

The Assembly met at 1 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Trew: — Thank you, Mr. Speaker. It gives me a great deal of pleasure today to introduce to you, and to other members of the Legislative Assembly, four people seated in your Speaker's gallery, and I'll ask them to rise as I announce them. They're from Whitewood. They currently own and operate the Texaco right on the junction of Highway 1 and 9, Mr. and Mrs. Vince Folk and their two sons, Gordie and Christopher. I ask all members to join me in welcoming them to our Legislative Assembly.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Hospitals' Lottery Tax

Mr. Romanow: — Thank you very much, Mr. Speaker. My question today is to the Premier, and it has to do with the lotteries tax, and it particularly has to do with two statements which, to say the least, in my judgement are very contradictory and very confusing. On CBC (Canadian Broadcasting Corporation) radio this morning, your Minister of Finance said, and I quote, "The lottery tax is here to stay." Yet the minister of culture and recreation says otherwise. He is quoted in the *Leader-Post* and the *Star-Phoenix* as saying:

The province might reconsider its 10 per cent gambling tax if lottery sales don't rebound after a 35 per cent slide in July.

Now, Mr. Premier, obviously there's a breach in cabinet solidarity. Can you settle this issue and will you tell us which it is. Is the lottery tax here to stay, or might it be reconsidered?

Hon. Mr. Maxwell: — Mr. Speaker, the comments directed towards the Premier by the Leader of the Opposition should more correctly be addressed to me, because I'm the minister who is being, in the opposition leader's view, being quoted.

May I say, Mr. Speaker, that if one reads the text of the article by Mark Wyatt of the *Leader-Post*, the comments correctly and accurately quoted, attributed to me, do not support the headline. Indeed, sir, the comments attributed to me are:

Asked whether the government is considering rescinding the tax, Maxwell replied: "It's too early."

"I believe we should listen to folks and talk to the lottery people definitely, and analyse the data they're giving us and take their opinions into consideration."

Further, Mr. Speaker, I am quoted accurately as saying:

"My opinion is yup, if we go through the month of September and the sales are as far down as they appear to be right now, I think our concern would have to be translated into some kind of heavy discussion."

Mr. Speaker, that's precisely what we would intend to do. This matter has never been discussed in our caucus; it has never been discussed in our cabinet. And correctly, I am quoted as saying: yes, we're concerned.

Of course we're concerned. What we see is a tax that was brought in that has been very popular among the non-gambling community, but treated with some speculation as to its future by the gambling community. And, Mr. Speaker, I'll stand by the quotes that are attributed to me. But what the Leader of the Opposition has attributed to me does not appear anywhere in quotation marks, and what has been extrapolated from the article into a headline is certainly, sir, in no way supported by the comments in the article.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I direct a new question to the Premier of the province of Saskatchewan. Assuming for the moment that I accept the minister's words that the article does not portray accurately, in its complete accuracy, what he says, he says in his answer none the less that they're going to reconsider. He says that he's going to reconsider, that your government is going to reconsider the lottery tax. That's what he said just now. That's what I said in my opening question, and yet your Minister of Finance said on CBC radio this morning that this tax is here to stay. Now it's either reconsideration or it's here to stay; those are two fundamentally different positions.

It requires the Premier of the province of Saskatchewan, with the greatest of respect, sir, to tell clearly the people of the province of Saskatchewan, which of those two positions it is. Is it to be reconsidered or is it here to stay? Would you please exhibit some leadership and tell us what it is.

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: — Mr. Speaker, I don't see any contradictory comments at all. If the Minister of Finance stands in public and says we have a tax: — I didn't hear his comments — that has been duly introduced, it is a collective responsibility of this cabinet and this caucus. It was not unilaterally taken by the Minister of Finance. So we share in this. If there is going to be any change . . . and I haven't suggested there is going to be a change; I said we haven't discussed it in caucus and cabinet. If there was going to be any kind of changes whatsoever, they would be discussed collectively. That discussion has not taken place.

What I have said is, we're concerned, we're concerned, if the sales go down, what the potential impact would be on the client groups in sport, culture, and recreation. They're

concerned. I met with one group this morning. In fact I only read the *Leader-Post* article during a meeting with lottery officials this morning. And when I looked at the headline I thought, well, my goodness, this isn't what I said. When I did read the article, I realized that someone extrapolated from my comments — no more, no less.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I must, with the greatest of respect again, direct the question to the Premier. It's not that I don't respect the answer made by the minister of culture and recreation, but the reality is that we have, even in this second answer, a repetition of the major breach in cabinet solidarity.

I remind you, Mr. Premier, on a matter of taxation and tax policy, this is a matter of great importance because the minister just said in his answer to me that he has a concern. Yesterday the Minister of Finance said he had no concern; the tax is here to stay. The minister of culture and parks and recreation implies openly, and speculates openly, that the tax could be done away with. The Minister of Finance says no, it is not going to be done away with, notwithstanding what the current situation is. That is a confusion which begs for clarification.

My question to you therefore, Mr. Premier, is this. In order to clarify to all the kiosk operators, to all the people who think that this is an unfair and unpopular tax — and most surely it is — that it won't be dedicated to hospitals, that it'll be dedicated elsewhere to something like GigaText, my question to you, Mr. Premier, is very simple: why not clarify the confusion? Tell us, is it on or is it off?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the hon. member, like many of his colleagues, isn't concerned about health care and isn't concerned about the lottery because he keeps coming back to GigaText. He keeps coming back to GigaText. What does that have to do, in all sincerity, with the tax on gambling? Nothing.

This tax is dedicated to hospitals and to health care, and he grandstands in here about GigaText, which is a \$5 million translation project that we were into, and he says this has something to do with lotteries.

It shows, Mr. Speaker, clearly, that he is just interested in making some headlines about . . . Yes, so he shakes his head, of course that's all he's interested in or he wouldn't raise it. And he knows that.

This tax on lotteries, Mr. Speaker, was introduced in this budget and it is here in this budget like the tax on beer, like the tax on cigarettes, like the tax on other things, Mr. Speaker, and it was introduced.

We always listen to people. When we put together and we reduced the tax on clothing, we take the tax off gasoline, we put the tax on gambling, we'll listen to people afterwards. We'll bring in other budgets. We have people come in and talk to us about the tax on beer. They say, well I would like to see you remove the consumption tax and put it on some other place. We listen to people.

The tax is on. The tax was brought in in this budget. There's tax on beer and tax on cigarettes and tax on gambling and there's tax on other things, Mr. Speaker. That's what the Minister of Finance is supposed to do; that's what he's done.

If a minister in this House goes out and listens to people about their concerns on consumption tax or retail tax of any kind, that's perfectly normal. That's what we should be doing. And it's got absolutely nothing to do with GigaText, and the hon. member knows it.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Premier, and I very much thank him for at least getting up to try to answer and solve this mass confusion which you have.

The question that I have, Mr. Speaker, to the Premier is tied directly to his last answer. The Premier says that the lotteries tax is tied to hospitals and hospitals funding, and the Premier knows full well that that is simply his word and his government's word — it is not in the legislative statute as a legislative guarantee — and his word on this is about as much value as his word that GigaText was a good investment for the province of Saskatchewan. Make no mistake about that.

Some Hon. Members: Hear, hear!

Mr. Romanow: — My question to you, Mr. Premier, is this: is this not a similar pattern repeating itself that you followed with respect to the used car tax fiasco back in 1985, when your government levied an unfair and unpopular used car tax at that point? The people rebelled and objected, and you began by staging a withdrawal at that time; in effect, it was such a withdrawal that you did away with the used car tax and you did away with the then minister of Finance at the same time in doing so.

My question to you is this, Mr. Premier: isn't this a case of you now beginning to, I hope, position yourself from the point of view of getting away from this unfair and unpopular tax? Isn't that the case?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the Hon. Leader of the Opposition is again more interested in grandstanding, pointing to me about my word versus his word. He's not interested in health care or the hospital tax or the contribution to health care.

I'll put . . . I mean you take in the last by-election we had, he ran around the province saying we're going to close all five hospitals if we won the by-election. Nobody believed that. And as a result, we now have a member from Assiniboia-Gravelbourg that's a Conservative for the first time in history.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — As a result of that member saying that we're going to close all the hospitals, and nobody believed him.

I said at the outset, Mr. Speaker, back in '82 and again in '86, that we would protect people against high interest rates. And the best interest rate protection package in North America is in this province as a result of people believing that that would be a good idea. Take the tax off clothes, take the tax off gasoline, take the tax off utilities, and if you add up the total tax take in the province of Saskatchewan for \$20,000 income and \$40,000 income and \$60,000 income, we're the lowest or the second lowest or the third lowest as a result of us protecting people against high taxes and high utility rates.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Now those tax breaks, those tax breaks are for individuals, Mr. Speaker.

I went on and I did adjust a tax at one time. I've taken taxes off, and I've reduced them. They never did; they always increased taxes. We have reduced taxes. And I won in '82 because I said I'd take the tax off gasoline. I won again in 1986 because I said I would reduce taxes. And I venture to say when it comes tax record to tax record, we will be very successful in 1990 or '91 against the NDP, and you can count on that, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I welcome that challenge by the Premier to focus the election on that because I'd like to talk about our 5 per cent sales tax versus your 7 per cent sales tax. I'd like to talk about no flat tax versus your flat tax. I'd like to talk about all your power increases and telephone rates against no tax increases in that regard. I'm very, very pleased to talk about that.

But my question to you, Mr. Premier, my question to you, Mr. Premier, is simply this. The Minister of Parks, Culture and Recreation admits something in this *Leader-Post* story that the Minister of Finance failed to recognize, namely, that there's a 35 per cent slide in revenues as a result of this hospital tax on the lotteries. That's what he says. He hasn't denied that.

My question to you, sir, is: what happens then as far as your government is concerned? Are you going to reconsider the tax, or are you going to stick beside your Minister of Finance and say it's here to stay? Which is it?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, now the hon. member has gone from GigaText to if and ands and pots and pans. What if it doesn't rain, eh? We'll be there. If it doesn't rain, we'll be there to protect farmers, okay? If they want some . . . if there's weather problems, we'll be there.

