

EVENING SITTING

SPECIAL ORDER

COMMITTEE OF THE WHOLE

Bill No. 20 — An Act respecting the Reorganization of the Potash Corporation of Saskatchewan**Clause 1 (continued)**

Mr. Romanow: — Thank you very much again, Mr. Chairman. This afternoon, Mr. Chairman, as you know and most of the members of the House know, we discussed, as I summarize the debate, two major issues: the question of foreign ownership and its impact on Saskatchewan people, Canadian people, the dimensions of control or the lack of control; and also the issue of what this privatization means or might not mean for the future of the p of Saskatchewan in the context of building for the future and to providing opportunities for our young people, our families, and our communities.

I want to say just a few brief words with respect to both matters before I ask the minister some additional questions along these themes. First of all, with respect to the foreign ownership, Mr. Chairman, I want to tell you that I've concluded, judging by the afternoon's responses and the afternoon's answers by the minister, that there is here essentially a very major problem with respect to the question of control of this valuable company and this valuable resource by the people of the province of Saskatchewan.

What did we hear? In effect we heard, as the Bill states, that up to 45 per cent of the ownership, with no restrictions as to nations or corporations, can be in the hands of foreign investors, either nations or their agents or corporations. We are told that 50 per cent that is left over, or up to 50 per cent that is left over, the government intends to leave through some combination of government involvement by way of shareholding and/or investor participation which is not governmental. But the most important thing about that argument, Mr. Chair, to acknowledge, is that there are no legislative guarantees to this effect.

We of course have been told this in the province of Saskatchewan with respect to the privatization of Saskoil and, as we know, notwithstanding the best guarantees of the government opposite, this never came to pass. The Saskoil level of control with respect to Saskatchewan ownership very quickly passed out of the hands of this province, and very quickly moved into the hands of non-Saskatchewan people, non-residents of the province of Saskatchewan, thus confirming, in my judgement, the fears that we have and many Saskatchewan people have about the loss of the corporation to foreign investors and to foreign corporations.

We also discussed this afternoon the issue of whether or not, of this 45 percent ownership which is permitted and of the balance which may not be foreign ownership but can be Canadian ownership, the question of whether or not there was any conflict of interest if, in

the purchase of these shares to the maximum of 5 per cent of some lesser amount thereof, the competitors of the Potash Corporation of Saskatchewan saw fit to enter into an equity ownership position.

The fact, both in law and perhaps in economics, which permits everyone who is either in the current business of potash production to get in — or not in the current business of production, in other corporate fields of activity — to get in . . . certainly if you're in the potash area, up to the maximum of 5 per cent. Somehow the answer which I received from the minister, I found a bit puzzling and confusing. His answer was, if Noranda think that it's such a good investment, why should we worry about it? This is proof positive that if Noranda or Mississippi Chemical or IMC (International Minerals and Chemical Corporation (Canada) Ltd.) should get in on 5 per cent of the Potash Corporation of Saskatchewan's newly privatized shareholdings, that was good stuff. Why should we be worried?

Well as far as I'm concerned, Mr. Chairman, I say that is a cause for concern. I say that is a cause for concern because of the access of information which competitors would have. I say it certainly puts the PCs (Potash Corporation of Saskatchewan) in a vulnerable position, perhaps even in a conflict of interest position with respect to the split ownership. This may be no cause for concern of the government opposite, but as far as I can see, this is a tardiness or a lack of discipline, if I may put it that way, to the potential dangers which are inherent in this very obvious possibility.

The argument that the government advances, well that we can do that now for them, only buttresses my point that we have an advantage. We can get into their shareholding, if we want, without them getting in to ours on the current structure of the ownership of PCS. Apparently we are going to equalize the opportunities, and now we can get into their shareholding but we are permitting them getting into our shareholding. That, I don't think, makes very much good sense from a business point of view or from a political or even economic point of view — again, another indication that the effect of ownership and say and control of this corporation shifts from the farmers and the workers and the small-business people and over to the large corporations and nations outside this country.

We also heard a debate about the level of voting and what the vote structure means and whether or not the Potash Corporation of Saskatchewan is going to exercise its right to vote and shareholding interests. All that I can say in that regard, Mr. Chairman, notwithstanding the minister's explanation of what the provision says, is that, based on what Saskoil experience has been and based on the statements of the ministers, I think a fair conclusion that can be made is that the government will rarely, if ever, exercise its shareholding rights and obligations. Or if you will, in my judgement, it will not pay attention to its obligations to the balance of its shareholders by virtually not acting, as it is doing — not acting — in the Saskoil situation. That, I think, is another loss, another example of the loss of control by the people of the province of Saskatchewan.

And then finally, Mr. Chairman, although this is not an overview of our position in complete, total argument on the question of foreign ownership and control, there was a debate and discussion between the minister and myself on whether or not ownership is required to control public policy I want to tell you, Mr. Chairman, that the answers of the minister left me totally unconvinced about the legislative and legal and constitutional capacity of the province to do what is necessary in the public interest by saying that the current constitutional and legal arrangements are sufficient.

That means, if you're of my point of view, that we have the worst of both worlds. We neither have complete constitutional or legal capacity to act in the best interests of the province nor will we have now the corporate capacity to dictate or to guide or to control or influence public policy interests in this sense through the vehicle of a publicly owned Crown corporation like PCS.

An example of this, I think, was used — as the government likes to trumpet its own cause effectively, so the government would say — in the recent dispute of a year or so involving the New Mexico and American antidumping actions where PCS in fact raised the prices. I in error mentioned lowered the prices, but raised the prices.

Here they did this through an ownership position. The minister tried to explain this off as a pure commercial decision. It may very well have been a commercial decision. I argue that it was as much political in the context of Saskatchewan and Canada as it was commercial, and I quite frankly argue that that is a legitimate role of a Crown corporation.

I even argue not only is it a legitimate role, it is one of the main reasons for Crown corporations, whose job it is to work efficiently and economically and within the market-place — no doubt about that — but also to work effectively in the public interest. That is something we can do under the current structure. The ability to do that, the question of control, I argue, will not be guaranteed, given the current state of affairs both at law and given the current proposed state of affairs with respect to the corporate ownership of PCS if Bill 20 and the privatization goes through.

The long and the short of this — and as I say, others may want to in the course of the evening make their comments or make their questions put to the minister on the question of foreign ownership—the long and the short of this is that we have a fundamental shift in the focal points of control and benefit from the ordinary people of this province to foreign investors and, likely, corporations and countries outside of this province and this country. That is the net bottom line; the bottom, bottom line of the province of Saskatchewan's privatization move.

We may have a certain amount of money if private investors and private capital come in to us from Saskatchewan people. That may happen. But by the minister's own admission, it will be insufficient to effect a privatization by virtue of the fact that we're a small province with small pools of reservoir capital to invest.

And by the minister's own admission that means that we will have to look elsewhere for the funds to take over this corporation or to privatize it. And looking elsewhere means back to central Canada, it means back to Ontario, back to Quebec; it means in the case of foreign ownership, to the United States or to China or to Japan or to Korea or to India or the European countries.

It means again reverting back, turning back the clock of economic development in the province of Saskatchewan to the old days prior to the 1940s of Douglas and the government in power of that day; to the days when, in fact, so much of our economy was so controlled by the external economic forces of the market-place that we had no destiny to control here ourselves; that we had limited economic capacity; that we were unable to get the largess from the development and to redistribute it among the people for the advantage of the people with respect to medicare or hospitalization or education or roads. That's the net effect in policy terms of what we're doing here.

It's not a matter of jingoistics; it's not a matter of being chauvinistic or nationalistic. It is a matter of being commonsensical and hard-headed and practical, of who we are and where we are, that we support the Potash Corporation of Saskatchewan the way it is, with improvements, if that's necessary, with respect to efficiency and other matters, and why we oppose this turning back of the clock, the back to the future approach by the PCs, back to the days of the Dirty Thirties, back to the time when Tory times are tough times — goodness knows, they're tough enough as they are for us today — back to those days which all of our pioneers and those of us who have benefited from the province today now see that future ahead of us imperilled.

When this nation should be worried about Canadian content and Canadian control, watching this government willingly, on a platter turning it over to others — no matter how competent they may be — turning it over to others outside this national and this province so that they can make the profit; so that they can make the rewards and the returns; so that they can use their profits to finance the schools for their children elsewhere and to build the roads for their people elsewhere, is an outrage, Mr. Chairman. And that's why we oppose this particular aspect of the Bill.

Some Hon. Members: Hear, hear!

Mr. Romanow: — As well, Mr. Chairman, this afternoon, in addition to the question of a foreign ownership component, we discussed the question of building in the province of Saskatchewan, building and whether or not this government has, in fact, built as it ought to; whether it is built upon the history of what governments previous to it has left behind, improved; or whether it has adopted what I have described as a scorched earth policy.

I would argue to the members in this House that for the first time in political history, under the current administration we have a government which has taken the basic position that virtually nothing that any former administration has done in this area of economic development is worth, as a natural progression, to build

upon and to expand.

This is a scorched earth policy. When we see the privatization of SaskEnergy, that is a scorched earth policy being implemented. When we see it with Sask Minerals, it is the same. When we see it with SaskTel on individual piecemeal-by-piecemeal bases, it is a scorched earth policy; when we see it with SaskPower in the same basis; when we see it with respect to SGI (Saskatchewan Government Insurance) — or at least proposed by SGI; when we see it with Prince Albert Pulp Company; and the list goes on.

I don't know whether we need to debate again the issues here. What we have seen is a Premier and a government which has adopted what I can only describe as the scorched earth policy. Their legacy will be nothing left, virtually, for the next government from which to build. And mark my words, members of the government side, sooner or later, if it isn't this coming election, there will be an election where you will be defeated, and the successive government will have the job of trying to pick up the pieces of what's left behind.

(1915)

You at least had a legacy, a legacy to sell off. You at least have the legacy to sell off the Potash Corporation of Saskatchewan and Saskoil and Sask Minerals and everything else. You have that money, potentially you have it. I don't know what you're doing with it, because the deficit continues to rise and population continues to leave, but your actions have been working from a legacy left behind.

And it is the ideological commitment of this government to privatize, to sell, sell, sell, to develop outside this province or to buttress within this province a few privileged, large corporations and friends of this government, which has left this province now begging and in a have-not province situation. And that too sir, is another outrage which is represented by this Bill.

Some Hon. Members: Hear, hear!

Mr. Romanow: — The question of building and how this privatization is going to build the province of Saskatchewan is the issue that we've been partly debating. And I find that some of the intentions, as stated by the government opposite as a result of privatization, are also very interesting.

Mr. Chairman, you know, I notice here in some of the press reports, of which there are numerous ones dealing with the announced privatization of the Potash Corporation of Saskatchewan, an article by *The Financial Post*, a gentleman by the name of Mr. John Schreiner, a respected *Financial Post* journalist, a respected *Financial Post* journalist in Canada. And in fact . . .

An Hon. Member: — Indian Head.

Mr. Romanow: — Yes, he's an Indian Head boy. And in this article of April of 1989, reporting on the press release that the minister and the government put out on the question of privatization, speaking to this issue of what

happens after privatization, I want to quote to you, sir, a paragraph of which I will now want to ask the minister some questions in a few moments, a paragraph which I think is a telling paragraph on this argument of building and providing hope and future opportunities for the people in the province of Saskatchewan — a very telling comment.

This is a discussion. The heading of the story says, "Saskatchewan puts safeguards on potash sell-off." I don't believe that to be the case for the arguments that I advanced a few moments ago with respect to the foreign ownership and others, but nevertheless that's the heading on the story. And it starts off as follows. No it starts off, in the middle of the story it says, Mr. Chair, this, the following:

It is likely, however . . .

An Hon. Member: — You like that, don't you?

Mr. Romanow: — I'm sorry. Did the member from Cut Knife have a question that he wished to ask me?

An Hon. Member: — Later.

Mr. Romanow: — Later. Mr. Chairman let me continue on with this submission that I am making on the question of building. This deals with the question of what happens on a privatized PCS. And I don't mean to say this in a disrespectful sense; this is the way the story is written, the part that I wish to refer to. It starts off using the last name of the chief executive officer for the Potash Corporation of Saskatchewan, who should be referred to as Mr. Childers. But it starts off by saying "Childers," as is the wont of journalists sometimes to write that way. The story goes as follows:

Childers argues (dealing with the question of privatization) his views are echoed by Lane, the minister who is piloting this Bill through, that Crown corporation status hinders PCS efforts to diversify. Childers is eager to make acquisitions in the United States and also is interested in getting PCS into fertilizer production in Saskatchewan.

Now, Mr. Chairman, if I've misrepresented the contest of that story, I'm sure the minister will have a chance to explain fully what was meant by what happens on post privatization, But there are three issues here which have been raised by this particular quotation by the Potash Corporation of Saskatchewan.

The first issue, of course, deals with, why do we need to privatize if we want to diversify. I'll say a word about that in a minute and ask a question about it. The second issue deals with the question — and I think this is the part that I want to talk to particularly about building — where the money goes and what is done with the money. And this is stated by this statement that says, "Childers is eager to make acquisitions in the U.S." — is the exact quotation.

Now, Mr. Chairman, I ask you and the members of the government opposite to consider exactly what the strategy means. It means that the funds which will be acquired from the act of privatization of the Potash

Corporation of Saskatchewan, funds obtained from Saskatchewan people, as the minister opposite would have us believe in his comments this afternoon, funds obtained from the people of this province and from others outside this province and the world at large, are going to be used — we're talking about building — to build where? Elsewhere. Not in Saskatchewan, but to build in the U.S. We're going to be using privatizing funds to build a phosphate plant in Florida or goodness knows what the diversification is going to be in the United States. That's the point I was making this afternoon about Tory-style building. Somebody in Florida or in Mississippi or in Alabama or Georgia or in Chicago may benefit from that. That is the position.

We don't see the Potash Corporation of Saskatchewan talking about using these funds to open up Cory potash mine. Why aren't we building by opening up the Cory potash mine and providing jobs for the workers that have been laid off there again? Why aren't we using those funds to build some form of a diversified or expanded operation, which should be identified by the Potash Corporation of Saskatchewan, to provide building opportunities here?

Of course, what is going to happen, Mr. Chairman, is that on a valuation of the Potash Corporation of Saskatchewan, which will be low, I predict — we're going to get into that later tonight — on a valuation of PCS which will be low, then the policy will be acquisition of interests outside the United States to enrich the asset base. Up will do the shares. Then the political argument will be: you see, it's working, privatization is working; we're turning this around. And of course those who are rich enough to hold the shares, if they are foreign companies or foreign countries, or rich investors in Canada or Saskatchewan, they are going to be building. They're going to be building their own wealth, or course; they're going to be building their own asset base.

But the policy of building here for Saskatchewan is not to build hospitals and schools and roads from this privatization, even if one could do that, because that's like shovelling the home quarter to get into that effort once in a lifetime and then still say you're in the business of farming after you've sold it off. But there's not even a reference to that. The reference is to buy, with our Saskatchewan investors' moneys, acquisitions not to build here but to build in the United States. That's the direction of the building. Is that the building that we're talking about?

Then of course there's the question of the fertilizer production. I repeat, this is the third aspect which was raised in this quotation. This says, according to the article — I simply repeat this again:

Childers is eager to make acquisitions in the U.S. (I've spoken to that point) and also he's interested in getting PCS into fertilizer production Saskatchewan.

Now when I read that and when I read that again today and yesterday in preparation for these considerations of the clause by clause of the Bill, I got to thinking to myself, where in the world in PCS going to get into fertilizer

production in the province of Saskatchewan? Because, Mr. Chairman, as you know, we've been asking the Deputy Premier and the Premier and the Minister of Economic Development, and maybe even the Minister of Finance, about this Cargill deal on fertilizer, this Cargill deal that this government is building — with Cargill, of course — building up the assets of Cargill.

We've been asking them: since there will be an additional 30 per cent extra capacity of fertilizer based on the Cargill operation, and how do you justify that, and why is it that you justify Cargill in the light of Mr. Noval's Canadian energy "88" project? We've been told, look, there's no room for a second fertilizer operation in the province of Saskatchewan. They say Cargill's the only one that goes. PCS is talking about diversifying into fertilizer. What are they going to do? Are they going to back to Mr. Noval and Canadian energy "88"? Maybe the Premier and the minister don't know about that.

How are they going to develop this fertilizer approach? How far have these plans progressed? Why is it the government tells us on the one hand that it's in bed with Cargill to the tune of \$230 million and there's no room for anybody else; on the other hand the PCS people tell us that they're going to diversify into fertilizer? Where are they going to get their product in order to manufacture the fertilizer? Where are their markets going to take place? Or is it, Mr. Chairman, that the Potash Corporation of Saskatchewan, in this privatized operation, will use the funds to get into bed with Cargill, if I may put it that way, thereby further locking up the economic control in an important area with the large American multinational grain trading company of Cargill and get into fertilizer on that basis? Where are the details? What is the plan? This, Mr. Chairman, I think, is a very important issue.

Again I'm not singling out Mr. Childers. I am only using him because that's the way the story was described. I don't try to personalize this as much as I'm trying to make the point that from this privatization, the directions of this government for the use of those funds are to invest in the United States and not in Saskatchewan — at least judging by the statements; no one's thought of that as a first thought or concern — and into projects where there is some diversification into Saskatchewan, identifying the fertilizer one which is already in an area presumably fully and totally occupied by the Potash Corporation of Saskatchewan.

