first time as tragedy and the second time as farce, Mr. Speaker, the second time as farce. And that's the kind of situation we're going to find ourselves in, a farcical repeat of the power grab of the '70s.

Now having said that, let's just return for a minute to those days, because it was in that particular aspect and that particular atmosphere and that particular environment of a booming resource economy that Saskatchewan moved to extract the maximum rents from its mineral resources.

(1530)

The potash reserves tax was the vehicle by which the Government of Saskatchewan had hoped to achieve its revenue objective without being declared unconstitutional, as it feared the prorationing and fees and policy would be. There was no doubt in anybody's mind that the Blakeney government feared that the prorationing policy instituted by the Thatcher government would be declared unconstitutional, and would also have as a side bar to that, be dealt with in a manner which would not be good to Saskatchewan by the U.S. Department of Commerce. In the sense that it was the creation of a cartel. And subsequent events have proven that fear to be entirely reasonable and entirely with foundation. So in trying to move away from

prorationing into the PRT, the potash reserve tax, the province hoped to argue that the potash reserve tax would be seen as a type of property tax, and thus as . . .

The Speaker: — Order, order. Why is the member from Pelly on his feet?

Mr. Gardner: — Mr. Speaker, with leave of the Assembly I'd like to take the opportunity to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Gardner: — Thank you, Mr. Speaker, and thank you to the member from Regina for letting me interrupt his speech to introduce some guests this afternoon. Mr. Speaker, to you, and through you to members of the Assembly, in your Speaker's gallery we have seated this afternoon some 28 or 29 students, I believe, who are presently attending summer camp out at Fort Qu'Appelle. It's the Saskatchewan Orthodox youth camp, and with them are Father Dennis Pihach, Father Bernard Funk; counsellors, Rim Hawrysh, Cheryl, I believe, it's Ursu and Ivan Youchezin. And also along with them one more counsellor is Stephanie Bodnaryk, who also happens to be my constituency secretary.

I would like to welcome all these people to the legislature this afternoon and I hope you enjoy your camp and your trip to Regina and your tour and your time here in the legislature with us this afternoon, and I hope the rest of your camp goes good and that you have a good trip back home. And thank you for being with us.

Hon. Members: — Hear, hear!

Mr. Hagel: — Mr. Speaker, I would like to join with the member from Pelly, members on this side to also say welcome to the young people and counsellors who are here to sit in for a moment in the Legislative Assembly of Saskatchewan.

Mr. Speaker, it's always nice to see young people develop an appreciation for the fact that these chambers, even though they're not yet old enough to be electors, that these are their chambers as well, and that the business that goes in this House is business that is always open to them as well as to those who are adults of course.

Those of us on this side as well wish you a very, very enjoyable experience at summer camp, and we're very pleased to see you stop by the Legislative Assembly on your visit to Regina here as well. Have a really nice summer and a good year when you get back to school in the fall.

Hon. Members: — Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

Bill No. 20 (continued)

Mr. Lyons: — Thank you very much, Mr. Speaker. I too

just want to add my words of welcome to the guests here in the gallery and welcome them, hoping they have a good summer out at summer camp.

Now as I was saying, Mr. Speaker, that the aim of the potash reserve tax was to be seen as a tax which had similarities to a property tax, and thus operative within provincial jurisdiction. Unfortunately, the potash corporations, those foreign-dominated producers which at that time were existent in Saskatchewan and dominated this industry here in the province, saw the tax as a confiscation of their profits tax. And they unfortunately launched another legal challenge, and unfortunate because the reaction of the potash industry is one which is not to be seen as having a great record in regards to its ability to work with the legally representative people of the province of Saskatchewan until the Potash Corporation of Saskatchewan was formed.

And then at that point in time, the potash industry producers, the foreign producers, realized that it was either play ball with the government, play ball with the people of Saskatchewan, or pack up their gloves and go home, and others would, in fact, and have at that particular field.

Besides the introduction of the PRT, Mr. Speaker, and the potash reserve tax was a policy which was introduced which made it mandatory that there by government participation, public participation in the sense of real public participation representing each and every person in Saskatchewan in new mines.

And I wonder, Mr. Speaker, as I roll that fact over, what the attitude of the members opposite would have been when the Government of Saskatchewan said there shall be public participation, real public participation in all new mines developed in the province of Saskatchewan. We know what the attitude of the member for Qu'Appelle-Lumsden was. He opposed it. He thought — and his speeches and an examination of his speeches at the time certainly bear it out — he thought that there was no room for any real public participation in the potash industry in Saskatchewan. He said that there couldn't be public participation because the public wasn't smart enough to run the potash industry. The member from Qu'Appelle-Lumsden says, no, the people of Saskatchewan can't get involved in the potash industry because the only people capable of running the potash industry in Saskatchewan were the foreign potash producers.

That's the attitude and that were the statements of the member, the Progressive Conservative — or at that time Liberal — member from Qu'Appelle-Lumsden. He said that the people of Saskatchewan shouldn't benefit from the potash industry, despite the fact that it is owned by the people of Saskatchewan, constitutionally those reserves, and he said they shouldn't benefit from it. He said it then, and Mr. Speaker, I've got to grant it to that member, he's saying it here today.

He's trying to deny, by the introduction of this Bill 20, the right of the people of Saskatchewan to control their potash. That's the attitude that I believe, Mr. Speaker, that

all members on that side of the House would have taken in 1974 when the first real public participation of the potash industry was introduced.

And, Mr. Speaker, as a consequence of that law being passed, the Potash Corporation of Saskatchewan was set up in 1975. Now the government likes to make out that the setting up of the Potash Corporation of Saskatchewan was somehow an anomaly in the development of potash in Saskatchewan; that somehow that it's because of the NDP's ideology that their belief that public ownership is superior to foreign domination of the potash industry; that somehow this is an anomaly in terms of the history of the potash industry in this province.

And I think, Mr. Speaker, that I've shown here today and as well as speaking last night, that in fact an interventionist policy by any government of any political stripe, including this government itself, is not only not an anomaly but in fact is traditional practice because of the structure and nature of the potash industry in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lyons: — The formation . . . and I want to say, Mr. Speaker, that the formation of the Potash Corporation of Saskatchewan in 1975 at the time was seen not as a method of acquiring the mines that were then developed in Saskatchewan, but were seen as nothing more than the logical consequence and the logical extension of an interventionist policy which had been followed since before 1962 by the NDP and by the Liberal governments and by the CCF governments of the time.