The Speaker: — Order, order. Both sides of the House, members come to order. Members come to order.

Hon. Mr. Devine: — Mr. Speaker, I just say to the hon. member, he's into speculation. If interest rates go high and hurt people, Mr. Speaker, we'll be there to protect them. And we've done that before. If there are bad weather problems, we come in and we provide the safety

net because that's why they elected us. And they said, give us low taxes, protect the low income, new health care. If, if if — all he can say is, if things get bad, will you be there. We've been there in the past, Mr. Speaker, and we will be there in the future.

The hon. member didn't know how to deal with it when he was sitting over here. He let interest rates run 22 or 22 per cent, and that's why farmers are in trouble today and he smiles, and he smiles, and said if, if, if. I'll say one thing. If, if the hon. member had taken hold of the economy when interest rates were 22 per cent, you'd have seen a much stronger Saskatchewan today, and that's his legacy, not mine, Mr. Speaker.

Some Hon. Members: Hear, hear!

Use of Natural Gas by Cargill Plant

Mr. Solomon: — Thank you, Mr. Speaker. My question is to the Deputy Premier and it pertains to Cargill. Deputy Premier, when the Premier announced the Cargill project he said one of the main benefits to Saskatchewan would be that the plant would purchase huge amounts of Saskatchewan natural gas. And he quoted in his news release 18 billion cubic feet of natural gas annually.

Does the Saskatchewan government have a guarantee from Cargill that in exchange for almost \$300 million in taxpayers' assistance, the plant will use only Saskatchewan natural gas? Is there such a guarantee?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, one of the reasons the Cargill plant at Belle Plaine is such a good deal for Saskatchewan people, all Saskatchewan people, not just Saskatchewan farmers, is that it will be, it will create another demand for Saskatchewan gas. In the event that Saskatchewan gas producers are unable to supply full demand, obviously they'll have to be back-up supplies for that, and Cargill will contract for back-up supplies wherever they can get the best deal for gas. But priority one is to use Saskatchewan gas.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Mr. Speaker, a new question to the same minister. Mr. Minister, you have not assured this House in response to my question that the Government of Saskatchewan has a guarantee with Cargill that they will purchase Saskatchewan natural gas. Can you tell us this afternoon, Minister, whether they will purchase as much of the natural gas as Saskatchewan can supply, up to and including the 18 cubic billion feet of natural gas? Is there a guarantee, Mr. Speaker?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, this is truly quite a turnaround for members opposite. Had they been in government over the last six, eight years, Mr. Speaker, it would be Alberta gas going in to Alberta plants, Mr. Speaker. Even the utility, even the SaskEnergy, Mr. Speaker, SaskEnergy when they were in power, Mr. Speaker, used Alberta gas for Saskatchewan homes and

hog barns, and so on, Mr. Speaker, the few hog barns that had gas going to them, Mr. Speaker. So this is quite a turnaround.

I can tell you this, Mr. Speaker, that priority one at Saferco plant will be to use Saskatchewan gas.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Mr. Speaker, supplementary question to the same minister. Does the Government of Saskatchewan have a guarantee for Cargill in return for \$300 million of taxpayers' money or not? Do you have a guarantee or not?

Hon. Mr. Berntson: — Mr. Speaker, the Government of Saskatchewan is not dealing with Cargill. There is a joint venture called Saferco in which CMB (Crown Management Board) and Cargill are joint venture partners, Mr. Speaker, and Saferco will be the people that are contracting for the gas, Mr. Speaker.

Now he's yapping over there about \$350 million. He's right out to lunch on that too, Mr. Speaker. And they've been told a million times that there's, I think it's a \$50 million equity by each partner in this joint venture. And I mean, it doesn't matter what the facts are, Mr. Speaker. Those guys just get up and just pull something out of the sky and throw it out on the floor as if it were a fact, Mr. Speaker.

The real fact is this. There will be a fertilizer plant, a nitrogen fertilizer plant at Belle Plaine. For the first time in the history of this province we will be supplying fertilizer to Saskatchewan farmers from Saskatchewan production, for the first time in the history of this province, the largest fertilizer market in the country, Mr. Speaker.

And all of the time that those dudes were running the show, Mr. Speaker, fertilizer came in from Alberta with Alberta natural gas, Mr. Speaker, and high transportation costs. For the first time, Mr. Speaker, somebody is thinking not only of the farmers, but of the gas industry. Compare seven wells in 1982 to 700 last year, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Mr. Speaker, a new question to the same minister. It's obvious by your lack of an answer that the Government of Saskatchewan does not have a guarantee with Cargill. What then is the purpose of the \$300 million of taxpayers' assistance, if in the Premier's own press release he says he's going to assure natural gas suppliers and producers in Saskatchewan that Cargill will consume that gas. What is the purpose, Mr. Minister, and are you aware of the reports from Alberta which indicate that Cargill is seeking in Alberta natural gas supply from Alberta producers? Are you aware of this, Mr. Speaker, and how can you square that decision on Cargill, and by Cargill, with your claim that natural gas for this project is going to be provided by Saskatchewan producers?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Well I'm trying to figure out, Mr.

Speaker, whether they support the project or whether they're against the project. They've taken both sides, but I will assume because we've come to expect from them that they're against it, because they're against everything that's ever been done in this province as it relates to economic development and diversification, Mr. Speaker.

You know, here at the NewGrade upgrader in Regina, Mr. Speaker, it was designed primarily to use Saskatchewan heavy crude. But in the event, Mr. Speaker, that supplies don't meet demand, and that happens from time to time, there are contracts, Mr. Speaker, with suppliers from the Alberta side, because they have heavy oil there too, Mr. Speaker.

An Hon. Member: — And the Co-op does that. And the Co-op has always done that.

Hon. Mr. Berntson: — And the Co-op does that. It makes no sense in times of tough supplies, Mr. Speaker, to shut the upgrader down. That makes no sense at all.

The same is true, Mr. Speaker, for the fertilizer plant. And I fully expect — and I don't know — but I fully expect that the people of Saferco will have in place fall-back supplies in the event that they can't get the kind of volumes they need from Saskatchewan suppliers, Mr. Speaker. I hope they can get them, and at the rate that we're drilling, Mr. Speaker, I think there will be lots of Saskatchewan gas for the fertilizer plant.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Mr. Speaker, a new question to the Deputy Premier. Deputy Premier, the Cargill plant at Belle Plaine is being built along the TransCanada Pipeline, and you know that. And I'm sure you're aware that more than 95 per cent of the natural gas along that pipeline comes from Alberta producers. Is it true that you and Cargill have never planned on supplying the Belle Plaine plant from Saskatchewan natural gas producers? Otherwise, why would the plants have been built on the main natural gas pipeline from Alberta, and why is Cargill now in Alberta trying to buy natural gas supplies from Alberta producers?

Minister, did Cargill mislead us, or did you and the Premier purposely mislead this House?

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — Mr. Speaker, as a matter of policy today all direct source gas, Mr. Speaker, is bought from Saskatchewan producers; that's a matter of policy today. I would be very surprised if any — any — large user, like the fertilizer plant, would even think of going into such a venture without having assured back-up, Mr. Speaker. It makes no sense at all to have this very, very large plant sitting there, and Co-op refinery does it all the time, absolutely.

Now he says, Mr. Speaker, you guys are building this plant at Belle Plaine on the TransCanada pipeline. That's exactly one of the reasons that it's there, Mr. Speaker, because the pipeline is there.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — And it makes no sense to build it at Oxbow and then spend a hundred million dollars to build a pipeline to it, Mr. Speaker. It also makes no sense to have a separator on the pipeline to separate the Saskatchewan produced gas from the Alberta produced gas and let the Alberta produced gas go on to Ontario and just pull out the Saskatchewan produced gas from Swift Current or Maple Creek or wherever.

Some Hon. Members: Hear, hear!

Water Supply For Cargill Plant

Mr. Solomon: — A new question to the same minister, Mr. Speaker. From the obvious answer you've given, you have no guarantees from Cargill to have a purchasing of natural gas in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Mr. Speaker, one of the other main requirements of the Cargill plant is a steady supply of water. Is it correct that the water supply for the Belle Plaine plant will come via new water pipeline from Buffalo Pound Lake, and can you tell us the cost of such a water pipeline, as well as how much Saskatchewan taxpayers will be paying towards its construction. Can you tell us that, Minister?

Hon. Mr. Berntson: — Mr. Speaker, there will be part of . . . or a pipeline coming from Buffalo Pound Lake to the plant, and it's part of the infrastructure cost and I don't have it at my fingertips, so I'll take notice of the question, Mr. Speaker, and bring that answer back.

Mr. Solomon: — New question to the same minister, Mr. Speaker. Can the Deputy Premier tell us, while he's taking notice, whether any studies have been undertaken by the Department of the Environment, by the Crown Management Board, or the Saskatchewan water supply or any other government department or agency to determine if this kind of drain on Buffalo Pound Lake will affect the water supplies of either Regina or Moose Jaw; and if so, can the minister undertake to have those studies tabled in this legislature as soon as possible?

Some Hon. Members: Hear, hear!

The Speaker: — Time has elapsed, rule 7.

An Hon. Member: — With leave, will you give him time to answer?

The Speaker: — Okay, if you have the answer, we'll allow you to answer. Order, order. I think hon. members should just relax a bit. The hon. member simply asked for further information. If the minister has it at his fingertips, we'll allow him to give it.

Hon. Mr. Berntson: — I'd be happy to try and answer the question right now, Mr. Speaker, but it's going to be tough because once again I don't know where these people are coming from. These are the people that rubbed their hands with glee when the Rafferty project, a water

management project, Mr. Speaker, a water management project was ground to a halt.

Some Hon. Members: Hear, hear!