Now again, Mr. Chairman . . . (inaudible interjection) . . . I'm not able to hear the hon. member from Rosthern, but no doubt he'll want to take part in this debate and will want . . . (inaudible interjection) . . . Now the hon. member from Rosthern, I think, said it's another scare tactic, and I want to tell the hon. member from Rosthern that when I listen to his speeches, he's right. I'm doggone scared of anything that he proposes, economically and socially. He's right.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Now only what he would propose, because he is just a person who sings the Hallelujah Chorus to the Premier and the Minister of Finance and the Deputy Premier. That's not the issue. But the fact of the

matter is, Mr. Chairman, that here we have this kind of a simplistic argument that says, well that's another scare tactic. The minister will have a chance to reply to my remarks and perhaps he can put to an end whether or not it is a scare tactic and exactly what is intended by way of explanation with respect to these remarks that I make.

Now, Mr. Chairman, I'm going to close my remarks for the moment on this particular portion by again repeating the central proposition here. This is a tragic day for the province of Saskatchewan when we lose the economic control to foreign people and foreign corporations.

And secondly, this does not hold out any prospect for future growth and development for the future, for our families, for our young people, for our communities, judging by this *Financial Post* story and the directions that go. There seems to be very little hope in this regard, Mr. Chairman — very little hope. In fact, as I say, it's turning back the clock back to the future, to the days of the 1930s and beyond.

My question to the minister, therefore, is very simple: what are the plans by the Potash Corporation of Saskatchewan, as a result of privatization, which will allow it to get involved into building another fertilizer plant production right there in the province of Saskatchewan? Would he be kind of enough to tell us that?

Hon. Mr. Lane: — Well I will respond to the matter raised by the Leader of the New Democratic Party. And he started off making it clear to everyone that he's not satisfied with the arguments put forward with regard to control and says he's not convinced, and I didn't think that he would be, so I'm not surprised. And I don't think that the public would expect the New Democratic Party to agree with the government or the government to agree with the New Democratic Party. But let me restate, for all that are interested, the control mechanisms that are placed within the statute, the Bill 20 respecting the reorganization of the potash.

First of all, the legislation restricts foreign ownership to 45 per cent. But that 45 per cent still only lets the foreign investors in total have 25 per cent of the votes taken. Now what's that mean? Let's assume that nine competitors — and I'm taking the worse-case scenario as the New Democratic party put out — nine competitors, nine countries by 5 per cent each, so they have 45 per cent of all the shares that are issued.

Those nine countries or competitors or whatever the worst-case scenario you want to put on it, still can only, under the legislation before this Assembly, have 25 per cent of the votes taken. That's all. That's all, Mr. Speaker, 25 per cent of the votes taken. So of course what that means, it's not 25 per cent of the vote, it's 25 per cent of the votes taken. So they have considerably less than the 25 per cent.

(1930)

Secondly, the province of Saskatchewan retains, or will retain, its right to exercise its vote on the share. The leader of the New Democratic Party also raised the concern about Kalium and IMC buying shares in the

potash corporation. And I'll make the argument again. I'll give him a couple of arguments. I know he won't accept them, but like I said this afternoon, it's rather humorous when you think that a competitor, IMC, would buy shares in the potash corporation hoping that the competitor does well so that the value of their shares go up.

Let me take his argument to its extreme. If his argument was correct that competitors would get more information, then every single company in the world that is publicly traded would have a share owned — one share — owned by its competitors. General Motors would go out and buy a share tomorrow in Ford. Ford would go out tomorrow and buy one share in General Motors. And Ford and Chrysler, they each by a share in Chrysler or Toyota or Nissan. Because you only need one share to get the information that the Leader of the Opposition is concerned about. You don't have to buy 5 per cent. You'll get your annual report if you own one share. You can go to the shareholders' meeting if you have one share — nothing to do with the 5 per cent. and so everybody would go out, every competitor would go and buy one share. It's not really a very realistic argument.

We talked about the need for a wide distribution, because the wide distribution of shares will have the effect of keeping the value of shares up, which will be to the benefit of Saskatchewan people who choose to buy. It will also obviously help the value of shares held by the government. So it's to our advantage to have a wide distribution to increase the value.

And when he says that the farmers and the working people are going to lose control, I just ask every farmer, and I ask every working person in Saskatchewan, how many annual meetings of the Potash Corporation of Saskatchewan did you attend? How many times have you voted personally on what happens with the potash corporation? How much control did you directly have, how much control did you directly have? Obviously not. It was government, it was government.

So the NDP and the Leader of the Opposition has been very consistent, believing that in order to control, you must own. And that is the fundamental part of the New Democratic Party's argument. In order to control, you must own. In order to control agriculture, therefore, you must own the land. In order to control potash, you must own the corporation. The logic, of course, would say — and even the NDP didn't go this far — that if you really want to control you should have 100 per cent. That's the logic. So the NDP, if we take their argument that you must own to control 45 per cent of the potash industry, If you take their argument, you only have 45 per cent. The ownership and control argument of the Leader of the New Democratic Party is not a valid one.

We don't own the oil industry, but this province, the people, the government, and this legislature, can control the oil industry and the gas industry and the forestry and the uranium mine without ownership, without ownership, because we can control by legislation.

So the argument about control by competitors or other countries is not a valid one because the legislation has specific provision to prevent that. The control of the

resource, I suggest, is done by legislation and should be done by legislation. And I don't believe that the argument that you have to own to control is one that is inherent in the beliefs of the people of this province.

Then he talked about building and he said there's a scorched earth policy. And I ask the people in the city of Prince Albert, is PAPCO (Prince Albert Pulp Company) on fire because we sold PAPCO to Weyerhaeuser? We may have lit a fire under them up there, Mr. Speaker, with a new paper mill and several hundred new jobs and a more diversified economy. But there's no scorched earth in the city of Prince Albert.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — And you ask the people in Meadow Lake, you ask the people in Meadow Lake with the sale of the saw mill: is there a scorched earth policy through Meadow Lake? The NDP say there is because the saw mill is being sold to the Indian peoples and the employees.

I ask the people in the city of Regina to go downtown and see where the fire is and the scorched earth around the Saskoil building, a new one going up on Victoria and Broad, a new head office, because that company has gone from a relatively small Crown corporation to one of the largest oil and gas companies in Canada. And where is it scorched? In fact, it's been made bigger, with more jobs, more opportunity, more diversification, and also a greater ability within Saskoil, Mr. Speaker, to deal and handle an increasingly competitive world. So where — and I ask the people in Saskatoon — show me the fire in downtown Saskatoon where SMCD (Saskatchewan Mining Development Corporation) was scorched and burnt. You can see the new Cameco (Canadian Mining Energy Corporation), the largest uranium company in the free world, created through the wise use of an existing asset. Where's the scorched earth policy?

I ask every member of the Saskatchewan Wheat Pool: where's the scorched earth with the bigger malting plant now going privatized, one of the main owners the Saskatchewan Wheat Pool? Did the Saskatchewan Wheat Pool buy a piece of burnt earth? Not in the least. They bought a malting plant, they bought a malting plant so there's no scorched earth there. In fact, Mr. Speaker, in fact, by virtually every single privatization, they intend to expand.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — So it's not a scorched earth policy as made by a reference by the Leader of the Opposition. One can argue more strongly that it's a much more fertile earth by virtue of the policies of this government, Mr. Speaker.

Where, he said, is the scorched earth with the privatization of the cable television of SaskTel where now more communities have cable televisions in this province than anywhere else in the world, because of the changes made by this government? And where is this scorched earth?

Are all the directories on fire because the employees in a

Saskatchewan company bought the directories with an opportunity to get into tremendous opportunity with the directories and the diverse directories that are now becoming desired by the people of this province? Obviously not.

And then he talked the great tragedy that Saskatchewan is a have-not province. And of course, the one thing that the people of this province remember, that since equalization came into this province remember, that since equalization in 1958, Saskatchewan has been a have province five times: four times under the Progressive Conservative government; once under the former Liberal government; never once under a New Democratic Party. And never a New Democratic government has the province of Saskatchewan ever been classified under the have category of equalization since 1930. That is nearly 30 years, Mr. Speaker, 30 years. So that argument is not a valid one.

So then we talk, Mr. Chairman, about the moneys. And the NDP, Mr. Speaker, are so concerned about the moneys, but let me ask the people of this province: where was their concern when they bought the potash mines? And the moneys went, the taxpayers' money, the moneys of the people of this province. Where did the moneys go? The moneys went to Germany and to France when the NDP bought Alwingsal. The taxpayers' and the people's moneys went to the United States when the NDP bought Duval.

Mr. Speaker, the NDP say those are foolish arguments; they don't like to hear them. They don't like to hear them because the people of this province see this, I think, rather fundamentally. They see this argument as part of this government's view and vision as to how we should diversify and where the province should go. But they also see this argument, they also see this argument as a firm restatement that the NDP policies that the only way to control is through ownership, as being so well and ably restated by the new Leader of the New Democratic Party.

So the Leader of the Opposition talked about "build," and again we went back through the debate and he said, we're not building. And I restated the policies and I note very carefully, with the greatest respect to the Leader of the Opposition, that he didn't refute them; that the first economic development action of the NDP, the Blakeney era where the Leader of the Opposition was the deputy premier, was to cancel the Meadow Lake pulp mill. The second was to buy — to buy, not loan the money to Intercon, but to buy — 45 per cent of Intercontinental Packers. The third was to buy potash industry; and the fourth was to buy an existing pulp mill, P.A. Pulp mill.

So the public, with the greatest respect, I think see the issue as a restatement of your beliefs, very well restated, and a different approach. Now we, I think it fair to say, agree to disagree as to what should be done with the potash corporation. We have indicated our belief with the potash corporation that the potash corporation . . . You say, why privatize? I've given several reasons. Certainly we believe that the potash corporation, with the capital that can be raised through a share issue, can diversify so it's not longer a single-commodity company subject to the peaks and valleys of the cyclical nature of

potash; so it can become a more diversified company, much more stable, much more able to offset the peaks and particularly the valleys of the cyclical potash resource industry.

(1945)

The hon. member though, asked what plans, and there are no specific plans, and I'll tell him why there are no plans. It is because we did not want to anticipate the passage of the legislation, and I think that's no unfair.

So the NDP say that the new potash corporation should not get into the fertilizer business. I have difficulty believing that anyone would accept that argument. It would strike me that that, depending on the circumstances obviously, but to get into the commercial distribution of fertilizer like Elephant Brand, or whatever it may be, would be a natural opportunity. I think it would be a good opportunity.

The NDP are critical of Saskoil going out and expanding in Alberta, the States, eastern Canada, wherever it may be. In fact, Saskoil should become and is a company that is expanding and can carry on business, do business, create opportunities throughout the world. And that's a tremendous opportunity for Saskatchewan people.

So the NDP leader says that the potash corporation shouldn't expand in the United States, and I ask the people of this province, why should not the Potash Corporation of Saskatchewan expand into the United States? If it's a good business deal and helps to diversify and make it a stronger company and far more immune to the peaks and valleys of potash, why should not the potash corporation expand? Why shouldn't the corporation be in the position to do business and expand throughout the world?

I think to have a company that is expanding throughout — South America, wherever. But I want the people of this province to remember when the NDP owned a Crown corporation called Sask Oil, one of the first efforts of Sask Oil was to expand into the province of Alberta. It even had offices in Calgary — one of the first initiatives.

So you can criticize the government and the potash corporation for wanting to expand beyond the province, but in fairness to say that you did not do it is not accurate; to say that it shouldn't be done I think is a rather narrow view of what is in the best interests of the potash corporation and the people of this province.

So the company should expand and the company should, over time, be in the position where it becomes immune to the cyclical nature of potash, and I hope that happens and I hope it happens soon. But again you ask, any plans? There are no plans. There are no plans. The NDP say, well there should be, there should be.

Well I'll take the argument of business from the member from Regina North West. I don't think the potash can invest in Dairy Queens. Okay. Talk the business argument. But I will say, when the capital is raised and the equity is raised by a share issue, then the moneys obviously can come, at least in part, to the corporation.

Then you begin to look for opportunities, and I suggest and I predict that the opportunities are going to be legion for the new potash corporation, an opportunity to diversity, to become a much, much stronger company, much more stable company, and a company much more able to deal with the cyclical nature of potash.

Mr. Romanow: — Well, Mr. Chairman, I want to pick up on the answer of the minister piloting this Bill through, and to correct him on a couple of his statements about our position which I think he knows . . .

Mr. Chairman: — Order, order. I would just ask the members who are having their own little debate to continue either outside the House and allow the member from Riversdale to continue his questioning.

Mr. Romanow: — Thank you very much, Mr. Chairman. I want to make it absolutely clear to the minister that I am not opposed to the Potash Corporation of Saskatchewan expanding outside the province of Saskatchewan where the commercial and other arguments would so justify an expansion.

What I am opposed to, however, is raising the money for a privatized Potash Corporation of Saskatchewan to invest outside the province of Saskatchewan, to make a return to the benefit of private shareholders, 45 per cent of whom are going to be outside the province of Saskatchewan, to create jobs outside the province of Saskatchewan to build schools, roads, and hospitals outside the province of Saskatchewan. That I am against, and you, sir, should be against that too. You should be against that too.

Some Hon. Members: Hear, hear!

Mr. Romanow: — When you say you are building and you say there are peaks and valleys in a cyclical potash business, of course there are. That I think is also common ground between us. There are ups and downs and peaks and valleys. But the president of the corporation, seated to your right, talks about a fertilizer plant in Saskatchewan. I gather you're saying now there is no such plan. He talks about acquisitions in the United States; apparently there are no such plans. He mentioned them to *The Financial Post*, but you are telling the House now there are no plans. You are confident that we're going to succeed, but you don't know how we're going to succeed, but you don't know how we're going to succeed. You get up and you tell us that you're going to be successful, but we're not going to tell you how we're going to be successful.

Now, Mr. Speaker, this is a \$2 billion corporation that we're privatizing; maybe more. We're privatizing a major investment of the people of the province of Saskatchewan, and your job, I say with the greatest of respect, is to show to the people of this province what the game plan is or what the business plan is for the success of this corporation, on the assumption that can be made on a successful operation.

You say that you don't anticipate the passage of the bill and therefore you don't have the plans. But surely you must have done some work in anticipation of this Bill being privatized. If you don't have the plans, why the closure? Why all of a sudden the rush to get this thing

privatized? Why in yesterday's or today's newspaper the statement that you're going to be making a share offering by about September? You're not going to tell me and the House that the moment that we are guillotined tomorrow night at 11 o'clock, or whenever we are, that Mr. Childers and all the officials will work all night and all weekend to come up with a game plan for the privatization of the shares, and a game plan for future investments.

We know that your people have been, as they ought to be, ought to be if you're in pursuit of this policy, working out the details of how this thing is going to be valued, how it's going to be sold, who's going to get the benefit, who are the likely beneficiaries — and speaking to the issue of United States investment, there's got to be an idea, more than just a notional idea through a casual exchange that you and I are having, some concrete ideas as to what you're going to do with that money and those investments. It's not credible to get up and say, well we haven't given any thought to it.

And if you would ask us to believe that you haven't given any thought or you have no plans on the things, then I say to you that at least 50 per cent, the other half of the game plan — namely what to do with a privatized corporation — if you have no plans and no ideas, you have no plans, period, including the very privatization of this operation because they go hand in glove.

You must know where you're going to take the corporation after this is finished, this particular area of the debate is finished. And I say to you, sir, that on that evidence that we have, because you have given us none today, tonight thus far, on the evidence that we have are the statements by yourself and the statements by your president — this is the only one that we have available tonight — clearly you're headed to investments in the United States. Clearly that's where the job creation's going to be. Clearly that's where the valuation increases are going to come. Clearly we're going to have the bitter irony of Saskatchewan investors' money being used to make private profit for themselves in the United States market, and you say that's building for the people of the province of Saskatchewan somehow.

Well, I'll take your answer at face value. There are no plans. We are not going to acquire in the United States . . . at least you have no plans. I'll put it that way, to acquire in the United States. You have no plans to build a new fertilizer in the province of Saskatchewan. I don't know whether you say that because the Deputy Premier walked in and might change your views there. We know how strongly he feels about the one big fertilizer plant in the province of Saskatchewan. But anyway, in any event, you have no fertilizer plans and you have no plans whatsoever with respect to the privatized Potash Corporation of Saskatchewan, notwithstanding the fact that peaks and valleys are part of the objective of what you're trying to achieve here in the privatization.

Now, Mr. Minister, perhaps you would like reconsider your answer and come back with some specific answers in this regard. Maybe you have no specific answer. But before you do that, I have another observation to make on the question of control.

I say to you, sir, that is a proven fact that this government — I don't care whether it's PC or New Democrat — cannot control in the sense of influencing the economic pace of development in the natural resource area. I will not repeat the arguments that I made this afternoon as to why I say that, but I think that's an uncontested fact. You have not argued that from a legal point of view. Perhaps you don't want to argue it from a legal point of view. You disagree; fair enough, I'm not going to convince you.

I don't believe that Main Street, Saskatchewan should be controlled by any government. There are more small businesses in the period from 1971 to 1982, which were individually opened and entrepreneurially motivated than there ever has been. There have been more people working and more entrepreneurial successes than there's ever been from the period of '71 to '82. There have been more farmers, or at least certainly as many farmers, in fact more farmers than there are currently — I don't blame that totally on your government — more farmers entrepreneurially on their own operating than there ever was in the recent period from '71 to '82. We believe that that's exactly where the motivation of economic policy should be, to develop that kind of an entrepreneurial atmosphere by which these people can succeed. That's exactly what we stand for.

But what we do not stand for is the kind of a position which says, in an area where the province of Saskatchewan through its government can directly guide the economic policies to help Main Street, Saskatchewan, in a key area such as natural resources, and in that key area of natural resources in the face of the bitter, legal, and political experiences of this province, I don't know in the world how people can fly in the face of facts.

This has nothing to do with NDP policy. You can speak that all night and all the time until the next election, and beyond the next election. You know it's not true. You know that it is rhetoric. That's not the position. That's not the debate.