Now that was the actual history of the PCS. It was not seen to be a mining company per se when it was first set up, but as a method of guaranteeing public participation in the mining industry in Saskatchewan.

Now what happened? As the potash markets recovered in 1974, and remember, we've gone through the analysis of the cyclical nature — the big cycle up and the big cycle down, and then we're back into the second cycle here. In 1974 the government removed the prorationing quotas which were introduced by the Thatcher government, and also removed the floor price, which, if you will remember, was set at 33.75 and contained in the potash conservation regulations. In its essence, the potash conservation regulations were done away with, in reality. What of course this did was send a further signal to the industry that the government had launched a new policy in regard to policy.

Late in the year, late 1974, in December however, the federal government threw another monkey wrench into what was by then developing a fairly clear policy. The Trudeau government, which judging from the activities of the members today, they would have supported at the time, they would have supported the Liberal policy of turning Saskatchewan potash over to the federal government and others.

An Hon. Member: — Some of them were Liberals at the time.

Mr. Lyons: — Some of them were, as the member from Prince Albert-Duck Lake points out, were Liberals at the time, including the present Finance minister. And of course he would have supported the government of Trudeau, and he carried that line all the way down. Anyway, be that as it may.

The federal government at that time, in late '74, said that it would no longer allow mining companies to deduct provincial royalty as a cost in calculating taxable income. Now this move was not particular to the potash industry in Saskatchewan; this was part of a larger move by the federal government over the federal-provincial conflict which existed at that time in regards to revenue sharing in the resource industry.

But as it affected the Potash Corporation of Saskatchewan and the potash industry here in the province, the non-taxable status of provincial Crown corporations under the British North America Act opened the way, opened the door for the provinces to nullify the deleterious effects of this policy.

In 1975 we saw a series of court actions launched because of the activities of the federal government, court actions which would have restricted the ability of the province to regulate the potash industry. In May of 1975, and these dates are important for reasons, because you saw in 1975 the creation of the potash industry, the Potash Corporation of Saskatchewan occurred.

The direct thing which led to it was the events of May 1975, in which the provincial prorationing policy was ruled *ultra vires* by the Saskatchewan Court of Queen's Bench. And the component — that part of the prorationing policy which was found to be outside the jurisdiction of a province to enter into — was to be seen as the . . . was the setting of the floor price and the ability of the province to set a floor price, because it, in the opinion of the Court of Queen's Bench at the time, interfered with interprovincial and of course international trade, powers which were regulated by the federal government.

This ruling by the Court of Queen's Bench in Saskatchewan basically gave credence to the federal government and the power grab and the resource grab by the Liberal government of Pierre Elliott Trudeau — a position which was endorsed by the Minister of Finance who supports the present Minister of Finance who supports the present Minister of Finance here in Saskatchewan, who once again wants to turn over the potash corporation to interests other than the people of Saskatchewan.

(1545)

We know what position he would have taken. I don't know what position other members would have taken, but when they vote to sell off the assets of the Potash Corporation of Saskatchewan, it will be clear to us then that the same kind of Liberal, Tory right-wing ideology puts the interests of Saskatchewan people second and their own narrow, partisan political interests first. We'll be able to tell if and when this Bill ever comes to a vote, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Because it will confirm once again that instead of siding for Saskatchewan, instead of standing up for the interests of the people, this government has only one intention and that is to stand up for the interests of its foreign-dominated corporation friends, those foreigners who used to dominate the potash industry in Saskatchewan.

Now what happened? The quotas that were part of the prorationing agreement were not seen as outside the provincial powers to manage and regulate and conserve the natural resources residing on a provincial Crown land. So we won a little bit and lost a lot at the court level.

What was interesting is that the link between the quotas and the prices, that is the setting of the Floor prices, wasn't recognized by the Court of Queen's Bench. In 1975, June of that year, and '75 is the pivotal year, the potash reserve tax was challenged in court by all of the Saskatchewan producers except CCP, except Central Canada Potash . . .

An Hon. Member: — And were these all private sector foreign-owned?

Mr. Lyons: — These were all private sector foreign-owned potash companies.

An Hon. Member: — You mean foreign-owned like foreign ownership of the Bill?

Mr. Lyons: — Exactly.

An Hon. Member: — Oh, the same foreign ownership.

Mr. Lyons: — The same kind of . . .

The Deputy Speaker: — Order, order. Would the member from Moose Jaw North please allow the member from Regina Rosemont to continue his debate without interference.

Mr. Lyons: — Thank you very much, Mr. Speaker. I certainly appreciate the comments of the member from Moose Jaw North, because once again history is relevant and has proven where those free enterprisers stand when it comes to who's going to control the natural resources of the people of Saskatchewan. Is it going to be the people of Saskatchewan or is it going to be foreign interest as they did in the potash industry, as the Liberals and the quasi-Liberals and the quasi-Tories, who now sit and occupy the benches of the government, stood cheek to cheek, shoulder to shoulder, and jowl to jowl, hand to hand, with the foreign potash industry, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lyons: — That's the record, that's the historical record of what happened in Saskatchewan to create the potash corporation; has separated your party, has separated your ideology from our party, from our ideology; has separated you from the people of Saskatchewan. Because, Mr. Speaker, we on this side of the House say now, and will say come the next election, just as the foreign potash corporations may have gotten their way by utilizing the court system, the federal and

provincial court system in 1975, but just as the people of Saskatchewan got their way in saying that the potash resources belonged to us and we will utilize those potash resources for our benefit.

Just as the Blakeney government in 1975 had the courage to go ahead and saw, we stand with the people of Saskatchewan, not with the foreign potash companies, we too in 1989 or 1990, whenever the government gets the political intestinal fortitude to go and put this issue before the people, we say clearly, we stand with the people of Saskatchewan. We stand behind the notion that the potash industry and the potash resources of Saskatchewan belong to us all, not to a few, not to the wealthy, not to the powerful. And we say, Mr. Speaker, to you and to this government, the potash resources of Saskatchewan, after the election of a Roy Romanow New Democratic government, will remain, will remain, will remain, remain in the hands of the people of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Free trade agreement or no free trade agreement, we have the constitutional right; we, the people of the province, have the constitutional right to control our potash destiny, and we will take that in our hands. So let this be a warning, let this be seen as a warning to the potash industry which gained and curried the favour of the government opposite, and through its influence and through its political backing and through its monetary backing have got a Bill coming to us which will turn the potash resources of Saskatchewan back over to it.