Hon. Mr. Berntson: — They sit over there and rub their hands with glee, Mr. Speaker. And now that same member, that same member stands in his place and says, oh, but this project is going to drain Buffalo Pound. Absolutely not, Mr. Speaker, it will not even put a dent in Buffalo Pound. And all environmental considerations will be covered off and licensed by the Department of Environment before any construction begins, Mr. Speaker.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order. Member from Wascana, order, order. Hon. members, stop hollering; question period is over, and we now go to ministerial statements.

Order, order. Member from Meadow Lake, would the member from Meadow Lake come to order, and the member from Regina Centre.

ORDERS OF THE DAY

SPECIAL ORDER

COMMITTEE OF THE WHOLE

Bill No. 20 — An Act respecting the reorganization of the Potash Corporation of Saskatchewan

Mr. Chairman: — Would the minister introduce his officials?

Hon. Mr. Lane: — Thank you, Mr. Chairman. If I may, the officials from the potash corporation that are with me today are Mr. Chuck Childers, president and chief executive officer; Mr. Barry Humphreys, vice president of finance and accounting; Mr. John Hampton, vice president general counsel, and secretary; Mr. Wayne Brownlee, director of business development. Also with us is Mr. Ted Nieman from Robertson and Stromberg, law firm.

Clause 1

Mr. Romanow: — Thank you very much. Thank you very much, Mr. Chair. I know we're anxious, or at least some are anxious to move along on this Bill, but not that anxious from our point of view. And I would want to start of the consideration of the clause by clause of this Bill with a few preliminary remarks, and perhaps a question or two with respect to the nature of the Bill and the policy direction of the government as it can explain it, I hope, as embodied by this legislation.

May I say, Mr. Chair, that I want to begin my remarks by casting this Bill 20 in the context of what I think really is at stake here, and that is competing visions about the future of the province of Saskatchewan. We're talking about the future of this province. We're talking about the future opportunities for jobs. We're talking about the future for the provision of services, whether it's health care, or

education, or highways. We're talking about keeping our young people in the province of Saskatchewan. We're talking about the never ending struggle to try to get a province of only a million people, more or less, at least at that level and hopefully growing and beyond the million, and a province which can become an aggressive, positive, strong force in the world at large as a marketer where our products and our people are respected throughout the piece.

Mr. Chairman, in my judgement, in this province we face some very serious obstacles which have always presented major impediments to successive governments in the attainment of the objectives for which all of us strive, even though we come from different ideological perspectives and perhaps different political biases in pursuit of that object. Those obstacles, those cold, hard, bare, unyielding facts are clear.

We have only about a million people, as I've said, therefore, a small population and a small market. We have large distances in which to move those million people — large distances — and we have a large infrastructure by which to support those people. We have the hardships of climate, environment. Every farmer knows this year, and years gone by, how difficult and how true that statement is. We have limited political power in the Canadian federal system. Our 14 seats, or thereabouts, federally, compared to the number that Toronto and Montreal hold, is really miniscule.

Under those circumstances, a vision of this province, in the test of development, in the progress of providing these services of which I speak, a vision which is predicted essentially on a sole free market solely based private enterprise model, is doomed to failure. That is the lesson of the province of Saskatchewan.

Capital in the free market system will locate as capital according to the dictates of the free market system should determine the location of capital. But it will locate where there are larger markets, where transportation isn't a major problem, where the climate isn't a major problem, where there's political clout in order to influence the economic and fiscal decisions related to the location of the capital and the economic spin-offs and the social development with respect to those matters that can be easily influenced and detained.

And our pioneers and our forefathers before us, in this legislature, through successive governments, free enterprise governments like the government of the late premier Ross Thatcher of which the minister who's piloting this Bill was a very active member at that time, understood and accepted the basic premise of which I speak.

That the results, the benefits, the very purpose of governments, namely, providing a better quality of life for our people, has forced us, leads us to the vision which I describe, a vision of a mixed economy where there are, as I've described it in my rather simplistic terms, I acknowledge, three cylinders: a private sector cylinder — that's a cylinder which fuels the economic engine; a co-operative sector — we have a strong co-operative sector, whether it's the wheat pool or the federated

system or the credit unions; and of course the public sector where necessary and as necessary. That public sector, whether it range from SaskEnergy, or Sask Minerals as it was up until a few months ago, or Saskoil, or now the Potash Corporation of Saskatchewan, it was that third cylinder which played an important component.

And the three cylinders working in tandem with a finely tuned engine would provide the economic engine of which there would be economic output of which, from that economic output, there would be benefits for the people of the province of Saskatchewan. And it was our best hope. Not a perfect hope, but it was our best hope of overcoming those facts and those economic obstacles, overcoming them to give us a chance to provide the basic amenities of jobs and education and health care.

That was the past; that is the future. There is no other solution to getting around these major obstacles. We know that. These obstacles remain immutable. Distance, climate, population, weather, political forces for the foreseeable future will always be the enemies of any provincial government which seeks to diversify and to grow.

Mr. Speaker, the circumstances change and the challenges change economically from generation to generation. But I argue that the model is as good as ever. The model may need to be fine tuned. There may need to be adjustments from time to time.

But I want to tell you, Mr. Chairman, that what the people of the province of Saskatchewan built through this model has been exceptional. They brought to the people of this province wheat pools and co-operatives, and they brought to this province successful corporations, private and public. And they brought rural electrification. And they brought medicare. And they brought a whole host of social and economic opportunities, not all of which were totally successful — I candidly and frankly admit to that — but which on balance in the continuum of history, in the continuum of this province's growth and development, objective observers must conclude was pretty good, and achieved the results for which the pioneers and which these people today in our province today expect governments to attain and to follow and to pursue.

And I want to tell you, Mr. Chairman, that this required men and women with a vision for the future. The easiest thing for the people of this province to do and to have done is to shrug our shoulders and to say there's nothing we can do against these elements. The easiest thing for us to say and to do is to say they're too great, the world is too large.

You know, these writers and others who say, well we live in a global village; it's true, we do. But it's been always thus. We've always been a part of the globe and the global village. Perhaps it's made smaller because of electronics and communication, but we've always been dependent upon the external forces.

But our pioneers and our governments, from Ross Thatcher, Douglas and Lloyd, understood

that there had to be a basic dimension of desire and determination to get that model working. They were futurists; they were optimists. They hoped, they built, they built, they built, and they built well, Mr. Chairman — built exceedingly well. In fact, they built so well that one has to simply look at a number of government documents to tell you how well they built indeed.

I have here in front of me, as one document, right shortly, only a few years ago, which talks about the province of Saskatchewan in the way and in terms that it was. For example, “10 years” is the headline of the document that I have here, “as a growth leader in Canada,” 1972 to 1982. It says, gross domestic product increased during that period 51 per cent. For Canada, only 30 per cent.

Non-residential investment: non-residential investment for Saskatchewan, up 338 per cent; for the rest of Canada, 275 per cent. Retail sales, up 197 per cent; for the rest of Canada, 186 per cent. Disposable income — that means, Mr. Chairman, money which ordinary farmers and working people and students and business people have that is available to them to buy the cars and the machinery and the good things of life — disposable income during this same period from 1972 to 1982 for Saskatchewan, 333 per cent; for the rest of Canada, 267 per cent.

And in fact, according to this provincial government document, other things such as the value of commodity exports jumped significantly. The question of population jumped significantly; in fact, almost 10 per cent in the eight years to just under 1 million in 1982.

The headline to this entire section of which I allude is: “Growth — we outperform.” And then it concludes this official Government of Saskatchewan publication with the following words:

Wealth in renewable and non-renewable resources, expanding markets, strong technology capability and an international outlook — (and I underline these words, Mr. Chair) combined with a pro-business government and one of the lowest per capita debt burdens in the country — that’s the Saskatchewan opportunity.

Now, Mr. Chairman, the hon. member from Weyburn, the Minister of Education, says he thinks he’s read this in the *Leader-Post*. He’s right, he’s read this in the *Leader-Post*. It might be a good idea if he read his own publication, because that’s what I’m reading from, that and the *Leader-Post*.

(1345)

This publication was put out in 1983, there’s a big picture of the Premier, looks like a very happy Deputy Premier, in fact a very happy Premier in this picture that I have. This is a document, a long time ago, as the Deputy Premier points out, 1983 right after the government changed, right after the members opposite took over the treasury benches; right after they had a chance to apply their economic analysis to what had gone on; right after they had taken a look at the debt load picture; right after they had analysed population, investment, disposable income; what Main Street, Saskatchewan, was doing,

how vibrant it was, how the hope and the optimism was, and how the opportunities were.

That is their document of which I read and which I table, if you will. I don’t need to table it because it’s a public document available to anybody from the public library, from the libraries in the province of Saskatchewan, right here. “*The Saskatchewan Promise*”, their document, this government’s document. There was no privatization in those periods, Mr. Chair, there was no privatization that had yet gotten a hold of this government somehow.

That is the record, and surely that’s the point that I wish to make, Mr. Chairman, in my first opening submission to this committee, that the yardstick of whatever government does must be surely: what does it mean to our individual lives? Does it improve? Has it improved the quality of life? Has it denigrated, has it attacked, has it hurt the quality of our individual lives? Has it enhanced our freedom, our freedom to enjoy some of the better things, or has it diminished?

Well, Mr. Chair, all one has to do is to compare that record of which I read with the one of July of 1986, four or five years later, now we’ve had the government in power.

The minister who is piloting this Bill also happens to be the Minister of Finance, and you can take a look at the Saskatchewan economic and financial position. And I refer you, Mr. Chair, to the total debt in the province of Saskatchewan, under those own government figures, in excess of 3.5 billion. When you combine it, according to these documents, with respect to the total debt, we’re looking at about 11 billion.

Those are the figures that this document of the Minister of Finance, the very person who is piloting this sell-off, partly to foreign interests — mainly to . . . well at least partly to foreign interests in the Potash Corporation of Saskatchewan — that is the record of their policies of privatization.