It's a question as much as it is anything of what the history of this province has shown us in this regard with respect to control. And the point that I am making, even by your so-called explanations on the question of foreign ownership is, we have moved from, in this vital one area of natural resource of which I am speaking, we have moved from the point where we can direct and provide hope and opportunity to the point, if and when this Bill passes, over to the point now where other people are going to be directing the future direction and growth policies of this province of Saskatchewan. That's not building, that's destroying; that's not building, that's selling; that's not building, that's privatizing; that's not building, that's giving away. That's not building; that is, in fact, shucking responsibility. That is despair that you are exhibiting, sir, under some sort of a general explanation that somehow in the world we should just roll over and play dead, and play by the rules of Carlsbad, New Mexico, or play by the rules of some other buyer or some other producer in this country. We can't act ignorantly of them, we cannot act obstinately of them, we cannot act indifferently of them.

I realize we are citizens of the world, but we surely can, because we have done it in the past, fashion a corporation which is responsive, which is sensitive, which is competent, which is efficient, which will go through the valleys and the peaks financially. And from another point of view, but on balance over the long haul, will be a mechanism for jobs and for revenues and for schools and for roads and for hospitals and for ordinary people. And tonight and tomorrow, sir, you are in effect destroying that hope for tomorrow's future. That's what makes this thing so condemnatory and so bad.

Some Hon. Members: Hear, hear!

(2000)

Mr. Romanow: — And may I say, sir, without an alternative in place, without an alternative in place, is that building or not? I don't think anybody who would look at this thing objectively would say that that's building. But I want to get this area of questioning if I may.

You say that you want to build and you say that privatization is necessary to build. I ask you why it is so, that the Potash Corporation of Saskatchewan, if it decided to build in the United States and Florida on a phosphate operation, couldn't do it as a Crown corporation? Why is it that we need to sell off in order to get on with this business of so-called building PC-style? Why is it that the Crown corporation can't do it itself?

Hon. Mr. Lane: — Obviously, corporations will need more equity in order to do that, which means that the government, i.e., the taxpayers, would up front put their money into a Crown corporation . . . (inaudible interjection) . . . Oh yes, where else are they going to get the money? Where else are they going to get the money? Up front put the money in for that expansion.

So on the one hand, they complain about us getting equity and moneys from everyone on an equity issue to expand.

So they ask: what about Cargill? There is a big difference, the big difference is this, the big difference is this: when we look at an opportunity to have a fertilizer plant in Saskatchewan using Saskatchewan natural gas, as we have to find the ways to create that opportunity, and that in fact means making the best financial and business deal to get that plan there. That's where you have to do it. That's where you have to do it.

But secondly, for you to argue that either in the case of Saskoil or in the case of potash, perhaps another, WESTBRIDGE, that all of the opportunity has to take place in the province, in some cases that is just not realistic, that is not realistic. That's the argument you're making. That's the argument that you're making, and it's not realistic.

So when he talked about building as well, when he talked about building as well the difficulty that you have, the difficulty you have in this argument before the people of this province, when you had the opportunity to build, you chose not to build. And you had the choice, instead of putting the money into the potash corporation, you had a

choice, you had a choice. You could have put that money into a new upgrader; you chose not to. That was your policy, that was your choice.

You had a choice, rather than buy PAPCO in Prince Albert, to take that money and go to Meadow Lake and build a new pulp mill in Meadow Lake. You had the choice; you chose not to. You had a choice with Intercontinental Packers to assist in the expansion of Intercontinental Packers or buy 45 per cent.

So when you had the choices to build, you chose to buy. And the argument is that you have not deviated through all this debate today from the fundamental NDP economic view, that in order to control you have to buy, and that you would prefer to buy rather than build. That's your choice.

Now let me give the NDP leader an example where there was a tremendous opportunity in our resource field for the government to create a new industry, to expand and create some new opportunity, and let me give you the example. I will contrast what happened.

You had a policy that all natural gas in the province had to be sold to SaskPower. That resulted, really, in no natural gas industry in this province. This government made policy changes, taxation changes, and made changes which today have created a natural gas industry in this province which last year, I believe, was the first time in the history of this province, because of new discoveries, that we were able to export natural gas; that we now have discovered enough natural gas that we can take it to the farms of this province; that we can now take natural gas and begin to develop industries from the natural gas — like fertilizer.

So don't tell me that you cannot use the resources and make changes to create some opportunities, because you can't deny — you cannot deny — that there's a natural gas industry in this province today that was not here when this government took office in 1982, because there is one.

You cannot deny that policy changes and the direction, the expenditure of moneys, did not create a paper industry in this province, because we now have one. We didn't have one before. So don't tell me it can't be done. Don't tell me it can't be done.

So what I suggest to the hon. member . . .

An Hon. Member: — Who took the risk of all these things?

Hon. Mr. Lane: — What? Oh, he's now talking about the risk. Who takes the risk on potash . . . (inaudible interjection) . . . That's fine, he says. It's all right . . . Understand what the NDP are saying. If the government can go out and take its money and put it in and buy mines and pulp mills and take the risk of the cyclical nature of those industries, that it's all right under the NDP thinking, it's all right that the taxpayer take that risk. But if the taxpayer at the same time, instead of buying what was already there, takes the risk to create something new, you shouldn't do that.

It strikes me, if we are going to try and diversify this province, if we are going to take the risk — and we do have to take risks, I don't deny that — then surely the risk should be taken in trying to create new opportunities, new jobs, new businesses, not to make the choice to put it into cyclical industries and take a risk that way.

Now again, I've acknowledged that we do have conflicting visions; we do have fundamental differences, and they are certainly evident throughout this debate. But again — and I've restated numerous times and you've stated your position several times — we don't believe you have to own to control. We think there are other ways. We do think that when you have choices to try, and you have to make decision as to expand, you should try and create something new. Thirdly, we believe that we can use the privatized assets as a creative effort to try and make stronger companies, more diversified companies and to create new jobs in this province.

So again you ask what the plans were. As I've indicated to the hon. member, there are opportunities, there are opportunities for the potash corporation — be it acquisitions in the United States, be it fertilizer, be it consumer products, whatever it may be. And this company will look for those opportunities because it is in the best commercial interests of the new potash corporation to try and offset the cyclical nature of potash. And that's what privatization will do for it.

Mr. Romanow: — Well, Mr. Chairman, I think that this is again another key aspect of this debate in Committee of the Whole, and my colleague, the member from Quill Lake, makes the point, I think, succinctly when we try to do it to the members of the House more publicly. The argument made by the minister in charge of the Potash Corporation of Saskatchewan is that privatization is necessary in order to diversify to get out of the cyclical nature of the operation. And yet he has no plans that he comes to this legislature to tell us what he's going to do. Doesn't know what he's going to do.

He wants to accept the privatization because, he says, it's going to mean diversification and greater opportunities. But he has no plans, no plans for a fertilizer plant, no plans for United States acquisition. Please trust me, the Minister of Finance says, please trust all the boys at the Potash Corporation of Saskatchewan. Something will work out okay. Please trust us, please trust us, is what he says.

Now I say to the minister, with the greatest of respect to the minister, I repeat again this is a \$2 billion-plus corporation that you people are putting on the chopping block today, and your arguments that you are trying to justify to doing this are absolutely devoid of any kind of factual information. Where is the studied plan to telling us where you're going to diversify and how you're going to diversify? Why wouldn't the government come forward and say, the Potash Corporation of Saskatchewan has this plan for diversification; that's what this is all about, Mr. Leader of the Opposition.

But no, they say to us, we're going to diversify, but we have no plans. Instead he resorts to this rhetoric about buy and sell . . . build and buy. And it is rhetoric. I mean,

nobody out in the street believes you on that, Mr. Minister. You're selling something that we gave to you, we left behind to you. Where did it come from, out of the air? I mean, you're selling off assets. How did you get here? How did Mr. Childers and his people get to this job? There was an entity and a corporation which was thriving and working, and it was done by the people of Saskatchewan through their government of the day. And now you're in the business of selling it off, and selling it off as quickly as you can sell it off. And worse than that, your vision is not . . . I mean, if you could even say buy, your vision is not build, and it's not even buy; it's sell — sell, sell, sell. Fire sale, that's your vision.

Some Hon. Members: Hear, hear!

Mr. Romanow: — He says, you know, well we have to get another reason for privatization, we need the equity capital. But they find it for Cargill. Oh well, that is different, the minister says, this \$30 billion annual sales company — that's different. We've got to give it, a fledgling company, a little bit of a boost. And by the way, not only after they give it a boost the committed policy of this government is, what are they going to do after they get Cargill started, Mr. Chairman, they are going to what? Sell, sell, sell again to the private investors who can afford it. And of course . . .

An Hon. Member: — But the taxpayers take the risk.

Mr. Romanow: — Well, of course that's the other point. But they're going to sell it to those who can afford it, and they're going to say, well at the first level we're going to give it to the 40,000, if we're lucky, Saskatchewan people who have got money to buy shares. And then we're going to offer it to Canada at large, for those who have got shares, and then of course we're going to have to offer it to the Americans because Cargill is in there, because that's the way of the world.

Sell, sell, sell; where did you find the money to do that? Where did you find the money for Weyerhaeuser? How did you find the money to give them that kind of a multimillion dollar deal? Poor old Weyerhaeuser, a company that you've got to give them a little boost to. That was your justification for finding money. Oh, Weyerhaeuser from Washington state simply doesn't know how to do it, has no money by which to operate this operation, and you people have to come in with millions of dollars to help them out.

No, sir, your policy is not build. Your policy is not even buy. Your policy is sell, sell, sell, that's your policy.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Sell to anybody who will take it. Sell to anybody who will take it. And not only that, your policy is to sell and to make it as cheap as possible for them to buy — as cheap as possible to buy. It's a fire sale that goes on. You say, well you know, what about the risk-taking? You say, you people took all the risk. Well at least we owned it. Now we take all the risk and somebody else owns all the assets of the province of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Somebody else is going to own it. And that's what symbolized . . . that is what in reality is the case with respect to this potash Bill. We are involving again with this central PC policy of sell, sell, sell, sell to anybody and to everybody. That's basically what's behind it. And what's new about this one, which makes it an extremely dangerous operation, is that it is sell to foreign interest, Mr. Minister, which is what the debate partly is all about in terms of building, and also who the buyers are and who the beneficiaries are.

This is selling to foreign interests — 45 per cent up to is the capacity by your own admission. That elevates the prospect of selling to new heights now. I mean, you're going to send the salesman, the Premier, around the province of Saskatchewan to do another sales job like he did in February to get the buyers on the 45 per cent.

Look, Mr. Minister of Finance, if you have any influence over the Premier, please urge him to stay here in Regina and not to get involved in the sell, sell, sell operation. I mean, I try to say that facetiously and not very jokingly, but it's not a joking matter. It's a dangerous thing to let you people out there to try to sell, sell, sell.

(2015)

Now that is the situation, and by your admission this afternoon you made the point, you made the point, and I want to now come to this specific aspect of it. And I'm glad, by the way, that you acknowledged that there is no reason why a Crown corporation can't expand or diversify, as it's currently structured. You made the point. You argue an equity argument, to be fair to you. I understand that to which I make a response.

But now this afternoon you said there would be no limitations with respect to the countries who might buy or the corporations that might buy. That's your position. I find that also interesting, and I find it symptomatic of this government's confusion and unpreparedness in coming forward to this legislature with this Bill, sir. Because you will remember yourself for example, but one small example, but an important example, that on June 9 of 1989 in this legislature, there was a motion introduced by the Premier, seconded by the Minister of Energy from Swift Current, dealing with the situation in China.

And that motion condemned on the Legislative Assembly what took place in China. To which on that motion was an amendment introduced by my colleague, the member from Regina Lakeview . . . sorry the member from Moose Jaw and seconded by the member from Regina Lakeview, and I'm going to read the amendment. And it says:

And further, that the Assembly calls on all the nations of the world to untied in condemnation of these abhorrent acts and in support of peaceful attempts by the Chinese people to bring democratic reforms to their country; (this is the part now germane to this debate) and that the Assembly call upon the Government of Saskatchewan to end all negotiations to sell any portion (to sell any portion) of the Potash Corporation of Saskatchewan to People's

Republic of China.

You, sir, remember that amendment. You remember that debate because you voted for that amendment. The Premier voted for that amendment. It passed 45 to zero in this legislature. We all said, end the negotiations. The intent of that motion is, don't sell to China. This afternoon at 5 o'clock you say as part of the sell, sell, sell philosophy that you're not going to not exclude anybody, and presumably China is as much a potential buyer as anybody else is. That's the position that you take.

I want to ask you, sir, whether or not, specifically in the case of China, is it your position that China can be a buyer of a privatized potash corporation of Saskatchewan? And if so, how do you square that with this resolution, which you and the Premier supported and endorsed, calling a cessation of that selling-off policy to China and, more importantly, the spirit of that motion not be involved in this particular aspect in the light of what took place in China? Was this motion something that you stood for, or was it just merely again words of guarantees which are betrayed by the legislation which you introduced? Which is it?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — With the greatest of respect to the Leader of the Opposition, only, I suggest, a New Democrat could say that a general public issue, available to people who are going to buy in their stock-market, is formal negotiations with an individual to sell them an interest. It doesn't follow; it doesn't follow, not at all. There are no negotiations with China to sell any part of the potash corporation.

However, if we do a public issue and if China went down to the Toronto Stock Exchange and bought shares, that's not negotiations with China. Obviously it's not negotiations; obviously it's not negotiations. It's obviously not negotiations for them to participate in this.

Can they go out and buy shares? Up to 5 per cent they could. I've said that, I've said that several times. So that's not negotiations to sell. There are no negotiations to sell any of the potash corporation. There's no negotiation with China to have them buy shares; there's no negotiation with China to buy a mine or part of a mine or an interest in a mine or anything else.

I mean, why are we here, why are we here debating? I mean, if we're talking that way, you can sit and disagree with what I say. Fair enough, and you don't have to take it. I understand that, fair enough. I've said it. I can't sit and prove a case.

I've said that there are no negotiations, but under an issue, if they went to the Toronto Stock Exchange, or if they're sold on the Vancouver Stock Exchange or the Calgary exchange or The Montreal Exchange, then they can go in and buy the shares. But that, with the greatest respect, is not negotiations with China to sell them shares or an interest.

Mr. Romanow: — Mr. Chairman, I will concede to the minister that the word negotiations as he defines it and as

he redefines this motion perhaps can be interpreted that way. But I say to the minister that the history of this situation with respect to China is clear.

The Premier was over in China in February, amongst other countries, for one obvious reason . . . well a number of obvious reasons, but one of which was to advise them of the privatization plans, inform them of the opportunities in general terms. There's much dispute as to what he actually said, some dispute that he offered them a lot more than simply 5 per cent. That was clearly the case. He held a press conference via telephone in this area and said that he was out there trying to sell to the Chinese and the East Indians.

Everything was going along swimmingly until all of a sudden the events at Tiananmen Square took place. Then in Tiananmen Square the motions of condemnation from around the world arose, and out of that motion of condemnation arose this motion which, sir, no matter how you redefine the word negotiations, can only be read to mean that the people of this province feel offended in providing an opportunity to a regime which did what it did to its young people in defence of freedom, those young people were doing.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And this Assembly voted 45 to zero for that. This Assembly voted 45 to zero for that, and now you're telling me that the Chinese can get in there at 5 per cent if they choose to do so, and your justification is that they will do it not because of negotiations, they will do that because we are simply offering the shares to the world.

And that's exactly my point, Mr. Minister — exactly my point — that by divesting the ownership of the potash corporation to the world, we are making ourselves vulnerable and in partnership with either countries or corporations, the values of which we do not support and the standards of which we do not support. We cannot control our own direction, such as the Chinese situation, and the buying of the 5 per cent there — cannot.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Cannot do it. Of course the Chinese market has been very important. The Chinese market may very well be important in the future. Government should be looking to all of the countries in the future. But we've just had a tragedy over there of immense and enormous proportions. We've had a resolution of this nature, and I don't see your Bill reflecting the spirit of this motion. What I see you saying is, well there are no more negotiations. Well judging by the Premier's tour to the Far East, all I can say is, thank God there are no more negotiations as a result of the disaster of that tour, Mr. Premier, with the greatest of respect.

But the fact of the matter is that that highlights the point that I say about foreign ownership. It is that we have no control over who buys; we have no control over what their interests are; we have little if any control as to the profits and the dividends that are payable. The money flees from the province of Saskatchewan. We have no

plans for development sir. You have no plans for development. You are no able to come to this legislature and tell us what your plans are after a privatized corporation. We're dealing with a \$2 billion asset, and you, sir, are guillotining us to adopt all of that based on what? Words. Just like this motion — words. That's all it is.

Now, Mr. Chairman, how in the world is that in the interests of Saskatchewan policy or Saskatchewan approach? How in the world does he do that? I don't understand how that can be done. And with the greatest of respect to the minister, I simply do not understand how in the world that this foreign ownership, which in effect says that anybody can come in and take over this asset, no matter how abhorrent we may find them — if it's South Africa that moves in, we're going to do it.

Well the hon. member from Cut Knife doesn't care about that. He simply wants to get the money and, goodness knows, do whatever with it as he sees fit. I don't understand that. I say that it is a loss of Saskatchewan control and Saskatchewan direction, Mr. Minister, and I find that to be one of the most searing condemnations of this legislation. Whatever your arguments might be on privatization, privatization, foreign ownership is an extension of the notion of privatization, which I find to be in this context, in this Saskatchewan sense, to be abhorrent, to put it mildly.

Now, Mr. Minister, my question to you is this: on the issue of control, because your defence is . . . I know you're telling me that we agree to disagree and you're in effect saying that I'm not going to be able to persuade you, and I understand that. And you're not likely to persuade me — I understand that too, unfortunately. Maybe we can persuade a back-bencher or two back there, I don't know, it's possible. But you're still coming back to this issue of control as opposed to foreign ownership.