What we say to it is this. The same reasoning which applied to the construction of the Potash Corporation of Saskatchewan in the first place will apply in any future New Democratic government. Because as all governments in Saskatchewan recognize that it is the right of government to intervene in the potash industry to maximize benefits to Saskatchewan, we will use whatever vehicle is necessary to ensure that the policy objective is met, is met in a way which benefits the people of Saskatchewan, not the foreign potash producers, the foreign-dominated corporations which produce potash in Saskatchewan, which will end up, which will end up, Mr. Speaker, which will end up owning the Potash Corporation of Saskatchewan once again should this Bill ever pass this legislature.

That's the issue, that's the issue as outlined by our leader, the member from Saskatoon Riversdale, that the issue is one of for whom the Potash Corporation of Saskatchewan and its asset benefits.

And we've made that choice. We made that choice when in 1975 Pierre Elliott Trudeau and the foreign potash corporations aligned themselves with the quasi-Liberals, quasi-Tories which are now occupying government benches here in Saskatchewan lined up on one side, and the New Democratic Party and the people of Saskatchewan lined up on the other, and said: this is it; this is our fight; who is going to win? — and with the courage of the convictions and with the support of the people of Saskatchewan behind it, created the world's best potash corporation — the world's best potash

corporation, bar none, Mr. Speaker — bar none.

Some Hon. Members: Hear, hear!

Mr. Lyons: — And it is crucial to understand that the creation of the Potash Corporation of Saskatchewan did not, as I have shown, arise as a result of any blind ideology, but rose as a result of a blind devotion to the interests of the people of Saskatchewan, not the kind of blind devotion to the foreign potash corporations as shown by the members sitting on that side of the House. If there was anything blind about it, Mr. Speaker, if there was anything blind about it, it was perhaps a certain naivety that the potash industry could be cajoled or controlled with partial public ownership of the potash industry in Saskatchewan.

Within an overall . . . if we wanted to live in a perfect world in which oligopolistic practices operated the way that they do in terms of a market economy, and if it wasn't people and personal greed which drove market economies as opposed to the servicing of human need, one would say that perhaps in the potash industry in Saskatchewan, the 40 per cent share that was accrued to the Potash Corporation of Saskatchewan would have been enough to be able to co-ordinate the activities, both internationally and nationally.

But no, that's not what's happened, that's no what's happened. What we are seeing here with the introduction of Bill 20 and the government's obstinate refusal to withdraw it despite the overwhelming desire of the people of Saskatchewan, despite the massive desire of the people of Saskatchewan that this government quit its privatization agenda and get to work on behalf of the people of Saskatchewan . . .

Despite that — and I've been standing here speaking for some hours and wondering, as the debate has gone on since April, what drives the government into this maniacal pursuit of selling off the Potash Corporation. It's clear, it is evidenced that this government has been bought and paid for by the foreign potash producers; that they crawl around in the large back pockets of those foreign potash producers; that they hope to pick up a piece of lint or a piece of button that may fall its way into the back pocket; that that's the kind of political space inhabited by this Progressive Conservative government, and that it doesn't matter, it doesn't matter what the people of Saskatchewan say about this privatization agenda. That has got nothing to do with the real plans and the real agenda of this government that, contrary to the wishes of the people of Saskatchewan, this government intends to follow, not their bidding, but the bidding of the foreign potash corporations, the same way they did and the same way the present Minister of Finance did when he lined up with Pierre Trudeau and with the Central Canada Potash and with all the other foreign potash corporations to try to deny the people of Saskatchewan their rightful share of our resource royalties.

That, Mr. Speaker, is the result of the 1975 tax decision, the potash reserve tax decision. Because what it did then made the Government of Saskatchewan of the day come to grips with the fundamental realities of any resource-based economy, and that is the question of

control of the resources in that economy. Who controls it and for what purpose? Who benefits? That's the ultimate question.

And we know, we know, now we know, we know too well who's going to benefit if this Bill should ever pass. Because in 1975, when the Court of Queen's Bench and Pierre Trudeau and the Liberals and the Tories all ganged up on the people of Saskatchewan, our province's ability to use traditional regulatory instruments, those instruments which had been used from the days of Ross Thatcher onward, were seriously eroded.

In 1975, the government said . . . 1975 the potash reserves tax was attacked, prorationing agreement, the ability to set a floor price was ruled *ultra vires*, taking from the hands of the Government of Saskatchewan the ability to regulate an industry which lies at the heart of economic, future economic development, I submit, for this province.

Pierre Trudeau, Tories in Saskatchewan, the Liberals in Saskatchewan, and the private potash corporations took those instruments from the hands of the Government of Saskatchewan so as to ensure that their bank accounts in Chicago and New York and Montreal and other places would be fat and full, never mind the consequences to the treasury of the province of Saskatchewan.

And particularly what was eroded, Mr. Speaker, was the power to regulate output through the quota systems, and the ability to regulate, the ability to generate, let alone regulate, revenue and to raise revenue through taxation.

(1600)

You know, what's very interesting is that the Liberals and the Tories, like the member from Regina South, when he lined up with Pierre Trudeau in 1975 to attack the ability of the province of Saskatchewan to regulate taxation . . . and all you have to do is ask that member and he'll tell you that yes, he supported, he supported the decision of the courts to declare the potash reserve tax *ultra vires*, as did the member from Regina Wascana, if in fact the member from Regina Wascana at that time understood what was going on.

That those members on that side of the House lined themselves up against the people of Saskatchewan, lined themselves up and tied the hands, and they cheered while Pierre Trudeau and the courts tied the hands of the people of Saskatchewan to have what was rightfully theirs. They cheered them on. They said it was okay. They said it was okay to rule the potash reserve tax *ultra vires*. One has to just read *Hansard* and the speeches and the comments by the present member of Finance, the Minister of Finance for this government.

They cheered them on when they said it was okay that the province couldn't regulate output and couldn't set prices in the potash industry. That was what their attitude was. The province was being hamstrung and had its hands tied in determining the future of one of its primary resources, and the Tories and the Liberals said, oh, that's okay as long as our friends in the potash industry, the private potash companies, as long as they're filling their guts and as long as they're filling their pockets with our money.

The Tories and Liberals that occupy the government benches, that time and today, they say that's okay as well.

Now what happened of course is that there was extremely hostile environment, on the one hand between the province and the private sector — what did one expect — and on the other hand between the provincial government and the federal government, did not allow the provincial government, the Blakeney government of the day, did not fill it with an overwhelming sense of well-being that in fact they would be able to maintain the rents for potash internally within Saskatchewan within the government treasury.