May I say, Mr. Chairman, there is very little use — although it’s interesting for some politicians and some people — to debate the academics of privatization or not privatization. The test is: do I have more money? The test is: do I pay more or less in taxes? Is my provincial debt up or down? Do I have better health care? Do I have better schooling opportunities? Are my children able to stay in this province or are they leaving? That’s the test of any government policy.

It’s a test by which we were measured in 1981-82. It’s the test by which this government will be measured in 1989 or 1990 or 1991. And by the yardstick of this white paper of which I refer — again I won’t bore the members in detail, but they know the record — compare it to the time when the took over office, using the model that we employed, to what has been the end result when privatization took the hold of this government, became the preoccupation of this government, became the mania of this government. And this itself, in my judgement, is the irrefutable argument about the folly, in policy terms, of exactly what the government is endeavouring to do with Bill 20, sir, as it has with respect to the other privatizations at hand.

Let me move to the second point, Mr. Chair. Why is it that we are in this area? Why is it that we're into the privatization mania, or fad, as I describe it, a fad which is under attack in Great Britain and under attack in New Zealand? In Canada, I believe that that debate of questioning privatization has only begun, probably right here in Saskatchewan, but I think it'll take hold here too.

But leaving that as an aside, clearly the second point I wish to make is the Tory vision is not our vision. The Minister of Finance's vision of this province — I'm sure he'll speak to this vision in a few minutes; we heard the Premier's explanation a few days ago — during the course of this debate is not ours.

Their vision of developing this province, I think is a vision of negativism and despair. It is a vision which says that the forces economically — by the way, those forces, I repeat again, are not new to this government. They were not new to Ross Thatcher's government, Allan Blakeney's government, Tommy Douglas's government, Billy Patterson's government, even J.M.T. Anderson's government. Those forces have been there, and I say to you, Mr. Chairman, they will be there, but their response to those challenges is one of despair.

They say we cannot buck the trends, so-called. They say that it is not possible to do anything but to fall into what is happening, as they would have us believe, all over the world. And so rather than to devise a 1990s and a year 2000 response to the challenges which may be facing the Potash Corporation of Saskatchewan, or the challenges which may be facing SaskEnergy, or the challenges which may be facing all of us as Saskatchewan people in the question of jobs and our future direction, they say in effect by this privatization of Bill 20 that their response is one of, what I describe, despair; one of, there's nothing we can do about it.

They say . . . their solution is: shut down the one engine, shut down that one cylinder; close off the public sector; ignore the co-operative sector; put all of your eggs in the one basket, which is the free enterprise, open-market system; sign the free trade deal; enter into programs of deregulation; get government off your backs; get into privatization.

They are embarking on a revolution, Mr. Chairman, a revolution of the history and the culture and economics of this province, and they are gambling that by putting all of their faith in the private enterprise system, where nowhere else has it succeeded, they will be able to overcome these immutable and major obstacles of distance and climate and political strength. And I am saying that they're not going to succeed because they have not succeeded, no one's succeeded elsewhere under the similar circumstances of which we speak.

They believe in open for business; they believe in sell-off to foreign multinational corporations, or foreign countries for that matter. We're going to ask a few questions of the minister of that once we get into the detailed consideration of the Bill on a clause-by-clause basis.

They believe in it because they believe that that's what we've got to do. They have abandoned the struggle for Saskatchewan. They have abandoned the future for Saskatchewan. They have taken the easy way out. The easy way out is to simply say we are going to go into this one-cylinder economy and somehow — we don't know we're going to do it — on wing and a prayer and a hope, somehow we are going to succeed.

And if you take a look at what we're debating here today, we're debating potash, a revenue generator, and one which I argue, Mr. Chair, has got the potential for even being a greater revenue generator in the future under the cyclical nature of resource industries as they invariably unfold.

We are seeing the sell-off of SaskEnergy — SGI's (Saskatchewan Government Insurance) on a temporary hold — we are seeing a shut-down of all of the potential revenue generators in the public sector cylinder of our economic engine and putting it into the private sector.

And no matter how well motivated those people in the private sector may be, no matter how competent they may be, they have one imperative, Mr. Chair. Their imperative is to maximize profits; it is an obligation by law to make profit.

I am not against profit. I believe that profit is a measurement of economic efficiency. I believe there is a role for private enterprise. No one on this side is against that as a dimension of how we operate in our economic basis. But when it becomes the sole criterion, when it becomes the sole determination, there are, there have been, and there will be major clashes of contest between the duty in law to maximize profit for private shareholder benefit, and the public interest on the other hand.

And so the result is, in those kinds of circumstances, a policy by this government which has denuded itself from the effective weapons of imposing public policy in the best interests of all the ordinary people, a denuding of those weapons, it is in effect returning and giving to large corporations and the large investors the economic clout in this country — an economic clout, Mr. Chair, of which they have already enormous power and enormous strength already in this country they have, we in this province — small, struggling to grow, and hopeful for the future — we are going to give it to them all sooner or later.

And so there's no big surprise when one takes a look at the record, as indicated by this 1986 July financial statement of which I refer to. There is no surprise, therefore, that we see a Cargill and the government entering into Cargill and private enterprise, although that's a funny combination of private enterprise in that circumstance.

Or we see the Weyerhaeuser deal privatization, or we see Manalta Coal privatization, or we see Sask Minerals privatization, or we see Saskoil privatization, or we now see the sell-off under this consideration clause by clause, of PCS (Potash Corporation of Saskatchewan) to foreigners, 45 per cent as a maximum. That is the policy. And the result is this white paper which shouldn't be white, but should be black for its black impact and its devastating circumstances to the people of the province

of Saskatchewan.

So, Mr. Chair, what I'm saying to you is that we are debating here major visions and a clash of the future. I say that it is we on this side who are the futurists and the optimists. It is we on this side who build from the strength of our experiences in the past for the future. It is us and hundreds of others like us in this province who know those facts; who don't have to be ideologically committed; who know the struggle.

I summons Ross Thatcher in aid. I summons others. It is that vision which I say is being contested. And I say to you, Mr. Chair, that is the basis of why we have argued so strenuously against the privatization programs of this government, and why we have argued so strenuously on clause 1 to the privatization of this Potash Corporation of Saskatchewan Bill, Bill No. 20.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Chair, I want to say one or two more words about this before we get into the detailed questions again. At another time we will talk about the PC performance, whether their economic policies have resulted in improving the quality of our life.

Putting it another way, at another time I will argue in more detail the questions of whether or not we're better off today, as some other politician in another jurisdiction and another circumstance described. Are we better off today in 1989 than we were at any other time in our recent Saskatchewan political history?

I don't think we are. The indicators are here, again in the Minister of Finance's own statement of March, 1989. I refer you, sir, and members opposite and members of the gallery, to page 30 — talks about the combined debt load, economic performance with respect to jobs, wage levels, out-migration, housing starts, total investment. The financial indicators have been worse — we've had eight straight deficits.

We privatize Saskoil and our debt goes up. We privatize Sask Minerals and our debt goes up. We privatize Manalta Coal and our debt goes up. We've privatized the highways workers and our debt goes up. We've done those privatizations and other things and our debt goes up, our population declines, our taxes go up, and our services are cut back. Surely, what other yardstick is there on the question of how the differing competing visions of the philosophy of this province must be judged?

These are the yardsticks, and by these yardsticks it's my conclusion that the PCS will only add more of those kinds of negative indicators of which I speak.

Some Hon. Members: Hear, hear!

(1400)

Mr. Romanow: — So, Mr. Chairman, as I close my preliminary remarks, this is a debate about the future of the province of Saskatchewan. It's a question of whether or not we take the Tory plan opposite, the easy way out, whether we entrust our destiny to the foreigners

and the wealthy owners of Canada and even those few that might enjoin in the profits, if there are such of this privatization of Bill 20 or other privatizations; whether we entrust them, or whether or not we do what our pioneers have done and which we intend to do for the future as we build for the future and diversify, as we always have in this province.

Go back to that realistic, commonsensical, pragmatic response in the face of the factors and obstacles of which we face, the mixed economy approach. That is what is the central, philosophical test and contest in this particular clause by clause Bill and in this Bill. That's what it's about. And I argue that the people of the province of Saskatchewan have rejected the PC point of view.

I believe that the agenda of the members opposite has been skewered, not because of a 17-day walk-out by the opposition, or skewered because of a long debate on the potash Bill which is before us — those are procedural things, Mr. Chair. What has skewered the agenda of the Premier and the members opposite is because the people of Saskatchewan have abandoned them in their vision, their wish to turn the clock back to another point in history. That's why the agenda's skewered.

If there was public opinion on the side of the government, the 17-day walk-out would not have been more than 17 minutes or 17 hours. Might have been, might have been on SaskEnergy because of some philosophical points of which I referred to at that time. If the filibuster had not received public opinion, it wouldn't have lasted as long as it did, only to be ended by an unprecedented act of guillotining free speech, cutting off free speech in the province of Saskatchewan.

The agenda's been skewered, as I repeat, Mr. Chair, not because of the actions of the opposition; it's been skewered because the fruits of this policy are bitter, they're few, they are limited for those few who can afford to pick the odd ripe banana or cherry or apple or whatever comes from that economic policy. They are spare. And Main Street, Saskatchewan, and ordinary people in this province sense, they know, that something's amiss; they know that we are headed in the wrong direction. That's what this Bill's all about.

Do we have the guts and the ability and the commitment through good times and tough times to have that mixed economy model work, that sensible pragmatic approach to build a better future for the people of our province, to provide jobs for our young people, to provide those opportunities of which I speak?

Shame on the government opposite. They have reverted to the 1930s — the 1930s — and in this case, in the case of potash, back to the mid-1970s when the industry was in such a quagmire. They are now turning the clock back. Shame on them that they don't seek to build, as all governments do, from what the other governments have built before them.

You know, as I said in one speech that I made here before — I repeat this because I think it's so dramatic — people say, well, you know, they're tearing down the legacy of the Blakeney government in 1982. Whether you agree

with it or not agreeing with it, at least there was a legacy to tear down.