I'd like to ask the minister this specific question, sir, moving off this area of foreign ownership but in the context of local control: can you point to any provision in this Bill, can you point to any provision in this Bill legislatively, which guarantees that any percentage of shares must be owned here by Saskatchewan residents? If so, which provision is it?

Hon. Mr. Lane: — Let me first answer what I see as a rather shocking position from the Leader of the New Democratic Party, and tonight he has said, don't let China, the People's Republic of China, buy on the stock market shares in the potash . . .

An Hon. Member: — That's what you said.

Hon. Mr. Lane: — No, we said negotiations. Tonight, for the first time, a leader of a political party in the history of the province of Saskatchewan is advocating sanctions.

And let me tell you where the logic of his sanctions takes us. Does he say that we should not sell potash to the People's Republic of China? Is that the logical step? No negotiation and no sale of potash, because that is precisely what he has advocated. Now does the Leader of the New Democratic Party stand up and say, the farmers

of Saskatchewan, don't sell your wheat to the People's Republic of China? That's what he is advocating. That's what the New Democratic Party are advocating here tonight.

So now I ask, and I want to just put it in the position of . . . Can you imagine, Mr. Speaker, Canpotex? Canpotex selling Saskatchewan potash, going over to sell our potash to the People's Republic of China and saying, no the legislature of Saskatchewan says we can't have you, we can't have you, you're excluded. So you're excluded. No, that's what he has just advocated.

Let me state again what I said earlier. There are no negotiations. There are no negotiations. If, to sell an interest in the potash corporation, shares or otherwise, what I have said is that if the People's Republic of China or India wants to buy 5 per cent, they can go to the stock market and buy 5 per cent. and what I have said on numerous occasions that if nine countries, or all of the competitors in a couple of countries, all were to buy 5 per cent each, because they can only buy 5 per cent each, it says, individuals or countries or agents of governments, I said, governments or competitors, say, can buy 45 per cent.

Foreigners, take the 45; I don't care how you break down the 45 per cent. I'm taking your examples. I don't care how you break down the 45 per cent, an individual, corporation, government, entity of government, agent of government, whatever it may be, 5 per cent. They can't work in association, can't work in conjunction. they can still, even if it happened, they can only vote the 25 per cent. And that's not the 25 per cent of the shares, and we've been through that. We've been through that numerous times.

(2030)

So now you're advocating sanctions . . . (inaudible interjection) . . . Well, no, let me tell you where the next logical question comes. Let me tell you where the next question comes. And the Leader of the Opposition is going to get up and say, does this legislation prohibit South Africa from buying shares? Oh sure.

An Hon. Member: — No.

Hon. Mr. Lane: — Oh yes. Oh, now he's in favour of it then . . . (inaudible interjection) . . . No. No. Should South Africa . . . Let me put it to you this way; let me put it to you this way. I may have been unfair when I said that you had asked the question. I have little doubt that one of your back-benchers would ask the question. Okay?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Now so he is . . . And I don't think you can interpret any other way of arguing sanctions. That's not the case. They can buy the shares. They can buy the shares subject to the foreign ownership limitations which we have discussed. Having said all of that, if you could quickly articulate the question that you asked earlier, I would be happy to answer.

Mr. Romanow: — Mr. Chairman, I don't know how much

further we can go with the minister on this point, but I want to reiterate, and perhaps I'll ask the question and you can answer it.

I'm referring to this motion, which I will read, in part, that says:

. . . and, that this Assembly call upon the Government of Saskatchewan to end all negotiations to sell any portion of the Potash Corporation of Saskatchewan to the People's Republic of China.

That's all I'm speaking about. You voted for that, sir. the Premier voted for that. The House unanimously voted for that. That's the position. The ownership, whether it's 5 per cent or otherwise, for the Potash Corporation of Saskatchewan. This is not sanctions. That's the motion that we voted for, both in spirit and in content.

You're telling me now that that motion can't be fulfilled because the Chinese, if they see fit, can buy 5 per cent of the Potash Corporation of Saskatchewan, ownership of PCS. Well what was the purpose of voting for this motion, Mr. Minister? What was the purpose of voting for this motion?

I'm not advocating sanctions against China with the goods that we trade with them, that they shouldn't be buying potash or wheat or things of that nature. The minister knows that; everybody knows that. That's the way the question was framed; that's the way the question is worded.

Now the minister is choosing to defend that on the word "negotiations" — negotiations. That's what he's doing. and the Premier is urging him and feeding him all these kinds of arguments. look, Mr. Premier, you're much better off being where you are, you know, not in the Far East and not in the legislature. Just leave the minister alone. He's doing not too badly for a very poor case that he has to mount in this area. You say that the answer is that the negotiations have ended. I say, well at least there are no negotiations.

But the ownership of PCS (Potash Corporation of Saskatchewan) remains there, notwithstanding the spirit and the intent of this legislature, in that kind of a circumstance. And I say that's an example of my point about foreign ownership which is allowed to be taken in a valuable resource like this, that we have no choice of the owners in partnership, the partners in ownership, which we obtain, in defiance of your votes, sir, in defiance of the Premier's vote.

What are these? Are these simply words or motions we pass to get around the hurdle politically, or do they mean something? Obviously this is something which bears very little concern with respect to whether or not you're interested in this matter. You have an explanation; fair enough, I think it's specious answer.

My question to you was, and this is the one that you had forgotten and I'll put it to you now specifically: will the minister point to any section in Bill 20, for my edification, which he guarantees legislatively a certain fixed amount of

shares to be held by Saskatchewan people? If so, what is it?

Hon. Mr. Lane: — We could perhaps put it . . . I had stated to you that there are no negotiations to sell. Maybe you want to put forward an amendment that the province of Saskatchewan not sell shares to the People's Republic of China if you're so convinced that . . .

An Hon. Member: — You better get some legal advice on that, Gary.

Hon. Mr. Lane: — Well, can I tell you where not to go to get your legal advice?

An Hon. Member: — Not to go to me, just go to your own people.

Hon. Mr. Lane: — No, no, this is your opportunity here, you raised the issue, I've said there are no negotiations. And I think it fair to say that if we were to take a position . . . we have not taken the position with the government ownership of the potash corporation, that we would not sell potash to the People's Republic of China. We've not taken that position.

So, here we've had the ownership, okay, and we didn't take the position that we should use it for sanctions. So why should the fact that it's privatized make it different? It doesn't necessarily . . . it doesn't logically follow. So if you want to make a motion or an amendment that People's Republic of China or its agents or whatever not be able to buy 5 per cent, I'd certainly be prepared to hear that.

And let me . . .

An Hon. Member: — What would you do with that proposal?

Hon. Mr. Lane: — No, no this is your proposal. This is your concern. I'd be quite interested, quite interested in seeing what you bring forward. And having seen some of the Bills, I know you have some very high-priced legal talent over there. And I suggest to the hon. member that he has the opportunity to do that.

Having said that, you asked the question, where are the guarantees that Saskatchewan owns at least 50 per cent. And of course what I have said before is that the limitations are the other way. The limitations are the other way. The limitations are on the foreign ownership. The limitations are on the ability of the foreign owners to vote. But no, there are no guarantees.

What I have said, what I have said at the outset, two things: one, that the issue will have a majority of Saskatchewan, Saskatchewan consisting of the people in the province that wish to buy shares, the employees, and the government share will be over 50 per cent. So I have stated that.

Secondly, I have stated, I have stated, I have said, secondly, I have stated, I have stated that we will encourage as many Saskatchewan people as possible to invest in the potash corporation. We will try and make it

as easy as possible and as reasonable as possible to encourage as many as Saskatchewan people. I happen to think that they will buy. I happen to think that they will take the opportunity.

And I also happen to believe that the Saskatchewan people, as they have tended to do, will want to hang onto their shares, and I also believe that Saskatchewan people, if they are given the vehicles, want to make, want to make an investment in their own economic future. And we will encourage that.

Mr. Romanow: — Well, Mr. Chairman, I'm going to make this point, and then I thin other members on my side want to get into this debate and raise some other comments and questions. But again, I want to emphasize what I think is the . . . I say this with the greatest of respect to the minister and the government, the either lack of preparedness on this matter or the lack of forthcoming on the part of the government officials, perhaps both.

You ask us to take your word, sir, that there'll be 50 per cent of Saskatchewan and/or Canadian ownership — your word. We know that is not what happened in Saskoil. We know when the government gave its word that the same objective would be attained, it was not in the legislature, it was not in the legislative enactments, and it did not come to pass. And I stand to be corrected, if you have some other updated information, but that's what the annual report of Saskoil in effect, its says, itself.

If it is the stated objective of the Government of Saskatchewan to guarantee — and note the world that I say, guarantee — Saskatchewan majority control of shareholding and shareholders, if you want to make it 50 per cent or 55 per cent, but the control is there to for sure match, if not at least match and surpass the foreign ownership totality, bring it into legislation, sir.

You've challenged me to bring in an amendment. I challenge you to bring in an amendment. Why don't you back up that statement with a legislated guarantee? It could be amended, of course, by future governments down the road, which would be an ironclad guarantee, but at least it would be something more than a stated intention which we know is subverted, very often is subverted, or very often could be subverted by the actual forces of the market-place.

So I'm inviting you to bring in an amendment on this issue, to nail down the fact that at least Saskatchewan people won't have everything totally lost; that there won't be \$100 million or so of Saskatchewan money in a \$2 billion corporation, and the rest of which is owned by large corporations and individuals in eastern Canada, in China, in Korea, in the United States. That surely is not your objective. At least you say it's not your objective.

So why not come in with a specific resolution, a specific amendment that would at least get rid of that aspect of it. We'd still have the 45 per cent foreign ownership; we'd still have the 5 per cent Chinese coming in on the open market as you say, the 5 per cent the Koreans coming in on the open market. All of that would be there and influencing the foreign directions and the foreign interests of the corporation, but at least there'd be something for

the Saskatchewan people.

And I want to make another point. Some will say, well any configuration of numbers is possible. But you know, if you had nine foreign interests each purchasing 5 per cent to the maximum 45 per cent of the foreign ownership permitted by the legislation and if five separate Canadian companies — I'll just name five as example, buy 5 per cent, Noranda, Cominco, Denison, Rio-Algom, and Saskterra — the net result of that, Mr. Minister, would be 14 individual non-Saskatchewan firms owning 70 per cent of the potash corporation in the province of Saskatchewan.

There is no legislative guarantee to prevent that. There is your stated hope that it would happen. But I don't believe that you'll deliver it because your policy is sell, sell, sell, sell. Your policy is sell, sell, sell, sell to IMC, and to all the large corporations of this world, it's a sell, sell, sell, sell. Scorched earth, give it away, give it away as fast as the member from Regina Wascana would permit to give it away, and with it all of the opportunity to build schools and roads and hospitals. Give it away, not improve it, give it away.

And the member from Regina Wascana, who undoubtedly will take part in this debate too can state his point of view as to how this policy throws, fits into it, but I suspect that he won't.

So I am saying to you, Mr. Minister, this foreign ownership matter which we address, which I think must surely be a serious concern for all Canadians regardless of your political ideology, to any Canadians and others who are interested in this debate of what's happening to the future of Canada, generally, on foreign ownership, see this shocking provision of 45 per cent with no guarantees of Saskatchewan ownership, you can only conclude that it is the passing of a period and an opportunity for growth by our own Saskatchewan families.

We switch the economic decision from home to Atlanta, Georgia; Austin, Texas; Florida, Chicago, and we do it on the pretence and on the excuse that somehow that's the way of the world. Well, I want to tell you that's not building — not building in Saskatchewan.

I want to tell you, the people of the province of Saskatchewan want their young men, women, and children to grow up and to be education and have their jobs right here in Saskatoon and not in Chicago, Illinois.

Some Hon. Members: Hear, hear!

(2045)

Mr. Romanow: — And they want to be able to have the chance to be the president of the Potash Corporation of Saskatchewan, right here from Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And they want to have the change to make sure that research and investment goes on right from head office and that the development is here right from Saskatchewan, not in Florida or in Texas or

Alabama.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And they don't want the profits to be going to China or to India or to Korea, as important as that might be for them, or the United States. I don't care where it's at. They want the profits to be retained here and invested here so that their children can grow in the province.

Some Hon. Members: Hear, hear!

Mr. Romanow: — This is the sell-off of Saskatchewan, is what's represented in this bill, not only this Bill, it's all of the whole policy of SaskEnergy. I'm not going to pursue that again because I've spoken enough on the issue, but the entire privatization policy, that's what you're doing: sell, don't build — give away, give up, despair, no hope, destroy, scorched earth policy, lose the revenues, ship the jobs elsewhere, denude us — make us a colony like we've never been since the 1930s. I say be it on the head of the minister if and when this Bill goes through on this particular approach, we're not going to support that, Mr. Chairman.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well I am sorry that I can't respond in person to the hon. member, but I found his arguments rather surprising.

Let me tell you, Mr. Speaker, that the NDP say, with the greatest respect, that Saskatchewan people may want to aspire to be president of the potash corporation. And I want to indicate what opportunities there were for Saskatchewan people under PCS, under an NDP administration.

And the head of PCS Sales was from Germany — German. I can give you the names of the individuals if you wish, if you wish, brought here to head up PCS Sales, from Germany. The domestic sales were from the United States — U.S. sales through Chicago. So it would be critical that someone is brought in to head up, but let me tell you, let me tell you who was executive vice-president of administration. The chap's name — and he may be familiar to a very narrow group of people in this province — his name was Donald R. Ching, executive vice-president of administration, law partner of the Leader of the Opposition, fiercely independent politically; Garry Simons — Garry Simons, industrial relations director, executive of the New Democratic party, executive director.

Now, Mr. Speaker, for these people to stand up and say that the average Saskatchewanian had an opportunity — he didn't. He didn't unless he had an NDP membership card, Mr. Speaker, an NDP membership card.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — And I can go through and give you several other prominent New Democratic Party members that had executive positions, but it had nothing to do with merit; it had nothing to do with Saskatchewan. It had to

do whether you were an executive in the New Democratic Party when the NDP ran the potash . . . Oh, the hon. member from Saskatoon shakes her empty head. Let me tell you . . . Oh I heard it shaking; I heard it shaking.

I tell you, I tell you, if you want to make the argument that there were people open . . . No, I'm not talking about the board of directors. I'm not talking about the board of directors because I will acknowledge that both parties appointed partisans to the board of directors. I don't deny that we did that, and I don't think you'll deny that you did it. I don't think for a minute you'd deny it. But to say that those appointments were open to the general public and the average Saskatchewanian, I don't think fools anyone.

So having said that, He's talked about scorched earth; I've talked about building. And I've talked about the creation of new corporations, new activity, new jobs with the privatization, and I've gone to Weyerhaeuser and Meadow Lake and WESTBRIDGE and Saskoil and Cameco, and I can go to Chaplin and I can go to several others where there's new opportunities and new jobs.

I have acknowledged from the outset that we do have fundamental differences of opinions, and we will make our arguments most strongly. I have said I believe that the actual track record . . . When you had the opportunity to build, you did not take up on the opportunities. And I say that we're trying. I also say to the hon. member, I also to the hon. member . . . I can give you some others if you want, some other names if that's what you need. But what I do say to the hon. member, we do have conflicting and competing views that we will argue most strongly and that the people of this province will decide.

But I happen to believe most strongly it's at the best of interests of the potash corporation to be privatized for its opportunities and the opportunities that will be out there for it, as happened with Saskoil. Well Saskoil is a far more diversified company. So is the government computer company. And I could go on, and we'll repeat the argument as the hon. member repeated his.

So again we have some fundamental differences. We believe that this is in the best interests of the corporation and the best interests of the people. To argue that the opportunity was necessarily there, I think that there were some very restrictive criteria for the people's opportunity in the Potash Corporation of Saskatchewan under your administration.

Mr. Mitchell: — Thank you, Mr. Chairman. Mr. Minister, I am really astonished that you would almost gratuitously throw into this debate, in the very negative way in which you did, the names of Don Ching and Garry Simons.

Don Ching, as you know, is my law partner and is one of the outstanding lawyers in the province. And he's from Oxbow; he's from Oxbow, Saskatchewan, and as the Deputy Premier observes, he used to play hockey either with him or against him. And at the time that he was appointed to the job of vice-president of administration, you know, you know perfectly well that he had been the director of the government finance office for some years, and prior to that had been the deputy minister of labour. And in both those positions . . . you're aware, in all

fairness, that Don had done an outstanding job and was quite a logical choice for that position.

You're also aware that Garry Simons had years, years of directly relevant experience in the collective bargaining system in the province of Saskatchewan and the labour relations system and was regarded widely, widely as one of the outstanding young people in the field in the province. And I think that it doesn't reflect well upon you that you should gratuitously insult those people in this House tonight by suggesting, by saying that they're in their positions, they were put in their positions for political reasons.

Everybody in this province has to a right to have a political view, a political opinion, but to suggest that these people were not qualified for their positions and did not perform their functions in those positions with distinction is quite unfair and quite beneath you. And I have known you for many years, and I must say that I am surprised that you would make a suggestion like that.

Minister, I want also to say that you know they're . . . you know the people that were employed in PCS, and you know there were many fine people there and did a good job and I don't think you want to reflect upon the job that they did either. I want to come to the . . . I'll just assume that that subject is closed. I mean, I'll assume that you don't want to get into a further debate on that.

But I want to just reflect on what we've been talking about in this House for the last five and a half hours as we work our way through some of the detail of this bill on Committee of the Whole.