They said, at that time the Blakeney government said, we're under attack by the private potash corporations. They are challenging us in the court; they're refusing to show us information that we need to set up a fair taxation structure. On the other hand you had the federal Liberals, backed by the member from Qu'Appelle-Lumsden and others who now occupy the government benches, cheering them on saying, go get them Pierre, go get them Trudeau — right? None of this here socialist stuff in Saskatchewan, you make sure you step in and allow the federal government to rip off what belongs to the people of Saskatchewan. Well as you can imagine, Mr. Speaker, as you can imagine, that did not fill the government of the day with a particular amount of confidence that we would be able to benefit from those revenues.

Given that fact and given the fact that because of the nature of the constitutional arrangement that provincial agencies are not subject to taxation by the federal government, I would submit that the province's next move was not only predictable, but the fact that anybody in their right mind that wasn't blinded by a free enterprise, right-wing, narrow ideology would've done the same thing. That when faced with the attack by the federal government on the one hand and the potash corporations on the other hand, anybody that cared about the people of Saskatchewan would have said, okay, here is the mechanism by which we can develop potash and maintain resources in Saskatchewan for the benefit of Saskatchewan people. And that, of course, was the creation of the Potash Corporation of Saskatchewan.

And, Mr. Speaker, not only was that predictable, that was an issue which was placed before the people of Saskatchewan in a general election. But we're not talking here about something that happened a long time ago that nobody remembers, we're talking about real historical events in Saskatchewan over which there was a great deal of comment in the legislature, over which the opposition Liberals carried on a 120-day filibuster — a 120-day filibuster — over which all kinds of tactics were used by that opposition, over which the issue of public ownership of the potash industry in Saskatchewan was debated, not only within the walls of this legislature, but was debated throughout the society the same way that the debate over the privatization of SaskEnergy or the natural gas side of SaskPower and of SGI (Saskatchewan Government Insurance) and of all the other things, including the potash corporation, which you people want to turn over to foreign interests, is being debated here in Saskatchewan. We in the New Democratic Party and those who supported the New Democratic Party went to

the people on that issue and received its political mandate, because we said to the people of Saskatchewan . . .

An Hon. Member: — Tell the people what you're going to do before the election — odd notion.

Mr. Lyons: — As the member from Moose Jaw North says, that's become an odd notion in Saskatchewan; that we've had two Conservative governments, none of which was elected on a mandate to tell the people the truth. It's now an odd notion, but at that time . . . and maybe that's old-fashioned and maybe telling the people what you're going to do as a government is an old-fashioned notion that's out of favour. It certainly is out of favour with the Conservative Party, but it's not out of favour with us.

So we went to the people on that issue and it was very simple — these were the issues; the people of Saskatchewan understood those issues. Mr. Speaker, the people of Saskatchewan understood the issue very clearly. They said, I guess when I cast my vote in this election I'm either going to have to pick the sides of Pierre Trudeau and the private potash corporation and the Liberals and the Tories, who support Pierre Trudeau and the private potash corporations, I'm either going to have to cast my vote that way, or I'm going to have to cast my vote with the New Democrats who say we're going to set up a publicly owned potash corporation owned by everyone in Saskatchewan, everyone having an equal amount of shares. I'm going to have to cast my vote for those people. Ooh, that may be pretty scary. After all if gives me an equal share with everybody else in the province in the potash industry, and I don't know if I can handle that scary idea.

But be that as it may, the real events, the real history of this province gave the people of Saskatchewan a stark choice when it came to how we develop potash in Saskatchewan.

The results, Mr. Speaker, are obvious. It gave its mandate to the Allan Blakeney government. Boy, the potash corporations weren't very happy about that, you can bet your bottom dollar. The member from Qu'Appelle-Lumsden and his bosom buddy, the former member from Thunder Creek, you can tell them, they weren't very happy about that. The Tories that were elected weren't very happy about that.

But that was the will of the people of Saskatchewan. They spoke and the party, Mr. Speaker, that is represented by . . . the governing party of this province which was represented by that time, at that time it partook in debate, it took a position, and its position was defeated. So now it's trying to get by the back door what it couldn't get by the front door in dealing openly and honestly with the people of Saskatchewan.

Now in November of 1975 the Blakeney government announced to all and sundry that based on the mandate it had received and based on the program that it had run on in '71 and '75, that it was going to go ahead and acquire control over the potash industry through direct ownership, for the economic reasons that I have outlined before. At that time the government said, we intend to

acquire about 50 per cent ownership — that was a target figure. And that was the target figure based on the capacity in existence at that time.

Now what would this do based on the argument for the Potash Corporation of Saskatchewan at the time? Well they said, first of all it would give us undisputed power to control investment in new mining capacity. As well, what it would do would give the province direct access to the revenue generated by the industry. And thirdly, it would give the people of Saskatchewan and the Government of Saskatchewan a window on the world, that notion that it's important to understand what's going on in any industry if you're able to develop that industry for the benefits of the people.

And this was particularly important in the history of Saskatchewan where the potash industry had denied, not two years previously, information requested by the duly elected government of the province, where they refused to turn over the information. So the concept of window on the world, on the potash world, was much more than a theoretical construct. It was a means of gaining direct access to that required information.

And you know what was interesting, Mr. Speaker, is that it worked. Not only did it give the undisputed right to develop capacity . . . and capacity in terms of development of potash is an extremely important economic variable, as it is in any industry. You don't want to develop massive over-capacity, and at the same time you don't want to catch yourself flat and provide an opening for markets for your competitors.

Now what it did was said, well, we're going to give you the undisputed right to develop that capacity. And you know, it did. There has not been a court challenge since 1975 that would dispute the right of the province to regulate that kind of capacity. So that objective was reached by the creation of the Potash Corporation of Saskatchewan.

Secondly, it certainly provided a method of gaining revenues for the people of Saskatchewan. Other members have dealt with that question, and I don't intend to deal with it right now.

And thirdly, it certainly provided a window on the world in regards to what precisely is going on in the potash industry. Because that information, as you realize, Mr. Speaker, that information was crucially important in developing the tax regime in those private sector mines which were not acquired by the Potash Corporation of Saskatchewan.

In other words, Mr. Speaker, what it did was it didn't allow the private potash producers to try to pull the wool over the eyes of a government any longer. Because the real costs of production and the real returns on investment and the real ratios, which are important in determining the bottom line performance of any corporation, in an economic sense, were no longer a mystery to the people of the province but were available to them through their publicly owned potash corporation.

Now there are some other advantages to this. Obviously,

when you acquire 50 per cent of the capacity of market which is the second largest producer of a commodity, 50 per cent capacity of the production of a producer which is the second largest producer of that commodity in the world, you're obviously going to be able to influence some economic factors in your favour. And that's what's happened.