I wonder what the future governments will have by way of a legacy left for them by this approach. I wonder. There will be no legacy of that nature from which to build. This is a revolution. It's a revolution which will be destined, I believe, to harm the hopes and the aspirations of our youth and the people of tomorrow.

Now, Mr. Chair, I want to now move to a specific aspect of this proposed legislation on clause no. 1, and preface my remarks and then have a question directed to the minister in this regard. This deals with one of the most disturbing aspects of Bill 20. It is the aspect of foreign ownership, Mr. Chairman.

And, Mr. Chairman, I want to, as a preface to my remarks, make the point that the history as to the level of foreign ownership permitted by Bill No. 20 — there's a specific section which we will say a few words about when we get to it — but as a general policy on clause no. 1, there is a history, a chronology on this Bill on foreign ownership which is confusing, to say the very least.

On February 8, 1989, the Premier, while in the midst of his tour of the Far East was widely reported as saying that the extent of foreign ownership in the Potash Corporation of Saskatchewan, under a privatized operation, could go as high as 60 per cent. In fact, I have a copy of the transcript of his remarks in a telephone conversation at that time. I think that's irrefutable as a fact.

Nine days later on February 17 of the *Star-Phoenix*, as it reported, this was changed, and the statement which was made after the press conference, of which I have here, in the *Star-Phoenix* article, the headline was, and I'm reading now from the quotation which is permissible by the rules, "Devine backs off plans for foreign-owned PCS."

Reading from the story it says:

However, on Thursday Devine said the government could conceivably have 50 or 60 per cent of it owned by the Saskatchewan people and/or the government, and it could save 35 or 40 per cent in some combination of investors.

Now I remind you, sir, that the 50 to 60 per cent offer initially was made, according to the interviews, in discussions that the Premier had with potential foreign buyers. We'll want to ask some questions about those discussions and hope the minister will provide us some details.

The next development in this particular saga of confusion on foreign ownership was a newspaper story attributing a comment to the minister of privatization. The minister of privatization says in the story of February 21 a few days later, "Saskatchewan control of potash to stay — Taylor." And that is the statement that is made by the minister of privatization.

Now note the subtle change but important change about the level of foreign ownership and the degree of Canadian

involvement, because the Minister of Public Participation says this. He says that Saskatchewan control is going to remain. He didn't say Canadian control, but Saskatchewan control is going to remain.

The previous statement seemed to limit it to Canadian control, a larger pool of investors. The minister of privatization now says that it's going to be Saskatchewan-controlled, and we'll have some questions to ask about that and the guarantees that the government will give us present and future in that context.

The confusing thing about this, Mr. Chair, is that during the entire trip by the Premier through the Far East, it seems that he was talking at length about potash without the benefits of potash briefing notes. According to the newspaper articles unnamed sources said hurriedly that he spoke without authority. Some uncharitable observers might say that he spoke without knowledge, because he didn't have the briefing notes. And they hurriedly reputed the statements that were made.

Then came the next saga. In *Greenmarkets*, a very reputable publication pertaining to the question of the potash fertilizer industry — it's an intelligence weekly, I think everybody will acknowledge, a very reputable one, an authoritative one — we get these words, and I'll quote. Note how it varies over the ballpark as to the extent of foreign ownership. This, on or about February 13, 1989 is reported by *Greenmarkets*:

MMTC (which relates to the India New Delhi potential purchaser and investor) has been offered the chance to take 20 per cent of Canadian company equity, a stake worth about Canadian 200 million, and MMTC has been offered a 10-year holiday (I underline those words — a 10-year holiday) on its investment, although it was not clear what payment would be foregone during that time.

The Premier then finally got back to Canada and he said, no, there is no tax holiday. But then he moved from 50 to 60 per cent to a level approximating 25 per cent of foreign ownership, according to the stories of February 27, 1989, which I have here in front of me.

Now, Mr. Chairman, what we have here on this sorry litany of major inconsistencies is a variation of government intention as to the level of foreign ownership going all the way from 50 to 60 per cent while speaking to the potential buyers or investors in the Far East, all the way down as little as 25 per cent. We have in there a confusing variation by the minister of privatization who says that Saskatchewan control will be guaranteed. We'll want to know about that in a moment or two.

And then we have this authoritative report by *Greenmarkets* which says that whatever the portion is, or at least on the 20 per cent portion as it was then mooted at that February trip, there is going to be a tax holiday or a concession to that potential buyer — by the way, repeated again apparently by the Premier in his talks with the Chinese and other potential investors.

We know now that the Bill has settled in on 45 per cent

foreign ownership. So we ranged all the way over the ballpark from 60 per cent to 25 per cent, and somehow we settled in at 45 per cent.

Now, Mr. Chair, I want to make the point that at a time when Canadian's major industries are rapidly evaporating to foreign ownership, generally speaking, at a time when the federal government is virtually paralyzed or unable or unwilling to deal with the level of foreign ownership, here we have the Government of Saskatchewan going in at a ceiling of 45 per cent of foreign ownership, maybe with some guarantees of investment — I don't know about that; we'll try to ask some questions of the minister in this regard — adding to what is the history since the free trade deal was first enacted and signed after the federal election, a pattern of a gradual — nay, some would say rapid — shift of ownership in major areas, and surely the fertilizer-potash industry is one of them, from Canadian ownership, let alone Saskatchewan ownership, into the hands of foreign people, whether they're Chinese or Indians or Koreans, wherever they may come from, that is what seems to be the approved, now lawfully approved limit set by this particular legislation.

What I'd like to ask of the minister in this context, because I find this to be certainly a disturbing level, high level, whatever the arguments for foreign ownership that might be made in support of, 45 per cent certainly is a high level. What I want to ask the minister in this context is specifically this.

Mr. Minister, first of all I'll preface the question. I assume that you were not with the Premier at the time of his February trip to the Orient, but you might have been, in which case you could give us firsthand information. But nevertheless you are the minister responsible; you might have even provided some briefing material to the Premier; notwithstanding the disclaimers, you are the person who's guiding this Bill through. I want you to tell this legislature whether or not it is correct that in those discussions, and subsequent discussions which you may have held, that the Government of Saskatchewan in addition to, in effect, transferring a great chunk of the control of this corporation to foreign interests, is also prepared to undertake tax or other direct or indirect treasury support for the potential investors and buyers of this corporation.

Hon. Mr. Lane: — Thank you to the Leader of the Opposition on his opening remarks on what has been called historic . . . perhaps some of the debate hasn't evidenced that over the last several months. However, I do agree with the Leader of the Opposition on a couple of matters. We are talking about competing visions and I recognize the problem, but I'll take it further than the problem as stated by the Leader of the Opposition.

The Leader of the Opposition says Saskatchewan historically has had disadvantages because of climate, small population, distance from markets. The geography of our province — and I think you will agree with me that we have a small population scattered over a very large geographic area, and I will agree as well with the point made by the Leader of the Opposition that Saskatchewan historically has had perhaps modest political clout on a continuing basis, and sometimes Saskatchewan has had

more political clout than its population has warranted.

But I'm going to add some other problems that I think you will agree with. We are dealing in an increasingly competitive world, a world which we do not set the rules. We are dealing . . . (inaudible interjection) . . . oh yes, there is. The member says there is no reason to try, but we don't always set the rules, and I think the hon. members will agree with me.

(1415)

And secondly, we are dealing in a world not only increasingly competitive, but a world that because of communication changes, can respond to threats to itself, be it other countries, more quickly, and we're also dealing in a world that the interrelationships — primarily financial, communication can be added — mean that we are far closer together. There are international financial ties today that didn't exist before.

So where is Saskatchewan and what are the options with all of those difficulties? And I'm going to put out to the Leader of the Opposition that there's a difference between words and actions. And I'm going to expound my case and I'm going to prove my case, I believe, when I look at Saskatchewan's actions. And I agree that Saskatchewan has taken imaginative steps historically to deal with some of its internal positions.

We have, I believe, and I think both parties will agree perhaps, and we'll have some differences on a couple, but generally I think we agree in terms of our infrastructure in this province — be it communications, be it natural gas, be it our highway systems, be it our transportation systems. We have taken over time some rather imaginative steps as a province, some that haven't even been taken up by other provinces today — they're still trying to figure out — some where we're beginning to export our technology, be it communications, be it natural gas, be it rural electrification, be it water projects.

So Saskatchewan people have taken advantages of some of their fundamental disadvantages and developed some expertise.

But where the difference comes, and I say the fundamental difference comes between your vision and our vision, is that your vision had proved to be much more narrow than your rhetoric. And I want to take your historical record, because I think it important, and I'm going to contrast to what you have accused the government of.

Contrary to what you said, you did not build. Let me tell you what your first three economic development steps were after 1971. And the hon. member was deputy premier, and the hon. member can remember one of the first actions — the second action I believe — of the New Democratic Party after 1971 was to cancel the Meadow Lake pulp mill and pay out Parsons & Whittemore so that they would not proceed. That is not building, and you have to recognize that that is a fact that that's what you did.

Let me tell you what your second economic — and I think

it important and I think that the observers should recognize — the second economic development step taken by the Blakeney government, with the Leader of the Opposition as deputy premier, was to buy a certain percentage of Intercontinental Packers, not to put money into Intercontinental Packers to expand, and that is key. The difference is key — the difference is key.

An Hon. Member: — Why don't you tell the truth?

Hon. Mr. Lane: — Well, I'm telling the truth. The hon. member may not like this. The hon. member may not like this. I use his name with respect, but I believe that the minister at the time was Mr. McArthur, who went down and negotiated and bought, I believe it was 40 per cent of Intercontinental Packers. And observers should be aware of that, because that is the truth, and it is different. It was buy, not build, and that is the historical record that cannot be wiped from the slate by rhetoric.