And, Minister, I think it fair to say that this has been a very disturbing exchange in this legislature this afternoon and this evening. I think that while we were disturbed and alarmed by the plan that was set out in Bill 20 and as it was enlarged upon in your speech on second reading of the bill, what we've heard tonight is remarkable in that situation in much worse than we thought it would be. The situation is much worse than we thought it would be, and I want to just review some of those things so you'll have a clear understanding of just what it is that we find so disturbing about this legislation.

First of all, I want to deal with the question of the diminution, the diminution of our ownership, of our control, of our ownership of this Potash Corporation of Saskatchewan. Now we all know that the Potash Corporation of Saskatchewan is the main actor in the field of potash in the province. And we all know that Saskatchewan is a predominant actor among all of the jurisdictions providing potash to the markets of the world. And we have had many exchanges in this House this afternoon and this evening about the extent to which Bill 20 diminishes Saskatchewan ownership and Saskatchewan control of this company and therefore of this valuable resource.

You have acknowledged, and I think quite fairly, that the market in Saskatchewan for the sales of shares is relatively small, and therefore you have that in light of that you are going to be looking beyond Saskatchewan to Canada and beyond Canada to the foreign markets, to the foreign

investors, to try and privatize the potash corporation, to try and raise the capital to buy the shares.

You've told us . . . you've tried to placate us, Minister. I don't want to be unkind about this, but you've tried to placate us, minister. I don't want to be unkind about this, but you tried to placate us by telling us that first of all you're going to try and sell as many shares as you can to Saskatchewan people; and then you say that you're then going to look at the Canadian market itself and sell as many shares as you can to the Canadian market; and then to the extent that there are still shares to be sold, you will turn to the foreign market. Now I think I understood you to say that, and I understood you to be trying to impress upon that that's the way it was going to work.

Two things, Minister: first of all, that doesn't guarantee very much, of course, because as we all know, those shares will continue to be traded and ownership will continue to change. And the plan that you have outlined to us does not do anything to guarantee that Saskatchewan shareholders are going to have a majority position with respect to the outstanding shares of the potash corporation.

Furthermore, secondly, I point out that there is nothing in the legislation that guarantees that you will be proceeding in that fashion. The legislation does make provision for you to give preference to employees in share issue, but it does nothing to implement the plan that you've described, of looking first to Saskatchewan, then to the rest of Canada, and then to the foreign markets.

We have then, Minister, with all respect, just your word that this is how it is going to work. And may I respectfully suggest that that's just not enough, that that procedure, to the extent that it's worth anything, ought to be written in the legislation.

Then you described how it was your plan, how it was your policy, that the shares that were held by or sold to Saskatchewan people, plus the shares that would be retained by the government, would be more than 50 per cent . . . (inaudible interjection) . . . Yes, when I say Saskatchewan people, I mean the employee too, yes. I used 50 per cent and you corrected me and said that it was your plan that it would be more than 50 per cent.

And that's better than no policy at all, Minister, by a long way. I mean that at least guarantees that majority control would remain in Saskatchewan if that is how it was going to work.

(2100)

And again, may I point out that what is disturbing is that there is not a line of that in the legislation. Nothing. All there is in the legislation is a requirement that at least 55 per cent of the shares will be owned by Canadians. But of course, that could lead to a situation where 50 per cent of the shares are owned by investors in Toronto and Quebec, and 5 per cent in Saskatchewan, and 45 per cent held by foreign investors, just to use numbers that are possible, quite possible. So that, minister, the assurances that you give, while you're heading in the right direction with your thinking, ought to be written into the

legislation.

You may not be minister of this corporation forever; you may not be the Minister of Finance for ever; you may not even be in the cabinet for ever. And someone else occupying your position may not be aware of, or in agreement with, the policy that you've expressed in this House tonight. So I would suggest, and rather than just express the policy in words, in words, as you have, that you come back to the legislature tomorrow with an appropriately worded amendment that would embody that principle in the Act.

And of course have the means to do, Minister. You have the means to do it, because after you've tried to flog the shares to employees and other Saskatchewan people, the government can then pick up the rest of the shares to carry you up to the level of Saskatchewan ownership that you consider important.

We think an appropriate level would be 100 per cent, just like it is now. I mean, we don't want to privatize it. I'm sure everybody in the province knows that; we're opposed to the whole plan. But if you've got to go ahead with this plan, if you've got to through it, then at least write that guarantee into the Act so that Saskatchewan people can be assured that if this has to be privatized, at least we will maintain majority control in the province.

And that, of course, opens up the next question. It is your apparent intention that you will not vote these shares as any shareholder would. Now I can't, I really can't fathom why your government would adopt that policy. I mean, you . . . We own the corporation now, we own it all, we the people of Saskatchewan. We're going to be selling shares in this new corporation which will own what PCS now owns, or some part of it anyway, and you're going to wind up being a significant shareholder with respect to the new corporation, so why not act like a shareholder?

I mean, why would you think that the new shareholders, the people who are buying shares, would expect it to be any different? You're an owner; you have an equity position; you will be a shareholder. Why would they expect you not to vote your shares and to act in all respects like a normal shareholder in order that we can salvage what we can in terms of ensuring that this corporation is run for the benefit of Saskatchewan people and in the best interest of the province of Saskatchewan?

One of the grave dangers of this privatization, as speakers here have said over and over again, as speakers have said over and over again, is that control will pass from the province of Saskatchewan, and your determination, your policy of not voting your shares just guarantees that control will pass from the province of Saskatchewan. And as a result, we'll be back in the old position of having our chain pulled by people from outside the province. And you don't like that and I don't like that and nobody in this House likes that. We want to have our own chains in our own hands, you know. We want to be in charge of ourselves.

And it seems to me that you could guarantee that by a combination of the two matters that I have just mentioned, by writing in the requirement for majority

Saskatchewan control and by . . . and, Minister, by not following this policy, by deciding to vote your shares and to act like a normal shareholder. And those would be very important changes for you that you could make to the Act that would give to us Saskatchewan people at least some measure of control over this privatized corporation.

And it would provide, at the same time, opportunities, as you say, for whoever you want from eastern Canada to invest in it, and whatever foreign interests you think should be involved in it, or whoever may want to buy shares in the Toronto Stock Exchange, but at least we here in Saskatchewan would have some measure of control over this privatized corporation. Because the way you have it now, Minister, the way you have it now, our ownership — and I used the word control, because with ownership goes control — our ownership and control of this corporation will pass from our hands, and it will be passed for ever, and we'll never get it back, and we'll never have those particular strings or chains in our own hands rather, other people will be pulling our chain, pulling our strings. So we find that disturbing. And it seems to me that the measures are conveniently at hand for you to remedy that defect.

I pointed out to you this afternoon, and I want to say it again, Minister, before I leave this subject, that there is no guarantee in this legislation of a Saskatchewan majority, and I've just made this point with your now. There's not even a guarantee, as my colleague, the leader . . . my leader has said, there's not even a guarantee that any shares will be held in Saskatchewan, and those can easily be written in and can be converted from sort of your wishes or your goals or your policy, to a legislative guarantee.

And further and finally on this point, I want to deal with the board of directors question because there is something where you can remedy the situation without ruffling any feathers at all, I suggest. The way that it is set up in Bill 20, Saskatchewan is guaranteed three directors and that will be three out of 12 or three out of 15, which are the numbers that you gave me today, and, Minister, that is simply . . . (inaudible interjection) . . . Do I mistake that?

An Hon. Member: — Minimum of three, and I did not give a precise number . . . (inaudible) . . . because that's not been decided.

Mr. Mitchell: — Oh right, I know. Right. But I think you estimated that it could be board of directors of 12 or 15, but that hadn't been decided yet. So I just sort of use that . . . I just say three out of 12 is no good and three out of 15 is worse.

An Hon. Member: — I said three is the minimum.

Mr. Mitchell: — Three's the minimum, I know that, that three is the guarantee in the legislation and that's all. I pointed out to you earlier today the proposal that your government has in the SaskEnergy Bill, which guarantees two-thirds of the board of directors from Saskatchewan, and I urged that upon you and you did not accept that. At least at the moment you did not accept it.

And then I suggested to you that at least half of the directors should be guaranteed to be from Saskatchewan. And that makes sense in light of your policy aim that upwards of 50 per cent of the shares will be owned by Saskatchewan people, so why shouldn't we guarantee 50 per cent if the board of directors be Saskatchewan people.

Now those, Minister, I mean, I really put those forward with some misgivings, because if I had my way and if any member on this side of the House had our way, we wouldn't even be debating this Bill. I mean, this is a major mistake, and I hope that some of us over here will be able to make the arguments enough to persuade you over the next day that maybe it is time to pause here and not rush pell-mell towards this thing, but pause and reflect and give it some second or third thought and see whether it is the right things to do. We know it's not, Minister. A majority of Saskatchewan people would appear to know that it's not the right thing to do, and we hope to be able to change your mind on it and persuade you that it is not the right thing to do.

Now I leave those questions with you for your consideration overnight, Minister, but I want to turn to a directly related subject, and it has to do with the 45 per cent provision with respect to foreign ownership in section 11 of Bill 20.

An Hon. Member: — Do you want me to respond to the first part? Do you want me to respond to this right now, Bob, or do you want to . . .

Mr. Mitchell: — Okay. Yes. Go ahead.

Hon. Mr. Lane: — I'm in your hands how you want to proceed, but it may be a little easier if we're . . . When I mentioned the individuals' names, I will apologize to you personally. It wasn't my intent to minimize their abilities, particularly, Mr. Ching, whom I have been friendly political foes with for a long time and hold in some high regard.

And I do say out of perhaps, humorously, I was a little upset that I wasn't offered the position, perhaps, but I do . . . And I have expressed my views that I found some of the attacks on the present president somewhat unfortunate and intemperate, and I did perhaps wrongly interpret the statement that Saskatchewan people may aspire to be president as following in that vein. If that's not the case, I apologize for my interpretation of that comment; that's what I was responding to.

So having said that, let me talk about the 50 per cent. And we have chosen to put the controls on the foreign ownership, which we have debated. I think you can take some assurance in that it obviously is to the government's advantage in meeting the argument about control to have as many Saskatchewan people buy shares as possible, and that we will endeavour to do. To do less than that, obviously, would give up, at least in part, the control argument, which politically would be unwise, and I think the hon. member would recognize it.

Is there a way to guarantee that Saskatchewan people, assuming they buy shares, and hopefully in the numbers

that we hope, then is there any way to require them to hold on to their shares for ever? No, and I don't think that that's fair and I don't think the hon. member is suggesting that.

Saskatchewan people that buy shares will have the right to sell those shares. Some will. I believe that most of them, most Saskatchewan people, will hold on to those shares. That tends to be the practice in Saskatchewan people historically — and I don't say this in a partisan way — have not had many vehicles in which to — Saskatchewan vehicles — in which to invest in a public share offering. But I think the records tend to show that when those vehicles, those companies are there, Saskatchewan people tend to buy the shares and generally tend to hold on to them. And that's been the nature of Saskatchewan people and the nature of the way they've treated the opportunities to invest.

I take some comfort in that. It may not be shared by the hon. member, and again I don't mean that in a partisan way, but I do take some comfort that I think most Saskatchewan people will hold on to them as an investment.

So from the point of view, I don't think that that need be in the legislation for those reasons, that we tend to do what we can have to have as wide a distribution. To do less than that would certainly make the control argument very difficult for the government.

We have talked about your concern — one that we don't share — when the position is that the government does not intend to intervene in the commercial decisions as a shareholder and doesn't intend — and that's a word that we discussed this afternoon — to vote its shareholding, but the government will retain its right to do so, and that is there for this reason.

(2115)

Outside investors, investors beyond the province will want an assurance that the potash corporation is going to be able to operate as a commercial enterprise. If they see it as not going to be able to operate as a commercial enterprise, they are not going to be prepared to pay either any money for shares, or they're going to be prepared to pay less.

They look upon it as an investment and they want to see the commercial enterprise make commercial, as opposed to political, decisions. So that is there for that restraint, and it's not a prohibition but a restraint because the government retains the power to vote its shares, is there to give the assurance that the potash corporation, assurance to those beyond, that the potash corporation will be operated as a commercial enterprise.

That assurance will have the tendency of maintaining and/or increasing the value of the shares, and the increased value of the shares means it's a better investment for Saskatchewan people. That's the reason for it. I think my response on political position should of itself be enough of an assurance.

Mr. Mitchell: — Now, Mr. Chairman, Mr. Minister, with respect, it is not enough. To restate the obvious . . .

(inaudible interjection) . . . I'll just ask this question, and then you can respond to them both. Just to state the obvious, we now have a potash corporation which is owned by the people of Saskatchewan, and I know that there are members on your side who will try to make the point that it's owned by the government, but I now you don't take that position because you have said to me in the past in committee that of course the people of Saskatchewan are the owners. And the Deputy Premier said the same thing, so I assume that you won't quibble about that point.

The existing Potash Corporation of Saskatchewan is owned by all of the people and with ownership goes control. So they control. Every four years they get an opportunity to cast a judgement upon the way in which we have administered the affairs of the potash corporation, together with the other affairs of government. So they have a rather direct way of showing their approval of their disapproval.

Now you come with a Bill, Minister, which makes no provision whatever to ensure that Saskatchewan people retain any ownership or any control.

You stand here and you say this is what we're going to do to try and encourage this and try and make it happen, and it's going to be our policy aim that we're going to try and get upwards of 50 per cent ownership here, but on the other hand we will only have three people on a board of directors that could have as many as 12 or 15 people on it. And then on top of that you tell us that the government, who is bound to be a major shareholder for — how long? — bound to be a major shareholder in the foreseeable future, is not even going to vote its Saskatchewan shares. And that poses the certainty that such shareholders as there are from Saskatchewan will be swamped by shareholders' votes from other parts of Canada and from foreign interests, because under this bill 45 per cent of the shares can be owned by foreigners.

And you have it within your power to write provisions in to this Bill to ensure that that doesn't happen, to ensure that at least, no matter how disastrous this privatization may be, at least we will maintain a majority ownership position in the province of Saskatchewan.

And, Minister, with all respect, I suggest that such a provision is perfectly administrable. It is at least, if not perfectly, at least it is administrable. I mean, look at the Bill itself. If you can provide in this bill that at least 55 per cent of the shares must be held by residents and not more than 45 per cent may be held by non-residents — if that policy can be administered — then certainly a policy of majority ownership in the province of Saskatchewan can be administered.

So with respect, it is not an answer to say that it just couldn't be managed, because it could be managed. If these other things can be managed, then that could be managed. Now I ask you to respond to that, minister, and at the same time please rise in your place and at least assure me that the majority of the board of directors will be made up of people from the province of Saskatchewan.

Hon. Mr. Lane: — Well let me again restate the difficulty with the issue you raise on the shares. Let's take the assumption that a hundred per cent of the shares are sold in the potash corporation and Saskatchewan people buy them all — not likely, but let's make that assumption — and over time Saskatchewan people do decide to sell those shares. Okay? Saskatchewan people, making their own decisions, could decide to lessen that below the 50 per cent. So I think it unwise to put the constraint, because in effect that's what we're asking for, on the ability of Saskatchewan people to sell their shares. I do have enough confidence in them that in fact most will hold on to them. But I think it would be unwise to have a constraint on their right, Saskatchewan people's right to sell the shares that they buy in the potash corporation.

In the legislation, and if I may now refer to the directors, the legislation respecting the potash corporation requires a minimum of three directors, a minimum of three directors to be from Saskatchewan. The Business Corporations Act, if I recall, in the province of Saskatchewan, says that only one director must be from the province of Saskatchewan, only one. So there is a stronger requirement regarding the three directors as opposed to The Business Corporations Act.

I am prepared to consider the 50 per cent. The reason that we didn't lock in the 50 per cent, as we did on Saskoil, is because we expect a much broader distribution. And of course you want a board of directors that will be seen to outside investors, as being ones that will be a strong protector of shareholders' interests and overseeing the commercial activities of the corporation. We obviously would want to try and attract a broader representation of people, and that was the reason. I am prepared . . . I don't have difficulty, at least on the surface, with the 50 per cent, but understand whether it competes with the objective of the comfort for a wider distribution. I'll be prepared to consider that. That's the best I can say to the hon. member. I have given you the reasons for it, but certainly prepared to consider it this evening.

Mr. Mitchell: — Thank you, Minister. I had indicated earlier I want to go to the foreign ownership provisions in the Bill in section 11(2) which says that:

Non-residents together with their associates shall not hold . . . voting shares to which are attached more than 45 per cent of the total number of votes . . .

We've been talking about that tonight as 45 per cent ownership and I think that's a sufficient way to describe it. But here's my point and my concern with respect to that. Chapter 16 of the free trade agreement contains provisions which bear directly upon the Bill that we have before us tonight. And chapter 16 of the free trade agreement is concerned with the subject of investment and it is particularly, from Canada's point of view, dealing with the rights of Americans to invest . . . American investors to invest in Canada.

And you've heard me in this House before, railing against this chapter which I think is one of the most damaging and dangerous chapter in the free trade agreement, but, Minister, I'm not going to go into that tonight.

I am though going to draw to your attention article 1602, subsection 5 and subsection 6, because they deal directly with the situation where a Crown corporation is being privatized. It deals with a number of situations but deals with that one in particular.

Now by way of background let me just review what article 1602 does; 1602 guarantees to American investors that they will be treated, they will be given national treatment with respect to their right to invest in Canada. Subject to a few exceptions, they will be given national treatment. An American investor has the same right to invest in Canadian businesses, enterprises, as does a Canadian. And Canada, with respect to American investors, must not impose on an American investor a requirement about really anything, about any minimum level of equity of anything like that — nominal qualifying shares and that sort of thing. These are the general ground rules. Americans have the same right as Canadians to participate in investment opportunities in this country.