The creation of PCS has led to the ability to use its market influence to influence the behaviour of other firms. It became the leader, if you like. It determined what the price and structure for potash could be because of its strength and its muscle in the international market-place and its ability to sign long-term contracts at prices that would set trends.

(1615)

That is, of course, entirely predictable within an oligopolistic framework of any market and production, but in the case of Saskatchewan is entirely predictable, entirely predictable based on the development of the potash corporation here. In other words, we're able to set the price the same way that Exxon sets the price on gas, or Ford and General Motors set the price on cars, we were able to set the price in potash.

What it was able to do in economic terms, to quote Dr. Olewiler, was to induce Saskatchewan producers to behave in a co-operative manner to increase the aggregate rents from the province. In other words, it made us richer. It made the private potash producers a little poorer, but it made the people of Saskatchewan a whole lot richer.

The net benefits of this financial arrangement, because ultimately the creation of the potash corporation can be reduced at some point in time to a financial arrangement, would depend on a couple of factors. One was the purchase price of the mines, and of course, the future rents generated from these mines. Now I'm going to deal with that particular factor a little bit later.

But there was a notion of the concept of fair market value and how it relates. And the fact that the fair market value for the mines was to be determined — and here's where again one has to hand it to the ... (inaudible) ... of the Blakeney administration — that the fair market value was to be deemed inclusive of the effects of the potash reserve tax worked in the favour of the provincial government.

So what happened in January 1976, the Potash Development Act was passed and in April of 1976 the Potash Corporation of Saskatchewan was proclaimed. Our reaction to the creation of this — the PCS in '76 — was again not unsurprising. Private sector potash producers were annoyed, distressed, were angered. The perception basically of many of them was that the socialist hordes would drive them out of business. I mean, that's what they thought. Here come the socialist hordes and we're going to be driven out of business.

Well of course that kind of cold war paranoia and right-wing ideological pandering is no relation to the reality of what happened in the province, and basically has no relationship to what's happened in the past history

of Saskatchewan.

Indeed, Mr. Speaker, what's interesting is that since the creation of the Potash Corporation of Saskatchewan, the majority of private potash producers in this province have enjoyed profit levels which they would not have, based on the comparison with their counterparts in New Mexico, even with the differences and the comparative advantage taken into account, because of the weight that the Potash Corporation of Saskatchewan carries within the international market-place.

And to put it another way, what's happened is that the private potash firms have ridden on the coat-tails of the Potash Corporation of Saskatchewan and enjoyed a fairly healthy financial life since the creation of PCS in '76.

And the prima facie evidence of that has been on the one hand, the level of acrimonious debate and the level of conflict between the provincial government and the private potash community has certainly died down. And that can be related directly to a number of factors. On the one hand, the provincial government began buying potash mines. And a little bit of a history of that may help refresh the memories of some of the members.

In October of 1976 the Potash Corporation of Saskatchewan made its first purchase which resulted in the creation of the Cory division, formerly the Duval mine. And it was bought at a price of 125 million, give or take a couple of hundred thousand.

In 1977, next year, a couple of more mines were purchased. In April the Sylvite mine which is the Rocanville mine — we know it as the Rocanville division of PCS — was bought for 144 million. In October of '77 the Lanigan division which was then known as Alwingsal was bought for 85.5 million.

Then the Potash Corporation of Saskatchewan involved itself in two other mines in 1978, the next year. Esterhazy was purchased for 85 million in January. What's interesting there at the Esterhazy mine, Mr. Speaker, is this — is that while the Potash Corporation of Saskatchewan owns the Esterhazy mine, it is operated by the International Minerals and Chemical Corporation under a long-term leasing arrangement, an agreement with the Potash Corporation of Saskatchewan.

In April of 1978 a 60 per cent share of the Alcan mine was acquired for 85.5 million dollars. The remaining 40 per cent of that mine, of the Alcan mine, was held by Texasgulf, with Texasgulf sulphur, which itself is a kind of an interesting irony, was acquired by a federal Crown corporation, the Canadian Development Corporation.

So here we have, on the one hand, Saskatchewan buying 60 per cent to the private potash producer, and the federal government, realizing that it wasn't going to be able to rip off Saskatchewan's resources, agreed to become involved in the potash industry through an equity ownership in 1981.

The total cost of these acquisitions, for the record, Mr. Speaker, was \$526 million — \$526 million was the total direct investment in the potash industry in Saskatchewan.

Now that's the investment and that's that history if you like, of the creation of Potash Corporation of Saskatchewan and those economic . . .

The Deputy Speaker: — Order, order. Member from Moose Jaw North and all the other members of the House — the list is too long to name. I would bring to attention of the members that the member from Regina Rosemont has been addressing the House, and this afternoon we've actually had fairly good co-operation, and I would ask all members to continue their co-operation as to the member from Regina Rosemont to speak without interference or interruption.

Mr. Lyons: — Thank you very much, Mr. Speaker. Every once in a while I appreciate a little interruption. It gives me a chance to get off my feet for a second. Be that as it may, I think I wanted to just recap for a minute here. But I think dealt with in an adequate fashion and if not in a totally specific fashion, with the economic factors and the political factors and the historical factors, all of which are melded in, formed the creation of the Potash Corporation of Saskatchewan.

I think that we can make, on this side of the House, an extremely good case that far from the claims of the government members that the creation of the Potash Corporation of Saskatchewan, if the aim is to maximize the benefits of the potash industry in Saskatchewan — if that is the aim — that the creation of the Potash Corporation of Saskatchewan was a historical necessity, that there was no other option, that there was no other option historically, in regards to why PCS became a public corporation.

And the proof of that assertion, I submit, Mr. Speaker, and I leave with you, the proof of that assertion is that there has been no alternative, not in 1971 or thereon by the Minister of Finance, who is the mouthpiece for this government on potash, that there was no alternative other than to criticize the NDP's response to the historical forces which were at work in the province — no other alternative.

The member from Melville stands in his place and sanctimoniously talks about, I told the Leader of the Opposition, I told him not to buy the holes in the ground. That's what he said. That's what he has said time and time in this legislature — I told the Leader of the Opposition not to buy the holes in the ground . . .

The Deputy Speaker: — Order, order. I do not believe that is appropriate use of debate, and I would ask the member for Regina Rosemont just to continue his debate in a responsible manner in the House, please.

An Hon. Member: — Point of order, Mr. Speaker.