What was the third step? It was to buy a percentage of the potash industry of this province. That was the third step, was to buy, not build. And it is fair to say, except for the Lanigan potash expansion, that this very important industry of potash, the New Democratic Party, prior to 1964, I believe, never built a potash mine. It encouraged, it encouraged, and I could be wrong, but if it happened prior to '64 I'm surprised. They certainly did encourage the potash corporation on the solution mining. I will recognize that.

But I will contrast as well, prior to 1967 New Democratic Party and the subsequent one, because Tommy Douglas — and it has been referred to in debate many times — he did try and encourage a potash industry in this province, and he did give a guarantee of non-expropriation, a guarantee that was put aside by the Blakeney administration, of which you were deputy premier. And in The Potash Corporation Bill establishing the industry there were powers of expropriation. Now you didn't exercise them, but the powers were there. And one can argue whether expropriation or purchase with an expropriation or purchase with an expropriation power directly there is not *de facto* expropriation; you can debate that, but it's a very, very powerful weapon. I think the hon. member will at least accept that.

So now what is their fourth step? And I think this is key. Their fourth step was not to build a new pulp mill in Saskatchewan, their fourth step was to buy P.A. Pulp, PAPCO (Prince Albert Pulp Company), to buy. And where the competing visions show up, Mr. Chairman, where they show up when we get through the rhetoric, is that you did not try to build.

You had an opportunity to allocate the moneys from the Heritage Fund to new projects or to buy existing ones; that was a choice you had. That was a fundamental choice you had with those revenues. And you made your choice and your choice was to buy the potash industry. You've given your rationale and justification for it; the fact is you did it. You had your choice to take the moneys from the Heritage Fund to build another pulp mill and not buy PAPCO. You had a choice. You chose to exercise to buy . . . you chose to buy PAPCO because you were afraid of somebody else buying it. Boy, that's a philosophical

justification. That's all that is, that's all that is . . . (inaudible interjection) . . . So you're saying you don't want the Yankees to come in. I think you're just proving my point, the member from the Quill Lakes.

That's not the argument I'm making; that's not the argument I'm making. What I am saying is that the argument that the Leader of the Opposition says that he would build, does not stand up to the facts of history; that when he had the opportunity and the option, he chose to buy and not build. And it was not limited to potash; it was limited, Mr. Speaker, to all of our resources.

I'll give you another example. You had a choice — you had a choice to expand the natural gas industry in this province — you had a choice, you had a choice. You maintained a government policy that all natural gas had to be sold to the Sask Power Corporation. You had your rationale. The fact is, that was your policy.

You had another option, which was to take some of the money invested in Saskoil, and instead of that, use the incentive to develop a natural gas industry. You had a choice. You chose not to build; you chose to buy. So the history belies the words of the Leader of the Opposition.

So, Mr. Speaker, the Leader of the Opposition then says that he encouraged co-operatives; he supports co-operatives. Oh, he could debate; I think it's fair to say we all do. But when the opportunity was there, Mr. Speaker, with a Heritage Fund, and you had choices of what to do with those moneys, you could have put some of those moneys in to the Consumers' Co-op Refineries and built an upgrader. But you ignored them. You ignored them. So there you had a chance to make a financial commitment to the co-operative movement in this province and you said no. You had a choice.

And let me tell you that it was, and I want observers to note, because it was the Leader of the Opposition that says it is this government that only has one approach to economic development. And I'm now going to indicate, Mr. Speaker, that again the facts run contrary to the rhetoric.

Because he recognized the co-operative movement, and let me say that it was a Progressive Conservative government under the premiership of Premier Devine that made the agreement . . .

Mr. Chairman: — Order, order. The members are not to use other members' names unless in quotes.

Hon. Mr. Lane: — The Premier of this province that made the largest financial deal with the co-op movement in this province, Mr. Speaker, for economic development and for the betterment of the co-operative movement and for the betterment of the people of this province, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, it was the Government of Saskatchewan under the Progressive Conservative Party and the present Premier, Mr. Speaker, that has cut one of the biggest deals with Co-op Data Services Limited on

the new health care card which is allowing them to expand, grow, export this technology in this project, Mr. Speaker.

Now they belittle that, Mr. Speaker. They belittle that, and I say to the opposition, Mr. Speaker, they may belittle what happened; they may belittle the card. But if you were to take the Leader of the New Democratic Party's argument that we don't deal with the co-operative movement, then obviously we should have done that deal with somebody else. We didn't. We didn't. We didn't, Mr. Chairman. That project, whether you like it or not, is a good deal for the people and a good deal for the co-operative movement and a good deal for Co-op Data Services, Mr. Speaker.

So don't tell me, because the facts don't agree with your rhetoric. We have worked with the co-op movement for economic development, Mr. Speaker.

So now do we use government to stimulate economic development? And we do. And we have expanded government activities like individual line service, using our Telco, SaskTel, to expand and enhance communication services. And we've used our government to build a natural gas distribution service throughout the province.

Mr. Speaker, to say that we don't is simply not accurate. To say that there is only one track has been proven wrong in two examples. To say, Mr. Speaker — and this is one that I get a kick out of some of the press reports, because the press reports that believe this argument as surprising are ones that perhaps have been unduly and perhaps improperly persuaded by the opposition rhetoric, because some of the press reports are surprised that the government uses its efforts to participate with the private sector in a fertilizer plant, and some say that's strange.

(1430)

That has never, ever been inconsistent with this government's thrust and policy, which I will capsule by saying that with all of those problems that we have laid out, and I suspect we agree on most of them, it is incumbent upon a government in this province to use every single economic lever and weapon or tool at its disposal, whether it be government, be it involving the co-operative movement, be it, involving the private sector.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — But I'm going to add two other components that I find it surprising that the Leader of the Opposition failed to ignore. And he calls himself a futurist and his program is forward-looking, because he very pointedly — and I want observers to recognize this — he very, very pointedly left out two vital components in this government's strategy, two components in this government's strategy which — and I want all observers to recognize they were ignored and left out — one being the employees. And we have tried with labour-sponsored venture capital, employee participation to involve in the economic development, involve in their own jobs, and involve in the future of their own companies, the workers

of this province, Mr. Speaker, for the first time.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Now hon. members may disagree with that approach. Fair comment. But to say it is not happening is not accurate. It's happened in Meadow Lake with the new pulp mill; it's happening with WESTBRIDGE; it's happening with DirectWEST; it's happening with what was Sask Forest Products in Chaplin and Sask Minerals. You may disagree, and that's fair. But to say it's not happening is not right. It is happening.

But above all, Mr. Speaker, there is a fundamental difference ignored by the opposition, and I think very pointedly ignored by the Leader of the Opposition, of another component to our economic diversification. And that is the people of the province themselves, Mr. Speaker, of being able for the first time, for the first time, Mr. Speaker, the people of this province have the opportunity to invest in their own economic development.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — So, Mr. Speaker, when one looks at the facts as opposed to the rhetoric, when one looks at the facts as opposed to the rhetoric, this government has, as it has said from the outset, we will use every economic lever and weapon at our control to try and get economic development in this province. Because, Mr. Speaker, if we agree on the magnitude of the problem, let me tell you, we can't leave a stone unturned.

So the hon. members disagree. The hon. members disagree. But what's wrong? What is wrong with using and encouraging the people of this province to allocate some of their savings back to economic development here in the province of Saskatchewan?

An Hon. Member: — In bonds and shares.

Hon. Mr. Lane: — Well, the hon. members says bonds and shares. I happen to agree with that. What's wrong with that? But I'm going to give, Mr. Speaker, and I'm going to table in this Assembly — and I know the press will be very interested in this — some rather shocking documents, Mr. Speaker, some documents that have not been seen by the people of this province. And I'm go into tell you, Mr. Speaker, that when the New Democratic Party had the option, had the option, Mr. Speaker, of building, it chose to buy. Instead of building a pulp mill, they bought one; instead of expanding Intercon, it bought 40 per cent.

So did the New Democratic Party, Mr. Speaker . . . And I think it's rather personal for the Leader of the Opposition. To the Leader of the Opposition, we've heard about this share structure, and the press is all familiar with the share proposal, public participation.

But I'm going to take it a step further because at this time the hon. member was a member of the board of the Potash Corporation of Saskatchewan. And in 1975 — 1975 — he wanted direct public financial participation. He wanted the people involved, and you reject it. You said you'd consider it. And I'm referring to the minutes of

a meeting, January 16, 1976:

A number of people have expressed a desire to assist financially in the acquisition of potash properties, and following discussion it was agreed the president request the deputy minister of Finance to develop a proposal to facilitate direct public financial participation.

Mr. Chairman, that's the record. That's the record. In fact, we have used all sectors of the economy, be it the co-op movement, but, Mr. Speaker, we've taken two steps beyond what the Leader of the Opposition, by involving employees and by involving the people themselves.

So one may disagree with our vision, and obviously the New Democratic Party does. But all I ask, all I ask when you say that we don't use and don't involve the so-called mixed economy, I say that's wrong. And I say that our view of a mixed economy is much more broad than the NDP's view of the mixed economy, Mr. Speaker.

So we talk about the legacy. I happen to believe, Mr. Speaker, that amongst other things, Mr. Speaker, and I can talk about social programs, but on the economic development, because the hon. member has pretty much contained his remarks to that, I happen to believe a legacy where a province lets people participate, become involved in their own economic development, is perhaps the greatest legacy that this government or any government can leave, Mr. Speaker.

We now have people of Saskatchewan, government employees, members of pension funds, now owning and managing their own pension plans. The first, Mr. Chairman. And I refer to employee ownership.

So yes, there are competing visions. But I do say only one is ideologically hidebound, and that is the one that says we must buy as opposed to build, and the one that says we have to have more government — and the evidence is clear, and the statements are clear through this debate that many in the opposition want total government ownership for the potash industry — as to one which says that we must use every lever that is available to us.

So having said all of that, there are competing visions and there are differences, and fundamental differences — fundamental differences as to how we do that. And the public, quite appropriately and rightfully, will decide which one is correct, which one is best, which one best articulates how we see the province of Saskatchewan in the 1990s and into the next century.