What subsection 5 says, Minister, is that where you have a Crown corporation that is being privatized, you have one opportunity to set ground rules that are not consistent with article 1602. You have one opportunity to limit the level of the rights of Americans to invest. And so if you passed a Bill for the privatization of the potash corporation and you provide in that Bill that a non-resident of Canada could not invest in the new potash corporation, then this subsection 5 and 6 of the free trade agreement, of article 1602, says that's okay. You have an opportunity to do it once.

And so when you've got this SaskEnergy Bill that we saw in this House, and you make it clear under that Bill that the only people who can invest in the SaskEnergy corporation that you want to privatize are Canadians, residents of Canada, and that means that American investors do not have a right to invest in SaskEnergy. And you have that right under this agreement at the time that you privatize it, and that's where the decision has to be made.

Now here we are with the potash corporation, and you're in the act of trying to privatize it by passing this Bill 20, and you have this one opportunity to set the level of American investment in this company. And when you talk here about the maximum number of voting shares that may be held by non-residents, you are dealing with, in a theoretical way, the rights of Americans to invest in the potash corporation.

I understand that all of investors may not be American — there may be some in India and some in South Korea and China and so on — but it is a right conferred by this Act which Americans can take advantage of if they can find the shares. So that American investors, under this Bill, if it's passed in this present state, have a right to ensure that this provision remains in this Bill, because once we pass this Bill, Minister, once we pass this Bill, then subsection 6 of this article that I've been referring to says that you can't ever take away those rights, so far as American investors are concerned.

Now what you're doing in the Bill that we have before us

tonight is guaranteeing a level of investment of 45 per cent. That's the figure that will apply when people look at article 1602 of the free trade agreement. And if we pass this Bill in its present form, it will mean that never again, never will any succeeding government be able to change that percentage downward. We will never be able to reduce the level of foreign ownership from — by law — the maximum, from 45 per cent to 35 per cent or to 20 or to 10 or to zero. That 45 per cent will form a floor from now on. We'll never be able to go below that.

(2130)

Oh we could change it and allow them a greater right to buy into the potash corporation. We could give them a higher level, a higher right to invest in our potash corporation, but we couldn't ever take it down; we couldn't ever reduce it.

So the point I'm making to you is this: you got this one chance. You got this one chance under the free trade agreement to set a realistic level of foreign ownership. If you go with this 45 per cent, it may make sense in whatever analysis you've done to date, but you're locking that thing into . . . for ever. You're locking it in for ever. You're writing it in marble, and not only the next legislation, practically for all time, will not be able to reduce that amount, and we will for ever be stuck with a potash corporation in this province, the minimum level of which is 45 per cent so far as foreign investment is concerned.

Now, Minister, you may recall that I asked you that question near the end of a question period in this House, and it seemed to me that you were not aware of what I was talking about when I asked the question because your answer was that Bill 20 complies with the free trade agreement. Of course, that wasn't the question.

The question was whether you had directed your mind to this level of 45 per cent in light of the way in which the free trade agreement works. I think you have the gist of my question, and it is simply this, to summarize it. Are you really seriously wanting to lock in a permanent guarantee of 45 per cent for foreign ownership of this corporation for ever, for as long the free trade agreement remains in existence?

Hon. Mr. Lane: — Let me respond to the hon. member by indicating, one, that the drafters were very much aware of that provision and we agree with your interpretation of that provision. Having said that, I don't believe you can make the argument on the 45 per cent without including the further restriction on foreign investment, which is 45 per cent of the shares and 25 per cent of the shares voted. In my view that is a bigger constraint than even the 45 per cent limitation.

So taking your argument . . . And you've fairly stated that not likely that American's would buy 45 per cent, that there would be other investors. But let's for discussion purposes that that the Americans bought 45 per cent. They would still only be able to vote 25 per cent of the shares voted — okay? — a tremendous constraint, and constraint that in our view will assure that people that invest in the potash corporation, of any amount — and

I'm referring to the 5 per cent limit because that's a cap — will in fact be doing it for investment purposes.

They're not going to do it for control purposes because the constraints limitation. They're not going to be doing it for other purposes because they can't acquire enough shares. Okay? And if they get their 5 per cent, there may even be some other constraints to them in their ability to vote. It's not a phrase I particularly like, but it's probably much more restrictive than many of the so-called poison pill limitations that corporations are putting out. And here we have a very strong constraint within the legislation.

I suppose the difference is we feel that that is a very strong constraint. You are less sure of that, or disagree with this, but from our point of view we think that the constraints that are in there now are very strong, certainly are advised that they're very strong by investment managers, and we think that they are more than adequate, whether the scenario, the ultimate scenario that you raise, comes into play. So the drafters were certainly aware of that provision. I've obviously been defending the position today and certainly would be and more than prepared to continue that defence.

Mr. Mitchell: — Well, Mr. Minister, It just seems to me very strange that we would willingly place our hands in that kind of a handcuff and lock the handcuff and throw away the keys, and by so doing handcuff not only ourselves but succeeding generations on the point.

Minister, we are handcuffed. We are handcuffed in the sense that that 45 per cent provision will get locked in, written in stone, and not subject to any change downward. It doesn't matter whether the Americans pick up the whole 45 per cent or not. Under this Bill, as the free trade agreement applies to it, they have a right to purchase up to 45 per cent. Now they may not get there at any particular point in time, but it's a right they have. And it's a right not to vote, it's a right not to vote. It's a right to invest, and the fact that you've got some 25 per cent provision in there, that I don't understand how in the world it would work, but there it is, that's not relevant. The relevant fact is that it's a right to invest to the level of 45 per cent, and it will always be there as long as we Canadians are saddled with this free trade agreement, and that's the reality of it.

Another thing, Minister, you mention the 25 per cent and we're not impressed. We're not impressed on a couple of grounds. First of all, we don't understand how in the world you're ever going to administer such a provision at any shareholders' meeting. And as I said earlier, you're going to require an army of accountants and lawyers to be present there just to be able to count the votes, just to be able to figure out who's got the right to cast how many votes, and how much each vote will weigh.

Secondly, and more importantly, we're talking about dividends also. We're talking about the right to share in the profits. If this provision has been in effect in 1988 when the potash corporation made \$106 million, that would simply mean that about \$48 million would have drifted out of Saskatchewan, and out of Canada and into the pockets of these foreign investors that we're talking about. That's what it means, and it will continue to be

here and to plague us for as long as there is a free trade agreement. And I don't know why you would willingly thrust your hands and the hands of succeeding generations in that kind of a handcuff.

Hon. Mr. Lane: — Well again with respect, the hon. member is ignoring the voting constraint and the effect of the voting constraint. There seems to be some difficulty in the opposition that this constraint on voting which is, that even if they own 45 per cent, it's only 25 per cent of the votes cast — not 25 per cent of the votes — but 25 per cent of the votes cast that that somehow is unique and strange. We're advised that it has been done: Air Canada, for example, has a similar constraint; Rolls-Royce in the United Kingdom has similar constraints. So I gather in some of the other privatizations it had operated and effectively.

Secondly, the argument that you're going to need a battery of chartered accountants and lawyers, realistically that's not the case. In any general meeting, you're going to get a percentage of shareholders that are interested. The vast majority tend to vote by proxy . . . (inaudible interjection) . . . Right. They tend to vote by proxy. That's all counted and done before and at every annual meeting.

So all I'm saying . . . I'm not trying to denigrate your argument, that's not my intent. All I'm saying is that the practice is not a new one that corporations, very large corporation with millions of shareholders, in some cases, are able to handle their annual meetings, their voting procedures, and the operation of the ballots and the voting at general meetings without any great problem. So we're not seeing unique problems develop as a result of this provision.

Mr. Mitchell: — I want to ask you one more question, and then other people over here want an opportunity to have a conversation with you. The question I have is simply this. We asked you this before; we never got the answer. But why 45 per cent? Where did you get that number? What does it mean? Why is that in the Bill rather than some other, more realistic number?

Hon. Mr. Lane: — Well 45 per cent was chosen primarily with the advice of the investment community of an amount that will attract investors. And I don't think there's a great number in that, but certainly they want to avoid a perception that, as I've indicated before, they want the assurance that it is run as a commercial enterprise. That was the figure.

It was interesting, at least in my mind, when that is the percentage to give comfort that it would be run as a commercial enterprise, that no concern of little concern about the 25 per cent voting limitation. Okay. And the reason and the advice that I'm given is that the vast majority of investors in an enterprise like this tend to invest for the investment purposes. And that's why. They very much are passive investors.

An Hon. Member: — And the Premier has said what he said . . . (inaudible) . . .

Hon. Mr. Lane: — Pardon? I mean, we could have, you

know, debated other numbers, but those are, you know, the reasons given by the investment advisers.

Mr. Koskie: — Mr. Chairman, I'd like to direct a couple questions to the minister. Mr. Minister, would you indicate what the net profit of the potash corporation was for the last year?

Hon. Mr. Lane: — The last fiscal year, it was 106 million.

Mr. Koskie: — Could you indicate what the net profit of the private mines were during that same period?

Hon. Mr. Lane: — We don't have that information, but let me tell you that the information may not be as directly related to potash because several of the corporations are integrated corporations carrying on different business activities, and . . . (inaudible interjection) . . . No, they don't always in their financial statements. They'll give a consolidated financial statement as opposed to the operations on each enterprise. I can't speak for them, but we certainly don't have that information.

Mr. Koskie: — I'm very surprised. I thought that would have had . . . the information would have been available to the Minister of Finance, the minister in charge of privatization. Seems it's relevant to know the profit picture of the private corporations in order to set the regulations and the taxation and royalties. I thought you would have come here in and be able to indicate to the people of Saskatchewan what in fact is the profit ratio of the private corporations.

I want to ask you, Mr. Minister, \$106 million in the last fiscal year, I want to ask you: who received the \$106 million of profit?

Hon. Mr. Lane: — The dividend policy is set, and it would go to the Crown Management Board as it has done historically.

Mr. Koskie: — Yes. And since the Potash Corporation of Saskatchewan is owned by the people of Saskatchewan, and since it made \$106 million, the \$106 million remains here in Saskatchewan. Is that an accurate assumption?

Hon. Mr. Lane: — Certainly.

(2145)

Mr. Koskie: — And the private corporations obviously made a profit, or else they probably wouldn't be operating. And you should know the profit ratio. They were producing at a higher capacity than the public sector some over 80 per cent while the public sector was producing at something like 60 per cent. They obviously should have been able to make a substantial profit. But I want to ask you: can you indicate where the profits of the private corporations went, because the 106 million made by the Potash Corporation of Saskatchewan stayed in Saskatchewan for the people of Saskatchewan? Where did the private corporations' profits go?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well, I mean, you can also make the

following argument, and I'm going to take your figures, the opposition figures, that this company is worth \$2 billion. Okay? Those are your figures . . .

An Hon. Member: — I asked you a question.

Hon. Mr. Lane: — No, no. Let me . . . (inaudible interjection) . . . It goes here in Saskatchewan. Let me take . . . (inaudible interjection) . . . Depending where they're located.

But let me put this to you: you don't want to listen to the argument, that . . . you say it's worth \$2 billion — and of course it's not accurate — but let's take your figure, and let's take that it's a hundred per cent sale. What that means, of course, is that \$2 billion comes to the government, right? We're just taking your figure.

If we put that aside at 10 per cent, we would guarantee \$200 million a year in perpetuity without taking the losses when it's down. So in effect the issue gets you an advance on your profits, and I think you have to take that in to account.

Mr. Koskie: — Well let's not fool around. The profits of private corporations is directly under the control of private corporations and can be taken out of this province and invested anywhere in the world, in fact, can be invested to compete against the very corporations that we have, if they have a sufficient control of the market.

Mr. Minister, you say private corporations are effective, they're innovative, they expand. I want to ask you, there are any number of private companies here in Saskatchewan. You say the purpose of privatizing the Potash Corporation of Saskatchewan is for the purpose of expanding it?

Now there has to be opportunities to expand, if it's fertilizer or going down to the States, as your president said, making investments. I'm asking you: if there are expansion possibilities for the Potash Corporation of Saskatchewan — which you say you have no plans — if indeed there are, why are not the private sector corporations seizing upon those opportunities and investing and diversifying here in Saskatchewan?

Hon. Mr. Lane: — I don't know why you threw the latter point on because many of these corporations have already seized the opportunities to expand and diversify . . .

An Hon. Member: — What are they doing in Saskatchewan?

Hon. Mr. Lane: — No, they expand and diversify. I also said, if you were paying attention, I also said that the opportunities to invest are not always here, and it may not be possible for potash corporation to acquire . . . and I've said the potash corporation, I've said it numerous times, will be looking for the opportunity. Opportunities may not always be here. But the other companies, at least most of them, have taken the opportunity over years to expand, to diversify, and into different aspects of either the fertilizer business or farm chemicals or whatever it may be. They did that years ago.

I never said, however, the preface to your remarks, that all private sector companies are imaginative and what not. Several come to mind that are not very imaginative. But having said that, many of the companies took the opportunity over the years to try and diversify into other activities.

Mr. Koskie: — Mr. Minister, I would have thought that privatization would mean something for the people of Saskatchewan. You say that one of the main purpose is to expand this company, and do you realize that you came before this Assembly here today, and you're proceeding with the Bill to privatize, and you say you have absolutely no plans? Wouldn't it be more logical, Mr. Minister, that you came before this legislature, set out a detailed plan of how it's going to benefit the people of Saskatchewan, before you sold the potash corporation off?

Some Hon. Members: Hear, hear!

Mr. Koskie: — Doesn't that make more sense to any reasonable person? Couldn't you sell your privatization if you can forward here with a plan that indicated there was going to be benefits? But you come before this legislature, Mr. Minister, and you say that's the purpose, is to expand, but we have no plans; we haven't had a chance to look at it; gosh we didn't, we're going to get this Bill through. Now I'll tell you, that is effective management again, and that's the basic fear that the people of this province have.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Because you people cannot manage. They have seen you managed before and privatize. Mr. Minister, ask you official if there's anything down in the States that you might expand into. Or ask, if you got a Saskatchewan boy on your executive, whether he has thought of any ways of expanding. Or would you, Mr. Minister, be prepared to pull this bill at this time until you could come before this legislature and explain what plans you have for diversifying this company. Then we can look at it logically. How can you expect us to agree with your privatization when you say the main purpose is to expand, but no plan?

Mr. Minister, will you give us that commitment that you'll pull this Bill, go back to the drawing-board and indicate and bring forward some plans where it would be of benefit to the people of Saskatchewan, or indeed Canada. But you say you've got no plans. No plans, he says, but we've got to privatize because maybe a plan will come up somewhere.

Now isn't that a tremendous statement by a man that is going to sell off a heritage of this province. He says, I have no plans, but boy, if I find a plan, I've got to privatize first and then find the plan. Ask your president there, who thinks it's humorous, whether he has any plans, because I suspect there are people around the corridors that have talked to you that have plans. And I'll bet you when you put it up and undervalue it like you did with Saskoil, they'll be takers, no doubt about it. And they'll have plans, but it's not necessarily going to be plans to the benefit of the people of Saskatchewan, Mr. Minister.

So I ask you a very sincere question: since you say that the main purpose of this Bill, the privatization, is to give the broader perspective to the company and more avenues of endeavours so it's not subject to the cyclical market — but you have no plans — don't you agree, Mr. Minister, that it would be reasonable that we not proceed with the privatization until at least you can come forward and present to the people of this province reasonable expectations of what you're going to do with corporation?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — It would strike me as being a lot more reasonable and a lot more logical to know how much money you had so you can begin to make your decisions with that. So I have indicated we don't know what the size of the issue is going to be because that will depend on the market at the time of the publication. That's what happens in any other. We don't know what the expectation of sales will be. That will depend on the market at the time. The amount that we can expect on the issue will be determined at the time of the market. That tends to tell you how much money you can expect to get.

So I say to the hon. members, only somebody . . .

Mr. Chairman: — Order, order. I just asked the hon. members in the opposition to allow the minister the same opportunity that the member questioning has had. Same respect.

Hon. Mr. Lane: — So I think it's quite logical to expect to know what type of position you're going to be after the issue so you know what financial opportunities . . . or the expenditures that you have or the ability to make those decisions. So having said that, I don't think our position is at all unreasonable. It's a very logical one. So I suggest to the hon. member that in fact you will want to know what your financial position is.

Having said that, I believe the member from Melfort wants leave to introduce some guests.

Mr. Chairman: — Is leave granted?

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Hodgins: — Thank you, Mr. Chairman. Mr. Chairman, I would like to introduce to you and to all members of the legislature tonight, a group of three of my relatives from our great province of Alberta to the west of us.

And I'd like to introduce to you my uncle, Ken Hodgins, who is the assistant deputy minister for Alberta Health; beside him is his wife and my aunt, Aunt Donna, who is a registered nurse in the province of Alberta; and beside Aunt Donna is my cousin, Allyson, who has just returned from Japan where she has worked for a year for the Nippon Telephone and Telegraph Company, the largest corporation in the world — right in the midst of privatization, I might add. And Allyson is a very glowing example of a young student going across the world and

coming back home and proving beyond a question of a doubt that today we are, indeed, in what we call a global village. And I'd ask all members to join with me in welcoming them.

Hon. Members: Hear, hear!

SPECIAL ORDER

COMMITTEE OF THE WHOLE

Bill No. 20 (continued)

Clause 1 (continued)

Mr. Koskie: — Mr. Chairman, Mr. Minister, I'm not getting into the evaluation because we will be getting into the evaluation of the asset. But, Mr. Minister, you know and I know that there's . . . the value of that, as my colleague, the member from Riversdale, the Leader of the Opposition, indicated, that there's very large sums of money will be received. But regardless of that, regardless of . . . Ah, what you can . . . I'll tell you this, you can put together alternate plans. If I get \$200 million, I can do this for the Saskatchewan people; if I get \$400 million, this is an option; if I get \$600 million, this is an option. And you're standing in before this legislature and saying, sell her off, get rid of it, see how much we get, but we got no plans, no plans, but that's the reason for selling it.