Mr. Hagel: — Mr. Speaker, I would simply . . .

Ms. Atkinson: — Mr. Speaker, under what rule are you referring to this ruling — do you base your ruling on?

The Deputy Speaker: — Order, order. I believe the Speaker of the House related on Monday, brought in a

rule on the fact that the Speaker bringing in a rule and bringing to a person's attention the rules is not debatable. And I ask the member for Regina Rosemont to continue his debate.

An Hon. Member: — A point of clarification, Mr. Speaker.

The Deputy Speaker: — There is no point of clarification. I just ask the member from Regina Rosemont . . .

Order. The member from Moose Jaw North is challenging the Chair, and I warn the member once more and I will call the member.

Mr. Lyons: — Thank you very much, Mr. Speaker. I appreciate the support that my colleagues are giving me in this. But the fact of the matter remains, the member from Melville has stood in this House and said time after time that he told the Leader of the Opposition not to buy the holes in the ground. That's what his exact quotes are — holes in the ground. That's what he calls them, and that were his exact quotes.

But what he hasn't said, Mr. Speaker, what he hasn't told the people of Saskatchewan is that faced with Pierre Trudeau, on the one hand, and the private potash corporations on the other hand, coming to rip off the assets of Saskatchewan, what would he have done? Now he said he wouldn't buy those holes in the ground. In other words, he wouldn't have set up the Potash Corporation of Saskatchewan. I have yet to hear from him or any other member over there what would have been their response to the crisis that the potash industry in Saskatchewan finds itself in.

I tell you, Mr. Speaker, I want to speculate what that member would have done. He would have gone to the potash corporations, the foreign-dominated potash corporations, on bended knee — a position that he finds an easy one to assume, a position that he finds extremely easy to assume when he's dealing with those in power. He would have gone on bended knee and said, oh please, please try to give us a little bit of the taxation royalty; after all, we need to get elected next time. And maybe we'll give it back to you the same way we did to the oil companies after the election is over.

(1630)

That, Mr. Speaker, is precisely what he would have done, because he did it with the oil industry in Saskatchewan. He was a toady and a lackey for the oil industry, the same way he would have been a toady and a lackey for the potash industry. Because, Mr. Speaker, it's incumbent upon those members who say, we don't like what you did, to come up with an alternative.

And it's very interesting, it's very interesting to see this debate as it goes along, the bankruptcy, the economic bankruptcy of this government — their lack of any kind of political and economic foresight in terms of the development of a planned economy which will turn the resources of Saskatchewan over to the people of Saskatchewan.

And the best way, I guess, the best form of the bankruptcy in fact is exemplified by that member from Melville. No, he may not have bought holes in the ground, but let me tell you, he would have had his head buried in the ground because he wouldn't know precisely what was going on. He wouldn't have had the opportunity to deal with the kind of issues that he's dealing with here today if it hadn't been for the foresight of the New Democratic Party led by Allan Blakeney to say, we stand with the people of Saskatchewan — that we stand not with the potash corporations, but with the people.

Some Hon. Members: Hear, hear!

Mr. Lyons: — That's who matters. But what's happened since the acquisition of the potash industry, which gained record profits, which paid for itself, the potash corporation which paid for itself in a little over three years — that investment which paid for itself in a little over three years, which returned hundreds of million dollars in dividends and in taxes and in royalties. Direct payments to the province of Saskatchewan which has allowed the Government of Saskatchewan to increase its asset base by \$1.3 billion — by \$1.3 billion increased assets which developed a debt/equity ratio which was the envy of every potash corporation anywhere in the world, public or private.

What's happened since the 1982 election has been a betrayal not only of the people of Saskatchewan in the rhetorical sense, but a betrayal of the real history of government policy in the potash industry in Saskatchewan, a betrayal, if you like, of the legacy of Ross Thatcher. If you don't like the legacy of Tommy Douglas, how about that of Ross Thatcher? Got lots of Liberals over on that side, some who in fact may have Liberal Party cards in their back pocket. Right?

Be that as it may, the tradition of government intervention in the potash industry of Saskatchewan was well and firmly established by the time the Blakeney government came to power. And the Blakeney government's courage to stand up for Saskatchewan and not to bow down to the pressure of the multinationals is one, let me tell you, Mr. Speaker, is one that I will run on in the next election. Because as a member of the Legislative Assembly, I am making myself clear. I am saying that the resources of the people of Saskatchewan should be used for the benefit of the people of Saskatchewan, not for the giant multinational corporations.

And let me tell you this: any Tory that sticks his head up in the constituency of Regina Rosemont had better be prepared to answer to the sell-off of the Potash Corporation of Saskatchewan to foreign business interests. I want to see a Gordon Dirks type of Tory run in Rosemont trying to defend your record on that, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lyons: — The same way that each and every member of this Tory caucus is going to have to run on the record . . .

The Deputy Speaker: — Order. I bring to the member's

attention that the Bill before the Assembly is an Act respecting the Reorganization of the Potash Corporation of Saskatchewan. Whether members run, or run in the next election, has no relevance to the topic, and I ask the member to debate the topic.

The member from The Battlefords has been reminded by the rule, a rule invoked by a former Speaker of this Assembly, regarding challenges to the Chair, and I'm just trying to bring that to his attention.

Mr. Lyons: — Mr. Speaker, thank you very much for that ruling. It allows me to put this in a way and a manner that is crystal clear. Each and every one of you Tories that vote for Bill 20, should it ever come to the final vote, will have to answer in the next provincial election to the people of Saskatchewan for your sell-out and your betrayal of the potash industry.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Mr. Speaker, that's what we're debating here. Why do you think that I have taken the time and the trouble and have taken the particular interest in developing my arguments the way I have if I did not think that this matter is going to form one of the crucial issues in the next provincial election?

Let me tell you, if you on that side of the House think that SaskEnergy was a tough one for you to deal with, you just wait, you just wait. When potash prices increase by 40 per cent, when the revenues of the private potash corporations, the profits of the private potash corporations are building and building and building, when the information becomes public of how many hundreds of millions of dollars that you have ripped off from the people of the province of Saskatchewan and turned over to the foreign potash companies, you think you have a tough time now dealing with SaskEnergy, the sell-off of the SaskPower Corporation, well let me say to this, Mr. Speaker, is you ain't seen nothing yet.

You ain't seen nothing yet, but you still have time to deal with it. You still got time, member from Regina South, to try to explain this kind of economic foolhardiness to your constituency, a great many of whom I have spoken to in the last two months, and particularly the small-business community who thinks you've got about as much business sense as that chair sitting there, and who never see you, for one thing, out in your constituency debating potash, telling the people what you think, and putting forward your agenda about Bill 20.