And, Mr. Speaker, no matter the intensity of the political debate in this province, I find so very, very, very few people that articulate and believe in a vision of Saskatchewan as being a jurisdiction that all resources are owned all by government, or that farm land is owned and controlled by government, or, Mr. Speaker, that the only economic engine is government. I don't find many people, I don't find many people that believe that, Mr. Speaker, and it was articulated by many in the opposition.

Mr. Chairman, in that increasingly competitive world we must have companies that are able to compete. We must

have companies, in some cases, that are large enough, diversified enough that they can compete in an intensely competitive world. So when we criticize, or the government is criticized for making some companies bigger, some of our Saskatchewan companies have to get bigger to be able to compete. It may not be easy, it may not be nice, but in some cases it's realistic and has to be done.

So we do, as I've said and you said, we have competing vision. But I believe that the facts that I have laid out today and the evidence laid out today, I think shows that at least at minimum that the interpretation put on history by the Leader of the Opposition doesn't hold up to the facts that have been presented.

And having said all of that, Mr. Speaker, the people of this province will determine their political destiny, and we are going to make sure that they have the opportunities to determine their economic destiny. And that is right, and, Mr. Speaker, that's truly the Saskatchewan way.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — And I believe the question asked by the Leader of the Opposition was: is there any financial incentives or benefits to others — and if I'm not interpreting the question let me come at it this way — if it doesn't answer, I'll be glad to respond. There are no financial, tax, or other incentives other than we will have some incentives that the corporations will supply to employees. Those have not been finalized, but there will be a benefit package to the employees of the potash corporation to encourage as many as possible.

Other than that, there are none. It will not be eligible for the stock savings plan. In the public issue it has not proposed that it be eligible for the stock savings plan, and there are no other financial, tax, or other incentives to encourage others to purchase shares. If that doesn't fully answer the question, I'd be prepared to entertain it again, and I will apologize for not fully answering it.

Mr. Romanow — Mr. Chairman, I thank the hon. minister for his lengthy exposition if somewhat . . .

An Hon. Member: — It was shorter than you were.

Mr. Romanow: — No, it's fine. Even shorter than me, it's still a lengthy exposition, too lengthy to hear, but nevertheless I thank him for his comments. I do want to make a point or two in response, however, because I think this is, as the member acknowledges, very germane to what we're debating here.

The member says that they build and we buy. By the way, I would say, Mr. Chair, that an adoption of that simplistic, very, very easy distinction belies any kind of analysis. It is incorrect to say that a government which may buy an investment in a particular operation, existing or future, somehow fails to contribute to the building — that does not necessarily follow. Buying can equal building, buying can equal building if it means rooting an economic development within the province of Saskatchewan, given the economic circumstances which are dictated by the occasion, of which I will not get into historical defence or

debate because I think it's basically and largely irrelevant.

(1445)

What I'm trying to do here is deal with this so-called "build" philosophy, build philosophy by a government committed to the free enterprise market-place system. A build philosophy, and I think we need to ask, essentially: how have they been building, and with whom have they been building? And secondly, we've got to be asking: what are the results of that building? That's the proof of the pudding, in the eating of that. What are the result of that building of yours? With whom have you been building?

You've been building with Weyerhaeuser in a deal which virtually is a total commitment of public funds, and in effect amounts if not to a buy-in, a financial guarantee for its success. You've done the same thing with respect to the Pocklington of the world. You've done the same thing with respect to the WESTBRIDGES of the world — WESTBRIDGE, if it was to be cut free in the market and didn't have the mother ship of the state, the PC state financing it. Don't tell me about building. This is a question of a transference of the printing corporation into a WESTBRIDGE expanded, but expanded at the largess of the government.

You are building by that definition for a very, very limited, few number of people. Some of the buildings that are being constructed I might argue, are being built on what I would also submit are really in effect sand and clay. But even granting for the moment this specious, unintellectual — and nobody buys it — distinction between building and buying, whatever the end result is what counts.

If the minister is building, for whom are the benefits being realized? Are the benefits being realized for Pocklington? Are they being realized for Weyerhaeuser? For whom are they being realized? And one has to look at — without naming individuals; I don't want to particularize it in terms of institutions or individuals. Just take a look at all of the economic indicators. That surely is the test.

And if you look at the gross fixed capital formation from '76 to '87, their building has resulted in a major decrease. If you take a look at unemployment from 1982 to 1988, it's taken a whopping jump. If you take a look at the youth employment, it's taken a massive decrease of 20,000. If you take a look at the number of young people as a percentage of our population, it's taken a massive drop. If you take a look at the net out-migration, we know what the statistics are — 13,000 people this year so far, larger than in 1988. It's taken a drop. If you take a look at the average weekly earnings, it's taken a drop of a massive figure — from \$650 to \$425. If you take a look at the minimum wage, it's not kept pace — we're now the lowest minimum wage jurisdiction anywhere in Canada. They haven't benefitted. What about the social assistance recipients? There are more of them than probably at any time in the history of the province of Saskatchewan and getting few of the benefits of social assistance. They haven't benefitted by this build, build philosophy. What about retail sales? We're now only ahead of one jurisdiction with respect to retail sales, second worst in all

of the country. Business bankruptcies, those have sky-rocketed from 1982 and since 1982.

The whole situation with respect to housing starts they've come down from about 10,000 in the period of '75 to '81 to a little bit under 5,000 or a 50 per cent drop in that period of their administration from 1982 to 1986.

Job creation by small business. Take a look at the statistics, Mr. Chairman, and you will find out that by every major yardstick, this government's program of build has not translated to benefits to the ordinary people. We know that to be the case.

Some Hon. Members: Hear, hear!

Mr. Romanow: — We know that's been the case because when you talk about future, we've had this model in the past before, Mr. Chairman, this model of a private enterprise, "all eggs in one basket" approach, the one cylinder, notwithstanding the Minister's rhetoric about employing all of the facilities which are available to government — we've had that in Saskatchewan before.

We've had the Dirty Thirties before. Thus we've had the old phrase that Tory times are tough times. We've had that before and we're having them now because Tory times are tough times. Those are the economic indicators. Their rhetoric, whether you give it or whether I give it, has got to be measured by end result, by end product, Mr. Chair.

Take a look at the end result, and what is the end result? Are you better off today, I say to you, Mr. Chairman, are you better off today in any indication, whether it's taxation, whether it's debt load, whether it's services provided by Crown corporations and the privatization scheme of these people. Are you better off in terms of jobs, employments, any economic indicator, including the agricultural indications? Absolutely not. Everybody knows that.

I mean, they are proven by the statistics, but they are equally proven by the fact that people feel that when they walk on the streets and when they walk around and they know what the circumstances are. Now I would think that a normal government under normal circumstances would say, now hold on here, there's something wrong. The economic policy isn't translating the benefits. But these people say no, damn the torpedoes; we're going to keep going ahead, full steam ahead.

That's an ideological commitment, not a pragmatic commonsense commitment. That's a commitment to some sort of ideology. Goodness knows where they got it, from Maggie Thatcher or from the United States, or some other economic philosophy in that regard, the Reagan approach. Goodness knows where they got it. And out of that they concoct a vision for the future, when all the statistics show that we are for ordinary people not delivering the goods. The government is not delivering the goods.

Now how does one explain that; how does the government justify a major economic enterprise in those circumstances? That's the question to which I'm

directing. That's why I say the business of build or buy is specious.

The question of government involvement to some extent is also in the same category. But the test is, by whatever model you use, why is it that the results are in this circumstance and this period since 1982 so disastrous, and why is it that in this period, by these indicators we have seen such a devastation of the province of Saskatchewan?

I say it's because the government has got itself into a one track mind-set. It brings in people like Oliver Letwin. It brings in Madsen Pirie. It brings these people in from the Fraser Institute. They bring in the importation of an economic philosophy which may work in the economic circumstances in their region.

I don't know whether privatization works or not in United Kingdom, with 50 million people in a homogeneous population and small island. Although there's plenty of evidence that it is not working there, they bring these people in, and they try to import this and graft this policy in those economic circumstances into an agriculturally oriented, resource-based province which history has been to struggle to keep that million people and to grow, and they are failing.

Some Hon. Members: Hear, hear!

Mr. Romanow: — The minister says, well you people at one time talked about direct financial participation in the Potash Corporation of Saskatchewan. Fair enough, we talk about direct financial participation by the citizens of the province of Saskatchewan and the Potash Corporation of Saskatchewan.

How does that then lead to the next logical conclusion, of which this Bill is the case to which I now come back to ask the minister, that from the proposition, we've got to allow 45 per cent of the ownership to be foreign owned? How is it, I ask the minister, and I'll come back to the first question again because it hasn't been . . . But in the train of my thought, why is it that the conclusion of a social objective which says we want to have the ordinary people participating in the ownership of the Potash Corporation of Saskatchewan result in Bill 20, which permits the total sell-off of the province's Potash Corporation of Saskatchewan, and moreover, and tellingly, permits 45 per cent of the ownership to be foreign-owned. Why is it, I ask the minister, that the government in its wisdom decides that it needs that high level of foreign capital and foreign infusion in order to achieve the argument of participation at a grass roots level?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Let me respond to a couple of comments because I was quite shocked at one of them when he indicated it's not just a matter of building, but with whom you are building — with whom you are building. And I think that that statement is, and I'm being polite when I say, very, very worrisome. Because, Mr. Chairman, when governments get in and say just for whatever reason, we don't like you so you can't come in

— because that's really the argument. That is the argument when you say, when the Leader of the Opposition says, it's not just a matter of building, but with whom.

And then he went on to criticize Weyerhaeuser. Now why does he criticize Weyerhaeuser? Why? And I'm talking about . . . I'm not talking about the deal, I'm not talking about . . . I'm talking about what does he have against the company, against the company, that would cause him to ask the question, it's with whom you build, with whom you build. And I think it's dangerous, Mr. Speaker, I think it's dangerous. I think from time to time we can have fair debate on public policy about relationships. And that may be fair.