Mr. Minister, did you have any analysis done on the basis of various amounts that would be received from the privatization of the Potash Corporation of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Now I've indicated to the hon. member that the size of the issue, what the expectations will be, will be better determined at the time and market. And you can have tremendous ranges, tremendous ranges. You may have to, depending on the market at the time, limit the size of issue. So to believe that you can just go out and pick a number of out of the air and choose that this is how many you're going to sell and you're going to get X dollars, it's not the way it works.

So then you ask the second question: all right, you've got a range of what you can expect and what you can spend. I'm not aware of many corporations that would . . . all right, we're going to spend X amount . . . (inaudible interjection) . . . No, even go out and start looking at acquisitions. You don't do that. You don't do that. If you're going to look acquisitions, you do a heck of a lot of background work in terms of what your financial resources, what your access to capital are, how you acquire those assets, and you do a lot of that with a specific target in mind — specific target in mind. And that's the proper process.

(2200)

Mr. Koskie: — Mr. Minister, I go back to your statement of the great guarantees that you're giving the people of Saskatchewan here. And one of the first guarantees that you said in second reading is that the headquarters will always be here in Saskatchewan.

Well we had private enterprise potash corporations in the '60s, a private enterprise government, and it was only after we had a public corporation did we have a headquarters for potash in Saskatchewan. Now isn't that great. You said we didn't build, but it's valuable enough now that you will mention that you're going to keep it here. Now I say to you, Mr. Minister, the public ownership put the potash corporation here, and I'll tell you, privatization will weaken the position of the headquarters of the Potash Corporation of Saskatchewan.

The second thing you indicated you're going to do is a guarantee that at least three directors would remain as Saskatchewan residents. Well are we better off with your guarantee of having three directors, or were we better off when we had all Saskatchewan residents as directors of this corporation? How are we improving?

Public ownership brought the headquarters here, would keep it here — no benefit from the private sector privatization. What about participation of Saskatchewan people? All of the directors were Saskatchewan people, making decisions for Saskatchewan people, not directors from outside making decisions for other parts of the world.

And you go and say the other guarantees. Guarantee number four is that residents of Canada can own up to 55 per cent. What a guarantee. We own 100 per cent today — 100 per cent the people of Saskatchewan own today, and you say 55 per cent for residents, which means all Canadians, not just Saskatchewan people. That's a big improvement too, Mr. Minister.

And you go on to say, number five, that the total level of foreign ownership cannot exceed 45 per cent of the corporation. The voting rights of non-Canadian shareholders will be limited to 25. There can be no significant disposition of assets of the corporation.

And you go on to indicate number eight, and you know what you say at the end?

... these eight safeguards are not just the initial public offering, but are enshrined in law in perpetuity and will be strictly enforced.

Mr. Minister, what are you telling the people of Saskatchewan? They are enshrined in law in perpetuity. Can't you, at the whim of coming and changing that ... Didn't you in this legislature, when you were privatizing Saskoil ... Initially, your minister, the later chairman, the defeated member of your cabinet, Paul Schoenhals, gave his commitment in this House that 60 per cent, not less than 50 per cent would be continued to be owned of Saskoil by the people of Saskatchewan. Another solemn guarantee. That was in perpetuity.

You said the same thing in respect to issuing SaskPower bonds. You said that it's going to be a commitment that those will be only made available to Saskatchewan people — in perpetuity. And what happened? Next issue, change the rules, out of Saskatchewan.

And so what I'm saying to you, Mr. Minister, here, is that

the people of Saskatchewan can't trust you. What you initially start out doing has no resemblance to what ends up being. And so what I say to you, Mr. Minister, here ... I want to ask you whether you have, in fact, or any of your officials or any of the government officials, have you made any inquiries as to those parties that would be interested, either foreign or otherwise, in the event and when the share offering is made? Have you to this time made any inquiries and received any commitments in respect to buying up shares, an equity position in this corporation?

Hon. Mr. Lane: — No.

Mr. Koskie: — Mr. Minister, in respect to the board of directors, you indicate that there shall be three residents of Saskatchewan, minimum. Is there any limitation in respect to the number of, say, directors that, out of the total number — you said it could be 12 or 15 — any limitations in respect to the number of directors that could be chosen that are from foreign countries?

Hon. Mr. Lane: — No. I have indicated to the member from Fairview ... he raised the question of 50 per cent. I did indicate to him that The Saskatchewan Business Corporations Act only requires one. We put in a minimum of three. We want to consider, as I had indicated, whether the 50 per cent requirement has any effect on the marketing which was the question that I raised with the member from Fairview. And just to be precise, as I indicated to the member from Saskatoon Fairview that we haven't decided on the size of the board, I said I would expect it to be in the range of 12 to 14 but ... well I answer the question when I say that we are considering the proposal put forward by the member from Saskatoon Fairview which would have some effect. I think there are some limitations — but we'll check them in The Business Corporations Act as well — as to two directors, but I'll get those back to you.

Mr. Lingenfelter: — Mr. Chairman, I just have a few questions to the minister, and I just want to take ...

Hon. Mr. Lane: — I'm sorry, if I could just respond. The Business Corporations Act does require a majority to be Canadian.

Mr. Lingenfelter: — I want to ask the minister a few questions about the foreign ownership issue. The minister will know that the people of the province have long term been concerned about controlling their economy, controlling corporations in the province. I think it's fair to say that when you travel in rural Saskatchewan, one of the biggest concerns New Democrats, Liberals, and I think, in particular, Conservative people in the province have is controlling their destiny and ownership of property within the province.

And I think that's why you're seeing that when you're talking about privatizing the potash corporation, you're running into a great deal of political head-water, not only with New Democrats and Liberals and non-affiliated people, but even within your own party particularly, Mr. Speaker, is because of the foreign ownership issue.

An Hon. Member: — Don't try that line.

Mr. Lingenfelter: — Well the member from Regina Wascana says don't try that line. It's not a line. It's shown up in every poll, in every poll, in every piece of market research that has been done over the past two or three years . . . (inaudible interjection) . . . Well look up there You're saying that because there's no press here we shouldn't have a debate. That's not what this is about, I say to the member from Wascana.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — What we're talking about clearly here is control of a major resource, a resource that has over a thousand years supply going from ownership of the people of the province. And you can make an argument that it should be private within the province or public within the province, but it's clear that the people of the province do not want it owned by foreigners, by people from outside of the country, and even people from outside of the province.

I want to ask you, Mr. Minister, at this present time, how much of the potash industry is owned by Saskatchewan people? What percentage of the total industry is owned by the people of the province at the present time?

Hon. Mr. Lane: — Well we've been over this three or four times. And, obviously, what I have said is that the government, the people of the province own 100 per cent. I have disagreed . . .

An Hon. Member: — Of the total industry?

Hon. Mr. Lane: — Of the industry? Are you talking capacity, sales? Capacity? Okay we'll get that for you.

We did debate this afternoon the distinction, and obviously prepared to do it again, between the ownership and control of the resource and the corporation. Now you've equated them, as did the Leader of the Opposition this after; we went through that debate. I'm prepared to tog through it again, but only if you wish, and you've used them interchangeably in your questions. But we'll get this information for you.

Mr. Lingenfelter: — Mr. Minister, I want to know the percentage ownership of the potash capacity and sales, if you'll give me those two numbers. And obviously the high-priced staff you have with you will have that at their fingertips instantly. I need that to continue my questioning and I wonder if you would give us that now.

Hon. Mr. Lane: — The PCS, as a percentage of rated capacity — and I'll define "rated capacity" — is a theoretical measure of production capability. Rated capacity is the basis for determining producer entitlements in Canpotex. And that is 48 per cent. Productive capacity, 42 per cent, and that's defined as an estimate of the annual production capability of a plant based on historical ore grades, recovery data, and reasonable operating times. And then the sales were 41 per cent.

(2215)

Mr. Lingenfelter: — Well let's take . . . I'll use sales for sake of the argument, Mr. Minister, as being the basis of the discussion. As I understand it, you're going to be selling off 45 per cent of the corporation, at least the maximum to foreign interests. The legislation will allow for 45 per cent to be sold off to foreign interests, either individuals or corporations, and then the 55 per cent that is left can be sold to Canadians, some in Saskatchewan, some outside. We know what happened with Saskoil, where that offering within Canada, about 25 per cent stayed in Saskatchewan. By just quick calculations, what you will see happening then, Mr. Speaker, is the share owned and operated, the sales portion, by Saskatchewan people, will drop from 41 per cent down to 6 per cent.

Can you tell me, in light of the fact that many people are concerned about control of the corporation and ownership of the mines and the ore, can you tell me why it is in the best interest of Saskatchewan people to reduce the ownership in the potash industry in the province from 41 per cent to 6? how does that make sense for the long-term strategies of the economic development of the people of the province?

Now if you have trouble understanding that, 45 per cent of the industry is going to be sold off to foreign interests. Of the 55 per cent that remains in the province, you're looking at selling . . . about three-quarters of it will be outside of the province. that leave us in the are of 10, or less than 10 per cent that will be owned by the people of the province. and I wonder how that is in the best interest of the people of the province.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The percentage of sales does not change by virtue of the ownership of the potash corporation . . .

An Hon. Member: — Of course it does.

Hon. Mr. Lane: — It does not. Potash corporation will maintain as an entity certain percentage of sales. In the corporation, the ownership will change. I've freely acknowledged it will be less than 100 per cent, less than 100 per cent, but the corporation and identity's position doesn't change.

Mr. Lingenfelter: — What we're talking about here is ownership, Mr. Minister. And the amount that will be owned by Saskatchewan people will be reduced from 41 per cent to about 6 per cent, and that is what's causing the concern. Now if you don't understand that, maybe that's why you don't understand why the majority of the people in the province are opposed to what you're doing. That's the point.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — I want to say as well, Mr. Minister, that in this sell-off, you know full well that the 45 per cent restriction that you've put on foreign ownership is simply impossible to enforce; that when the market opens and these shares go for sale . . . Can you tell me what happens in Toronto and Calgary and Vancouver and Montreal if foreign interests instantly buy up more than 45 per cent?

Let's say they buy 65 per cent or 75 per cent or 85 per cent. Everyone knows that in Great Britain during the privatization, the North Sea Oil's British Petroleum went on the market to be privatized. And the people in Great Britain woke up one morning, and Kuwait had bought the total share offering, even though they had restrictions.

What's the penalty? Let's say the government of China comes in and buys up all the shares that are offered. Let's use the extreme. What's the penalty? That you don't pay them any dividends? They don't want dividends. What they want is control of the industry and control of the corporation.

And I say to you that the argument that 45 per cent will be binding, who's going to enforce it? The brokerage firms who will be selling aren't going to be watching and looking at the individuals who come in; they'll simply work with a bundle of money and buy up shares.

What do you do, Mr. Minister, if the share offering is more than 45 per cent? how do you check that? And how do you enforce it or get the shares back if they oversell the 45 per cent?

Hon. Mr. Lane: — Well I would ask the hon. member to read section 13 of the legislation:

The purchaser corporation shall include provisions in its articles . . . respecting the enforcement of the constraints and requirements imposed by this Act on voting shares . . .

(One) the filing of declaration by holders or persons who propose to be holders of voting shares;

(Two) suspension of voting rights;

(Three) the forfeiture of dividends;

(Four) the refusal by the . . . corporation to issue or register voting shares;

(And fifthly) the redemption . . . (inaudible interjection) . . .

You don't register them. You understand how a share registry works? I would hope the hon. member, as a lawyer, would understand that.

. . . the redemption or compulsory sale by the purchaser . . . of voting shares.

So there are . . .

An Hon. Member: — There are not.

Hon. Mr. Lane: — Oh the hon. member says there are not. I mean, read the section 13: suspension of voting rights; forfeiture of dividends; refusal to issue or register shares; redemption or compulsory share by the purchaser corporation of voting shares. So there's several provisions.

Understand how the process . . . If they all went out and sold, you'd still have to come back and register the shares in the share registry. That's exactly what you do.

Mr. Lingenfelter: — Mr. Minister, I want to refer to section 13 and read to you, because obviously you're not reading it correctly, but part (2) of section 13, it says:

With limiting the generality of subsection (1), the purchaser corporation may include provisions in its articles providing for . . .

And then lists out what you gave as a matter of fact. It says, it "may," which obviously mean, may not.

Now I say to you, if the countries, the governments of various countries, break the provisions of the Act, and then come to you and say, look, if you don't allow us to keep these shares, we will not be purchasing any more potash, then what do you do? Well obviously you're going to use your may clause and do some negotiating. That's why you've got the weasel words in there, that's why you've got them in there, because you know what's happening. You know that the provision's going to be broken, and you know that for a year from now you're going to be negotiating with the governments in New Delhi and Singapore and Beijing. that's what's going to happen. That's why section 13, part (2) clearly says, "may include provisions" to deal with the breaking of the limitations. And they nod;

Now I say to you, Mr. Minister, that the act that you're putting on here that you don't understand your own Bill that was written by expensive lawyers in Saskatoon — I won't mention the name here, but a good Tory law firm — allows for a coping-out in terms of the foreign ownership section. That's what's happening here. And we're going to expose this, not only to New Democrats, but to your Conservative friends who are even more concerned about foreign ownership than we are, and all the polls indicate that. Foreign ownership will be the undoing of your government simply because your own supporters don't want you selling off the potash corporations to the Government of China and India and other foreign governments.

And all your limitations in here are meaningless given the very clause you point out as being the protection. You know that; the Premier knows that. The Premier knows it because he's made a deal, he's made a deal with the Government of China. That's why the rush to get the Bill through. That's why closure. There's a deadline that the Government of China is going to be enforcing on you.

And you say 5 per cent, but you have clause 13 that allows for no provision for enforcement of the provision. that's what's happening here. You know it. I know it. And I say soon the people of the province will know . . . (inaudible interjection) . . . Well if it's not accurate, the minister will move an amendment that will tighten the section up. and we will put in here, and we will put in here, we'll exempt the word "may" and put "shall" to tighten it up just a little bit. And that will prove that the Premier on the Orient express, where he promised to sell to five governments, 25 per cent each of the corporation . . . And they laughed. I mean the government's obviously

laughed at him because they know how many quarters there are in a dollar. They know how many quarters there are in a dollar. There's not five quarters in a dollar; there's four.

Gawd, he was the laughing stock of the province. Here you have the Premier who may be taken seriously when he's over in China . . .

An Hon. Member: — We know better, Grant. We know better.

Mr. Lingenfelter: — I mean we know better. The people of the province know better, but the people in China or India just may be taking the guy serious when he's over there offering 25 per cent.

Then he comes back and he says: Mr. Minister, Mr. Member from Qu'Appelle-Lumsden, what do I do? I've made these promises. I've got some deadlines. And the minister says, well I'll pilot the bill through. We'll get closure ready, based on what happened with the Trudeau government — they knew how to use closure — and then we'll . . .

An Hon. Member: — An then we'll put the "weaselwords" in there.

Mr. Lingenfelter: — . . . and then we'll put in the Bill "weaselwords" that maybe no one will notice, like "may" have an enforcement clause. There's no enforcement clause in the Bill. You know that; all of us know that.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Now you may as easily have put in the Bill a lot of other restrictions after the "may." You could say we'll go and take over their country, we'll take over their treasury, because it would be as meaningless as what you've got in there. You don't have anything in here. I mean, this is like the Premier who was going to go over to Saudi Arabia a while ago and solve the oil crisis. I mean, this is the kind of people we have. It's no wonder that people from IMC can walk in the door and take over the potash corporation, and I don't blame them.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — I don't blame them. I don't blame them at all that Mr. Childers could walk into your door, Mr. Premier, and take over the corporation. All it proves is that he's brighter than you are; that's all it's proven here. And he did. And I say that he comes into our Assembly, and I believe he's a bright guy. I've got no qualms about the ability of that individual in terms of his goal and that is privatizing the potash corporation.

He took you the cleaners, not to the tune of \$5 million like Mr. Guy Montpetit for simply a ride in the back of his limousine — that cost us 5 million. This fella is bright. He is taking us to the cleaners for the tune of \$1 billion that's what's happening there.

Now I'm not critical. I'm not critical of this individual. This is his role in life. He's a capitalist, he's a free-wheeler, and I appreciate where he comes from. T.

Boone Pickens is the same kind of guy. That's what we're facing in this province. Now you invite them in from all over the world to pick the bones of the province. That's what's happening. That's why we have a debt of \$14 billion that goes up every time you privatize a corporation. Have you realized that yet?

And, Mr. Chairman, I want to speak to the minister, but also to the Premier. Why is that when we privatized, we sold off our corporation to Weyerhaeuser, the deficit went up? How does that work? How does it work when you sell off Saskoil, the deficit increased again? And when you sold off Sask Minerals, the deficit went up? Well I'll tell you why it goes up and why taxes go up and why services like dental plans go down; it's because you people are either in the hip-pockets of big business or you're incredibly naive.

An Hon. Member: — Or both.

Mr. Lingenfelter: — Or both. And I say to you that unless there's a change of management in this province in terms of the people running the show, we're going to continue to go downhill. Because when you're in the world market, you're going to run into people like Mr. Childers who are bright and are working for the free enterprise system and for the shareholders of IMC. And I say again, I don't blame him one bit. I disagree with what's he's doing totally, but that's his role in life, that's his background, that's what he believe in. he comes from a system in the United States where that is the way they operate.