The Deputy Speaker: — Order. Again I'd bring to the member's attention that he is not to draw the members into the debate; also to make a personal charge against another member — *Beauchesne's*, 103, rule 316.

Mr. Lyons: — I appreciate your ruling very, very well. I don't want to single out the member from Regina South because the member from Regina South will be political history after the next election, Mr. Speaker, you can bet your bottom dollar on that. Just as he ran from Regina North, the people of Regina South will have cleared him from the decks.

But, Mr. Speaker, since the creation of the potash and the buying of the capacity, there has been a number of items which have occurred up prior to this debate around Bill 20, the Bill to sell off the potash corporation. And the major issue of course has been the relationship between the production and the increase in capacity, on the one hand, and its effect on the American and the anti-dumping actions undertaken by the New Mexican potash producers, the same questions that faced the Blakeney government.

And what was the response of the Tories to that when they faced, not what the ideological fantasy land that the members like to live in, but the real questions of how do you deal with the problems confronting the potash industry?

What was the response? Was the response saying, well we're free enterprisers and we're not going to have government regulation of the potash industry; was that their response when the Americans went after them? Was that their response? No, that wasn't their response at all.

Up until the introduction of this Bill they did what every sensible government in Saskatchewan did beforehand; they intervened in the situation in order to develop and enhance and protect the potash industry in this province.

And as soon as I find out the name of the Bill and the number of the Bill from my colleague from Saskatoon Fairview, the one that was passed, that regulated in a fairly severe manner the potash industry, if he can remember, the one that was introduced last year . . .

An Hon. Member: — The Potash Resources Act.

Mr. Lyons: — The Potash Resources Act, Mr. Speaker. Thank you, member from Saskatoon Centre, I want to thank her for that.

The Potash Resources Act, which was introduced and supported by members on this side of the House. Why? Because it recognized the fact that in order to protect the potash industry in Saskatchewan, and in order to accrue the greatest amount of benefits to the people of the province, it was necessary to intervene.

And what did that particular Act do to protect the Potash Corporation of Saskatchewan as well as the private producers? Well it regulated production and it provided the ability to set prices and a pricing structure. Despite the former ruling of the Court of Queen's Bench, it far surpassed the ability it gave to the government . . . it enabled the government the ability to do things which Ross Thatcher could only dream about back in the bad old days when the government first intervened in the potash industry in Saskatchewan.

The Potash Resources Act introduced by this government flies in the face of this Act to privatize the Potash Corporation of Saskatchewan. Maybe it's an anomaly, maybe it was a panic reaction by the government in time of crisis when their immediate reaction was to do the common sense thing.

When faced with a pressure situation, they did what most

people would do, and that is protect themselves, and most governments would do, pass enabling legislation to protect what was near and dear to them. And that's what normal, common sense, ordinary everyday people do in pressure situations.

You contrast that Bill and the provisions of that Bill, The Potash Resources Act, with the provision of this Bill 20, a Bill which sells off the resources of the Potash Corporation of Saskatchewan and you will see historically what I mean, Mr. Speaker.

But that aside, since the creation of the Potash Corporation of Saskatchewan, there was a number of issues which have arisen which provided a reference by which one could judge the activities of this government up until now in regards to the Potash Corporation of Saskatchewan and the creation of excess capacity . . . or increased capacity, excuse me, in the potash industry. And that was, of course, the question of the Lanigan expansion, the phase II Lanigan expansion and the expansion at Kalium Chemicals.

Now we dealt with those questions earlier on in the analysis that dealt with what's the capital cost of expansions based on a tonnage, and we dealt with that on the economic level.

On the political level, what is interesting to hear right now are the flip-flops done by the government opposite.

(1645)

In the speeches done by the members opposite, you find statements to the effect that the worst thing in the world — and by the way, the Minister of Finance is the one who generally peddles this line — is that one of the worst things in the world that was done was that the NDP government expanded the Lanigan mine when they were no need to expand the Lanigan mine. That's been the position outlined by the member for Qu'Appelle-Lumsden time after time, not from standing in his place and putting forward his position, but from his seat; oh you guys did this, and you guys did that; you expanded the Lanigan mine.

Well that's interesting to hear him say that now in terms of this debate when he so conveniently forgets that this government and the ministers responsible for the Potash Corporation of Saskatchewan not only were faced with the decision to expand Lanigan, but in fact supported the expansion of the Lanigan mine site and of phase two of Lanigan, and provided the funds necessary, and gave the policy directions necessary for that.

And that includes not only the former chairman of the Potash Corporation of Saskatchewan, Mr. Schoenhals, who is a former front bench member of the government; but that includes not only the mayor of Saskatoon, Cliff Wright, who's on record, as is Mr. Schoenhals, of talking about the benefits of the Lanigan extension; that includes the present member from Yorkton, who was at that point in time, till he was demoted, was in charge of the potash . . . minister in charge and responsible for the Potash Corporation of Saskatchewan. And that member said in 1983 that the Lanigan expansion was going to strengthen

the Potash Corporation of Saskatchewan, and that the government supported the enhancement and strengthening of the Potash Corporation of Saskatchewan. And his comments are a matter of public record. They're contained in the annual reports of the Potash Corporation of Saskatchewan.

But what I find interesting in the debate as it has gone to date, Mr. Speaker, on this issue, because it deals with . . . There's obviously a recognition that if there was a need for an expansion at Lanigan there is the possibilities that in fact there is a need for increased capacity and hence in increased markets. And we know, as we've dealt with already, that the market demand in the North American market is relatively inelastic, though there's got to be more sales offshore, and there's a recognition of that factor, and followed, if you like, follow directly in the footsteps of the economic thinking which lay behind the creation of the Potash Corporation of Saskatchewan in the first place.

And that was a decision made between the creation of the potash corporation and today. And it was a decision which was backed and promoted by the provincial government, and which in fact ended up strengthening the Potash Corporation of Saskatchewan in a very significant manner because it increased its share of capacity and by increasing its share of capacity it was able to strengthen its position vis-à-vis the other potash producers in Saskatchewan, but just as importantly, its competitors on an international scale. Those are the facts.

Now the other expansion, because as we said earlier on, the history of government intervention on the potash industry deals with the question of capacity, has been the government decision to allow for the expansion of the Kalium solution mine, which once again says to me and says to everybody else, there is a need, if such were the case, that there is a need for increased capacity for potash, and the need for this increased capacity comes from obviously a projection — three needs — that there was a need for increased capacity in the potash industry in Saskatchewan because of market projections. And that increase in market projection, that increase in capacity was a decision made by this government.

And what it says to me, Mr. Speaker, is this. If this government thinks there's a need for excess increase in capacity, if this government obviously thinks there's going to be an increased demand in potash for Saskatchewan potash, then if such is the case, obviously the one to benefit primarily from that increase, would be the Potash Corporation of Saskatchewan, and by implication not just the Potash Corporation of Saskatchewan, the people of Saskatchewan through the taxation and royalty regime which is set up in order to take advantage of that increase in capacity. Or to put a long matter short, there's going to be better times ahead, and the Potash Corporation of Saskatchewan has the ability to partake in those better times ahead.

But instead of trying to turn the economic advantage from a forecast which predicts better prices in the potash industry — and by the way, that's the slow, incremental rise in potash prices since '84 — tends to bear out that that analysis is probably true, that in fact there are much better

times ahead for the potash industry in Saskatchewan.

It is beyond me and it is beyond any reasonable person in the province of Saskatchewan why it would be that the government, faced with a \$14 billion debt load, faced with deficit budget after deficit budget, why would they sell off an asset which can act as a revenue generator, for whatever social programs or whatever programs they want to put in place. Even if it's just a question of reducing the debt load, why would you sell off something that you know is going to make money? In order to pay off the debts? Why would you do that?

It does not make any economic sense whatsoever, Mr. Speaker, if in fact your primary motive is to look after the benefits of the people of Saskatchewan. But if your primary motive is to look after the balance sheet of the foreign potash corporations, which we here suggest is in fact the motivation for Bill 20, then to deny the people of Saskatchewan the benefits from better times in the potash industry and substitute the people of Saskatchewan, substitute for them the foreign multinational potash companies, if that in fact . . . if your agenda is to protect those companies and not the people of Saskatchewan, then of course it makes that kind of economic sense to allow those foreign companies to buy into the Potash Corporation of Saskatchewan and to allow other foreign interests to be able to take advantage of the good times that lie ahead.

As we said, Mr. Speaker, this does not make any economic sense whatsoever. The actions of the government just do not have any kind of business rationale. It all depends which business men you're talking about. If you're Peter Pocklington and you're out to make a buck any way you can, whether it's selling off Gainers in Edmonton to set up a Gainers plant in Quebec, to play one provincial government off another provincial government, to do as the multinational potash corporations have done historically in Saskatchewan and to act as a mouthpiece for those multinationals, I guess it would make some kind of economic sense.

But it sure doesn't make economic sense to the people of Saskatchewan, to the more than 60 per cent who don't want this government to sell off the Potash Corporation of Saskatchewan. It does not make any sense whatsoever.

However, I want to turn to another part of the economic analysis that of course becomes crucially important, Mr. Speaker.

Having seen the economic reasons and the historical development of the Potash Corporation of Saskatchewan, and having seen the potash corporation operate over a period of time sufficient to allow judgement to be cast as to its performance at the micro-level as well as the macro-level, I want to turn now to the question of whether or not the Potash Corporation of Saskatchewan has performed less well, equally well, or better than private companies operating in the same industry. Because this, Mr. Speaker, ultimately in the last and the final analysis, reduces itself to the essential point.

I will say here and now that the conclusions reached, not by myself, but by respected resource economists from

across Canada and the Economic Council of Canada says that the Potash Corporation of Saskatchewan has performed better than any other private, than any potash producer in Saskatchewan and better than any private sector potash producer in Canada. That's what, Mr. Speaker, the resource economists of this country say.

And I am going to give some information to the Minister of Energy and Mines, which I know that she does not have access to, but that she had better be cognizant of, because when the Economic Council of Canada begins making its comments on the economic viability or the economic stupidity of the actions of the government in selling off the resources of this province, she is going to have to be on the front lines in dealing with that.

Now this analysis for the last close to eight hours, I have set the stage and laid out every . . . (inaudible interjection) . . . I certainly am. I certainly am because I'm able to here deal with . . . (inaudible interjection) . . . Mr. Speaker, we know the member from Rosthern is as unable to put forward a cogent argument from his feet. I wish he'd try to put forward the kind of ridiculousness that's going on from his seat.

Mr. Speaker, what I'm going to talk about now is the analysis developed by the people from the Centre for Resource Studies at Queen's University — a fairly long detailed analysis as to the performance of the Potash Corporation of Saskatchewan. I want to lay out to you some of the methodological ways in which they have dealt with this in terms of developing their analysis.

First of all, suffice it to say there are a number of ways of evaluating the performance of a private corporation. Those are well-known. And the criteria used in that evaluation can be set forward in the same way that the Arthur Anderson firm tried to set forward its evaluation of the Potash Corporation of Saskatchewan, one which of course ended up, this study which ended up backing our arguments, particularly in regards to the debt/equity ratio and the ability of the province of Saskatchewan to accrue assets, and particularly in regards to the management and the management ability to manage a public sector corporation with the importance of the Potash Corporation of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lyons: — Mr. Speaker, unlike private corporations, however, there are a number of other factors that must be taken into account when evaluating the performance of the Potash Corporation of Saskatchewan, because first of all, one must take into account whatever was the legislative mandate setting up the Potash Corporation of Saskatchewan, that is the aims and the goals set out.

Secondly, we have to look at the course of financial indicators of performance, that is the profit and loss, its record internally in terms of how it dealt with itself.

Thirdly, you have to look at factors which are based on management decisions, and this is unfortunate that the Arthur Anderson firm didn't take into account, even though it supports our arguments, it would have done so in a much more forceful manner if it had taken into terms

of management objectives that had been set out as policy objectives, which you can do in a public corporation and you can't do in a private corporation.

The private corporation has its objectives set out for it very simply — who's going to give the greatest return to the shareholders? Right? How are we going to maximize profits in order to increase dividends? This year, this time, the future will take care of itself, maybe.

That basically is the mandate of a private corporation. It certainly has been, if you look at the activities of the private potash producers in the province of Saskatchewan.

But a public corporation like the Potash Corporation of Saskatchewan, and this study deals with the Potash Corporation of Saskatchewan, says that you may have to forgo some short-term profits in favour of long-term growth. Now that's a consideration, that's a management consideration which is extremely crucial to the development of the Potash Corporation of Saskatchewan, particularly in regards to the international market structure that I've made reference to before.

The Speaker: — Order. It being 5 o'clock, the House stands recessed until 7 p.m.

The Assembly recessed until 7 p.m.