But I want to say to you that that is not the Saskatchewan way. It is not the Saskatchewan way to rip off the ordinary people in the province for the benefit of a few. That's not the way we do it.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Our heritage here is much different. Now I come from a background of living very near the Montana border. I grew up playing basketball in places like Turner, Montana, and Harlem, Montana when I was growing up. I played in a crazy high school band that used to play for teen dances across the border in Montana. And they're very good people. And I worked as a custom's officer and I dealt with Americans constantly on a daily basis.

But I want to say to you this: that when you look at the way our province developed historically compared to Montana, there's a huge difference. It's not that they're wrong and we're right, it's just that we're different. The Americans developed their society and economy based on a free enterprise system without the checks and balances, without co-ops, without Crown corporations — and the Premier will know that.

And I want to say to you that the reason we're different — and the Premier shouts from his chair — and I want to say to you that Saskatchewan developed differently and we created an economy that was based on what was best for the people who live in the province.

Some Hon. Members: Hear, hear!

(2230)

Mr. Lingenfelter: — Now it may be that our forefathers were wrong. It may be that my grandparents when they came here and set up farming here and got together to form co-ops and got together to . . . (inaudible interjection) . . . Yes, they were Liberals, but they got together to form co-ops and got together to form credit unions and got together to set up the wheat pool. Maybe they were all wrong. I don't think so. But I say the reason that people are so upset with this Premier, who comes to us with an American degree in something or other, agricultural economics, who believes in the American system, they're very upset with that.

Now I say to you that he isn't the only leader of the Conservative Party who came to this building and this legislature with that philosophy. Dick Collver believed so much in the American system that he left the Conservative Party and set up the Unionest Party to form an association, a union with the United States. Well I say this all goes against what we believe in this province.

We rejected free trade in the last federal election in this province, we rejected it out of hand. We rejected the idea that we should have Americans coming in to run our Crown corporations, not because they're bad people, but we just believe there are people here who can do it, that's all. And I want to say to you that, Mr. Minister, section 13 gives no protection against foreign ownership, it does not limit it to 45 per cent. This corporation will no more be protected than Saskoil was when you gave a commitment that a minimum of 50 per cent would be held by the people of the province.

So I say to you, Mr. Minister, you're simply not telling the truth any more than you did back in '85 in your budget when you were out \$800 million.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well, Mr. Speaker, one of the difficulties that the Leader of the Opposition is finding is exactly that type of member. What we have seen tonight, and we've debated and I've debated as strongly of people involved in the political process. Now we've debated them and we've attacked them in this process. Tonight is the first time where we have seen a member up criticizing an employee of the government that cannot back and defend themselves, not involved.

And what we have had tonight, Mr. Speaker, what we have had from the Leader of the Opposition, and I hope that this is not a practice that's being encouraged, because what he said was that the president of the potash corporation's working for IMC. That is precisely what he said, and he's nodding his head yes, Mr. Leader of the Opposition. He just nodded his head yes, just nodded his head yes, and that's what he said. And you know that that is an allegation made by the member from Prince Albert last night, made by the member from Prince Albert.

And let me tell you what you're saying. Let me tell you what you're saying. You're saying that the individual is not working in the best interests of potash corporation, that he is not honouring any contract of employment, that

he is not doing his job, and that is precisely what you are saying. And in all decency — in all decency — if you've got that allegation to make against an individual that can't defend himself, then common courtesy and fortitude say you make it outside. That's the challenge I made last night to the hon. member.

The hon. member from Prince Albert did not have — did not have — I don't know, I'm limited on the words, Mr. Speaker, I'm limited on the words to describe the actions of the member from Prince Albert last night.

Never before seen in this Assembly — never before seen in this Assembly — that type of allegation and made against a public official that can't defend himself. And like I say to the hon. member from Prince Albert and the member from Regina Elphinstone, if you have got . . . (inaudible interjection) . . . You say you're making the statement that the individual's disloyal, and he made it last night, and you said that he's working for IMC, which is an allegation of disloyalty . . .

An Hon. Member: — No, I didn't say that . . .

Hon. Mr. Lane: — Yes you did. Oh yes you did. Yes, you did. That's precisely what you did say. And that has not happened in this Assembly before, and we've seen it now becoming a practice opposite.

The Leader of the Opposition knows full well of what I speak, that there are some limits to the debate in this Assembly. And I suggest that those limits have been exceeded by the two hon. members. And let me . . . I find it somewhat surprising, I find it somewhat surprising, Mr. Speaker, that we have this dripping, venom-like, anti-Americanism pouring from the fangs of the member opposite. At the same time his own caucus harbours draft dodgers from the United States.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — They like Americans. They like Americans if they're escapees from the United States, but they don't like Americans if they willingly come here, attain landed immigrant status, and want to make contribution to the United States.

And the hon. member says . . . the hon. member talked about co-ops; on his diatribe he went on about co-ops. We spoke this afternoon, Mr. Speaker, that it wasn't a New Democratic Party that talked to Consumers' Co-op refinery about building an upgrader. It was the Progressive Conservative Party that did that, Mr. Speaker. It wasn't, Mr. Speaker, a New Democratic Party that talked to the Saskatchewan Wheat Pool about investing in the malting plant and expanding the malting plant. It was the Progressive Conservative Party, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — It wasn't the New Democratic Party that talked about improving health care with a health care card. It was the Progressive Conservative party of Saskatchewan that worked with Co-op Data Services Limited — not the New Democratic Party, Mr. Speaker.

So having said all of that, Mr. Speaker, having said all of that, I think your remarks were unfortunate and you did make the allegation. You did make the specified allegation that he was working for IMC, and I think that that's unfortunate. And I think it's not been the practice of this House, Mr. Speaker, because you know full well the import of the specific words you've said.

Having said that, let's go back to the section 13. Let's go back to section 13 because I want the hon. member first of all to read section 13(1):

The purchaser corporation (and he said may) shall include provisions in its articles that are approved by the Lieutenant Governor . . . respecting the enforcement . . . constraints and requirements . . .

Now it says in (2):

Without limiting the generality of subsection (1) . . . (they) may include (the following) provisions . . .

I'm quite prepared to have a house amendment that that be converted to "shall" . . .

An Hon. Member: — Well do it then.

Hon. Mr. Lane: — No, we're quite prepared when we get clause by clause to do it and I . . .

An Hon. Member: — Well do it.

Hon. Mr. Lane: — Well make the house amendment that that will be converted to "shall." That will be converted to "shall."

If you talk to some lawyers, you would know that the broader section of 1 covers all of that.

An Hon. Member: — It does not.

Hon. Mr. Lane: — It does so. The general power then is specified, with the detailed provision set out. But we have absolutely no difficulty and I will move the House amendment.

An Hon. Member: — Well do it

Hon. Mr. Lane: — Do you want me to do it right now? We'll do it in section 13(1) now? I'm quite prepared.

Mr. Chairman, could we move to section 13, the clause, because they're asking that this be done now. They're asking that this be done now. I'm prepared to do it right now, Mr. Chairman. I have made the offer to the opposition that I am prepared right now to move a House amendment that: section 13, subclause (2), be amended that the word "may" in the second line of that clause be deleted and the word "shall" be substituted therefor.

I'm not trying to debate whether it be done or not. You've asked that it be done. He says, well do it. I've made the offer to do it. You want it done now. I'm prepared to do it right now. Will you do it . . . (inaudible interjection) . . . Okay. The Leader of Opposition says that that House amendment be brought forward at the

time . . .

An Hon. Member: — We'll take a look at it.

Hon. Mr. Lane: — Well it'll have the very request made by the member from Regina Elphinstone to substitute the word "shall" for the word "may."

Mr. Lingenfelter: — Mr. Minister, I say that your speech of attack and then withdrawal and retreat is well noted. I was interested, Mr. Chairman, in the minister's sanctimonious speech where he, the individual who attacked a couple of previous civil servants who worked in the potash corporation, now is very sanctimonious. I mean, this is not unexpected from that minister.

Mr. Minister, what you avoided in your attack and diatribe that you carried on for 15 minutes was the whole issue of foreign ownership. You didn't talk about it. You talked about everything else except the issue that I was talking about, and that is the foreign ownership of the potash corporation.

Now we've seen other things being privatized in this province, millions of acres of northern forest land being sold off and the permits being given to American companies. Here again, I say that what we would have rather seen is that kind of control be left in the province. And your own members would agree with that . . .

An Hon. Member: — What are they contributing back in return?

Mr. Lingenfelter: — The member from Lloydminster says, what are they contributing back. Well I say that Saskatchewan people have contributed a great deal to the development of this province. And this is what irritates the people who live in Saskatchewan: they believe, they know and believe that the Premier does not have any faith and confidence in the people of the province.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — They believe that the Premier of the province will go anywhere else in the world and find people to do the jobs that hitherto have been done by the people of the province. And I say to the minister: what is the advantage of having foreign ownership of the potash corporation? Can you list out for us the advantages of having foreign control of the potash corporation as compared to having Saskatchewan people own 41 per cent of the sales of the province in potash?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — I have indicated on several occasions today that we want as wide a distribution as possible. And I have indicated that a wider distribution will have the effect of maintaining or increasing the share value; that makes it a better investment for those participating. And again I have indicated that we are going to encourage, and I know we'll be criticized for our efforts to encourage, but we will be encouraging as many Saskatchewan people as possible to buy the shares.

Mr. Lingenfelter: — Well I say, Mr. Minister, that that is a

sorry excuse for the advantages that foreign ownership will bring to the province of Saskatchewan.

I say again that what the people of the province, I think, are looking for at this time is leadership in terms of the development of the economy from their government, from the Crown corporation sector that will help us get out of the quagmire of debt that you as minister are directly responsible for, are directly responsible.

I want to use but two example of this. The privatization that occurred back in 1985, Saskoil, we were here debating that in 1985 with the then minister, Mr. Schoenhals, and he guaranteed that what would happen after we privatized Saskoil is that there would be: one, more jobs; that the debt would go down; and that the economy of the province would do better, that the debt of the province would be reduced.

(2245)

And in your budget, Mr. Minister, the next year you promised the debt would be reduced the year before the election. But I say to you that you know full well you misled the people. You promised that the debt would be in the area of 400 million and it turned out after the election to be 1.2. Now that wasn't a small error in calculation. That was deception and misleading the people of the province and I say that privatizing Saskoil did not reduce the debt. You know that.

I say this year we've had privatization and again you promised to reduce the deficit. You said in your budget a few months ago that the deficit would be around 230 million, 240 million, and then the drought payment is announced. You were negotiating at the very time you did the budget for a pay-out of \$120 million, which increased the deficit of the province in one fell swoop by 50 per cent — buy 50 per cent the deficit of the province went up for this year. You knew that when you printed the budget. You were doing the negotiating. Again, you deceived the people of the province.

And I say that is why the people, when you talk about limits on foreign control, they simply don't believe you, because your credibility is no longer any good in this province. That of the Premier is no longer any good because he too has deceived the people on privatization. He promised not to privatize SaskEnergy. No utility would be privatized. And then he comes to the House and says now we're doing to privatize SaskPower. And everybody gets upset. Well what do you expect? Some people still take you seriously — fewer than before, but there are still a few left — and that's why they're upset.

And I say to you, Mr. Minister, I would like a fuller explanation of why you think it's a good idea to have 45 per cent of the potash corporation owned and controlled by the foreign interests from around the world.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — First of all, the hon. member fully recognizes, as he did in his first statement, that it is up to 45 per cent non-residents of Canada may buy shares. There are restrictions on that. That 45 per cent cannot

vote more than 25 per cent of the shares voted. So having said that, that is a very serious constraint on the voting . . . (inaudible interjection) . . . Well he doesn't agree with that at all. And that constraint, we are quite comfortable. Okay, so the hon. member says who's credible; who's not credible? Obviously the public will decide that in the next election. And that debate we can have here for some time, but the ultimate decision on credibility, vision, the future of this province, what other issues may be coming along, will be decided by the people in this province.

But the hon. member was one, if I recall, prior to 1986, in the same tone of voice, predicted a massive New Democratic party victory in 1986. And the member from Quill Lakes had his chair picked out over here prior to 1986. He would salivate; he would salivate, he was so confident, and we would watch him. We would watch him. He was virtually in heat; he was virtually in heat prior to 1986 thinking that he had his cabinet post all lined up. There was some indication the then leader wasn't going to give him one anyway, but having said that, the hon. member . . . I'm happy to see their confidence. I saw it before; I know what happened.

The debate about credibility is not won; you don't convince me and I won't convince you of the issue I can tell you what our interpretation of the legislation is; yours does not accept that. Obviously the public will have to determine the issue, and I think that's fair.

Mr. Lingenfelter: — Well, the minister says that I'm predicting an easy election victory. I think far from it. I think what we're going to have is the business friends from around the world coming here to assist the Tories to try to get them re-elected. I don't think it's going to be an easy election, but I say to you, Mr. Minister, that one thing I do know is that in this one the people are on our side when it comes to foreign ownership.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Thank you very much, Mr. Chair. Mr. Minister, I suspect that you have had the opportunity to do some projections based on your government's past experience with public share offers of privatized Crown corporations. And I'm wondering if you can provide us with any kind of information as to what you can anticipate in terms of the number of shareholders from the province of Saskatchewan which will be purchasing shares in this privatized Potash Corporation of Saskatchewan.

Hon. Mr. Lane: — Well certainly one of the factors in public interest will be this debate itself and the extent of the debate, and that will be, a well I can't say major, because we don't know the extent of the debate on the interests of the people of Saskatchewan purchasing shares, so from that point of view, we don't have an estimate. I would like to see myself at least 50,000. That may be high, but again, the debate itself will have some effect, and I'm not sure which way on the desire of Saskatchewan people to purchase shares.

Ms. Atkinson: — Well, I find it interesting having had the opportunity listen to you all day in terms of the exchange with my colleagues, and there's several things you don't know, Mr. Minister. You don't know what kind

of market share we have in the province. It took you a great deal of time to find that out. You don't know what sort of plans a privatized PCS may have in terms of diversification and expansion, and now you don't know what you anticipate in terms of the number of shareholders in Saskatchewan.

We do know that there are a million people in Saskatchewan who all share jointly in the ownership of PCS today, right now, we do know that. And we do know that you think that it's possible that there could be 50,000 people who buy shares in the Potash Corporation of Saskatchewan, one in 20 people in Saskatchewan and we believe that to be high, sir.

But what I'm really interested in knowing is what you anticipate in terms of actual ownership on the part of Saskatchewan people once this Crown corporation is privatized. We do know that there's 45 per cent foreign ownership, once this Crown corporation is privatized, we do know that, up to, up to, up to, but we're convinced that they'll be in there, Mr. Minister, all of them, every one of them, and there will be 45 per cent foreign ownership.

What I would like to know is how many, or what percentage of this company will be owned by Saskatchewan people? Fifty thousand shareholders may own 1 per cent of the company. I want to know what percentage of this company, period, will be owned by the people of Saskatchewan once you've privatized this Crown corporation?

Hon. Mr. Lane: — I have indicated on numerous occasions today that the issue will have at least 50 per cent Saskatchewan consisting of Saskatchewan investors, and I include in that the employees plus the government share. And contrary to what you say in terms of foreigners buying 45 per cent, I actually think that the biggest block — and I use that guardedly — or the biggest number outside of the Saskatchewan component, will actually be in the Canadian tranche of the issue. I would expect that would be the case.

And having said that, I do recall a proposal being made, and I know it was before the hon. member's time, that the . . .

An Hon. Member: — You always want to drag up that piece of junk.

Hon. Mr. Lane: — Well I suppose that the hon. member . . . I suppose that the hon. member, during his short stint in cabinet, shortened stint in cabinet, had an insight in to the operations of the Crown investment corporation that I didn't have, and I can see why he would say that perhaps there were some inaccuracies because I've seen the reports filed by the deputy leader opposite to some of the investment communities as to what oil prices would do and others.

And I indicate that the objective, not dissimilar, not at all dissimilar to the one before the Crown investment corporation in 1982 . . . regarding SHAR (Saskatchewan holdings and reinvestment, S-H-A-R. I guess the inaccuracy is they dropped the "K", did they, is that the inaccuracy? Is that the inaccuracy? That the NDP wanted to have the widest possible distribution, the widest

possible distribution for the investment of Saskatchewan people in the potash corporation.

And the hon. members . . . And I don't know what's inaccurate in the information I'm giving. These are the minutes and they wanted to put out for some public investment, that is I assume, the people of this province as individuals investing. Some potential investments would include Ipsco, Agra. One of the difficulties with Agra that I see is that the NDP market value would have only been 50 per cent of CIC's book value. I'm sure we'll be talking about those types of concepts later.

So I suggest to the hon. member that encouraging the widest distribution . . . I suppose what surprises me is that many in the New Democratic Party believe in the idea of Saskatchewan people participating and the Saskatchewan people investing. And every time there is an opportunity, you're opposed to it. And every time an opportunity comes along, your opposition gets more and more strident and your position gets more and more fixed as being opposed to people investing in it.

So I've also indicated . . . And I don't know if the hon. member was in the Assembly this afternoon when I indicated to the hon. member about the potash corporation itself, the potash corporation itself, not SHAR but the potash, wherein in 1975 — 1975, that's long before the hon. member's time — but in 1975 it was reported . . . Now I don't know who would have reported this. I don't know who would have reported this:

That a number of people have expressed a desire to assist (assist, I like this phraseology) assist financially in the acquisition of potash properties (potash properties) and following discussion it was agreed that the president request the deputy minister of Finance to develop a proposal to facilitate direct public financial participation.

So somewhere between . . . The people thought it was a good idea in '75, good idea in 1982 by the NDP for the people of this province to invest in the potash corporation. Now all of a sudden they decide under the new leadership that in fact it's not such a good idea. So having said that, the documentation that I've given to this Assembly refutes the member's argument.

(2300)

Mr. Chairman: — Being near 11 o'clock, the committee will rise and report progress.

The committee reported progress.

The Assembly adjourned at 11:02 p.m.