And we can talk about China and its circumstances. We can talk about South Africa. But the question raised by the Leader of the Opposition, it's not just building, but with whom you build. So he's against Weyerhaeuser. I can only think of one reason why he would be against Weyerhaeuser. It's an American company.

Well you may not like the deal, and I'm not talking . . . we can debate the deal. But why would you say it's with whom you build? And then he said Pocklington. So he doesn't like Pocklington. So the question is with whom you build. And he doesn't like WESTBRIDGE, with whom you build.

And he doesn't like Cargill. Cargill, whether the NDP want to admit it or not, employs hundreds of people in this province — employs hundreds of people. It's important to farmers. It supplies and sells agricultural chemicals. It buys and distributes some of our grains. It's part of our transportation system. And yet because it's American the NDP say, don't go to bed with Cargill. It's with whom you build that's just as important as building.

Well think how constrained . . . What fertilizer plant's making a profit in this province? The hon. member . . .

An Hon. Member: — Cargill doesn't need your money.

Hon. Mr. Lane: — Well if it's so easy to get a fertilizer plant in this province, why didn't you have one? The fact is you didn't have one. So to attack these people because either we brought them in or because they're American or because they're large, when you take that to its logical end, think of the opportunities you close off. Think of the opportunities you close off.

And when we talk about building, I do suggest, in fairness, that Saskatchewan is going to have to close off as few options as possible when it tried to encourage economic development. So who does the investment in Weyerhaeuser benefit? The rich, the Weyerhaeusers, the big bad Americans, according to the NDP.

I happen to think that the 200-and-some new employees in Prince Albert, labourers and workers at Weyerhaeuser in the new paper mill, are benefitting by the decision. I believe that the people of Prince Albert have benefitted. I think everybody in Prince Albert has benefitted.

And you can complain about Gainers and you can

complain about Peter Pocklington, but I happen to believe that there are nearly 200, I believe, people now working in North Battleford that wouldn't have had that job before. And I'm not convinced that they wake up in the morning and put their shoes on and said, God, I hate Peter Pocklington. I don't believe that. I don't believe that. I think they happen to believe . . . I think they happen to get up in the morning and are quite glad that there is an economic opportunity for them in the city of North Battleford.

(1500)

So I happen to believe as well that the expansion in WESTBRIDGE benefits the employees. Even if you only narrow the benefits, if you only narrow the benefits those that get employed as a result of these initiatives, most of them are average people in this province, and they benefit.

So you ask the question in terms of the participation of Saskatchewan people, and certainly, Mr. Chairman, we want a broad distribution of the shares. I'm not sure, and I doubt very much in an issue like potash, given the size of the corporation, if you were to do a public issue and you are to limit it only to Saskatchewan people — that's your argument — that, one, you'd have any sales; or secondly, much of a distribution.

My argument is not that. My argument is that with the share . . . not structure, but distribution limits that we have that Saskatchewan people plus government plus employees will certainly be over 50 per cent, certainly be over 50 per cent. The government plus the Saskatchewan people plus the employees will be over 50 per cent. So having said that, that does two things. It gives us a good distribution for Saskatchewan, but secondly, allows a wider distribution of the shares in PCS.

Mr. Romanow: — Mr. Chairman, I want to come back to the question of Saskatchewan ownership, but I assure the minister we're going to come back in some detail to review that with respect to the legislative guarantees that are set out in the Bill and how that is going to be accomplished, judging by the Saskoil experiences and the like.

But I want to clarify, because I think the minister understands fully what I'm saying, but some of his back-benchers, lest they believe his argument, what exactly I am posing by way of questions. I am saying on this question of economic development that they are essentially two or three key questions. Not only with whom, there is also the question of how the program of the so-called diversification works and the key question of the benefits.

This has nothing to do with being American, pro-American or anti-American, or European or Japanese or Chinese — has absolutely nothing to do with that. What this has to do with is your mania to privatize or enter into relationships economically for which the only beneficiaries are, as it so happens in the instances of Weyerhaeuser, in the large picture, the large corporation and corporate owners and shareholders of Weyerhaeuser.

On the deal that you gave them there is very little for the overall population in the province of Saskatchewan. On the deal that you gave Mr. Pocklington — I don't care if it's Pocklington or Mr. X — there is very little for the overall of the province of Saskatchewan.

On the deal — Let's take a look at Cargill. Let's just look at this as an objective operation. Here you've got a corporation, Cargill, which is — what is its annual sales? — \$38 billion, its annual sales. One of the largest grain trading corporations, diversified, free enterprise — it happens to be American; I'll throw that in there — in the world.

And the province of Saskatchewan, little old province of Saskatchewan, little old Minister of Finance, little old Premier, say, come on in, Cargill. We're going to give you 60 million bucks up front by way of equity in participation; we're going to back a \$230 million loan additionally; and we're going to justify that to the province of Saskatchewan when all of the economic indicators indicate that there are more people unemployed, more people on social welfare, the rates are being decreased, the business bankruptcies are in difficulty, the population is going down, and we've got a debt of \$4 billion on the operating side. And you say that's building. For whom?

For whom is it building? Obviously Cargill has nothing to lose in this. Cargill will get its \$60 million out of this no matter what happens to that Belle Plaine operation. Peter Pocklington has got his operation, the amount invested. Whatever he invested, he's gotten out of that in North Battleford. Now, in fact, he's under pursuit in the Alberta circumstances with respect to Gainers and Fletchers. And he's, by the way, now threatening of moving to Quebec, because he keeps on playing hop scotch as he scores points economically from one Tory government to another Tory government. For whom is the benefit?

Of course, I'm happy that the 200 workers that are there are working in Prince Albert, and the 20 or so that are in North Battleford are working. How could one not be pleased to see that on an individual basis. But we are talking here about economic policy for the province as a whole, Mr. Minister. And when I ask the question, how are we building, are those kinds of sound economic investment made by a prudent, business-like government, or are these the kinds of financial arrangements which are made by a government either reckless or indifferent or so preoccupied by its commitment to the big corporations of this world — so happen to be American and in some cases Canadian — that it doesn't care about the financial deal it cuts?

These are the issues to which I am speaking, and it is this issue with respect to the Potash Corporation of Saskatchewan which is central to the argument. It is central to the argument. You build, but you build for few people. You build for those who are the shareholders.

Some Hon. Members: Hear, hear!

Mr. Romanow: — You don't build for the ordinary farmers and the business people. You're going to build

for those who can afford the shares of the Potash Corporation of Saskatchewan; you're going to build for the 45 per cent foreign owners who will likely be large corporations or large institutions. That's great for them. How do you build for the ordinary people of the province of Saskatchewan? And is that kind of a cost which is going to be attached to this enterprise; is that the cost which translates to economic or social benefit; is the issue to which I'm asking you, sir, and the Premier and this government to direct its attention?

And I say when you look at the end result, the bottom line — I'm not going to pursue this any more because I've made the point, I guess, *ad nauseam*; the minister refused to acknowledge it — when you look at the indicators, when you look at all of the end result, namely, how does it mean with respect to jobs and housing and those circumstances, it is basically — I'm overstating it a bit, but I will say it's an abject failure, Mr. Minister. It's not working, is the best way to describe it. It simply isn't working. Those are the circumstances.

Now the minister makes a big . . . and I may say with greatest of respect, I want to come back to the specific point which we seem to be narrowing in on. I will come back to the question of Saskatchewan shareholders, and I will come back to the question of why it is that the objective of having Saskatchewan people — those who can afford the money to buy shareholders in the Potash Corporation of Saskatchewan — why that objective leads one to the end conclusion that the whole corporation's up for grabs, and leads one to the end conclusion that 45 per cent will be foreign-owned. I don't know where that logic leads us, why one objective can be achieved without going the whole hog. We'll come back to that in a moment.

The first question that I asked you, which I do not want to lose sight of, which I want an answer — I want to know from the minister, is it correct that the Premier, in his discussions, as widely reported in the foreign press including in Delhi and elsewhere, indicated in his discussions about the privatization of the Potash Corporation of Saskatchewan — I ask the Premier, that there will be some form or other — financial tax or other benefit — as an inducement of these people to buy their share as part of the 45 per cent? Was that discussed, yes or no?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — What I have said and said earlier is there was no inducement of any kind, is what I've said. I thought I'd answered that; I apologize if I didn't. No financial tax or other benefit.

But let me respond, and I'll respond briefly when we talk about it. We have said fundamentally as part of our strategy that this province is in food production — in food production. And we have taken several initiatives, not just Gainers. We have had an expansion of Intercon. You had the option of expanding Intercon or buying 40 per cent. You made your choice.

An Hon. Member: — We saved it from closure.

Hon. Mr. Lane: — Oh, you didn't have to buy that. You could have loaned them the money — you could have loaned it the money. You didn't . . . oh, that wasn't the way you were thinking. I remember who benefitted. I can remember the debate and many others can remember the debate. I remember the then leader of the opposition holding up a picture, a picture of Fred Mendel with a big smile on his face. And everybody in this province knew why Fred Mendel was smiling, because he benefitted, he benefitted by the acquisition by the New Democratic party of 40 to 45 per cent of Intercontinental Packers. So he benefitted. Well, he says, why not do it again; why not do it again?

This government has said and said before that as well we are going to try and process more of our natural resources here in the province. Whether one agrees or disagrees with an upgrader, or the Husky upgrader, whether one agrees or disagrees with a fertilizer plant, it will use our natural gas.

So we've said that. And we have said as a matter of our strategy, we are going to try to process more, therefore a paper mill. Whether one agrees or disagrees with Weyerhaeuser, that has been consistently part of our strategy in what we have said, that we are going to process more here. And that is what we are trying to do.

So having said that, we are food processors. We are trying to process more food here. We are trying to expand food production here. We are trying to process our resources here. And that has been consistently stated. So we've said all of that and we have some concrete examples.

I stated at the outset and I stated in my second reading speech that we believe, in terms of the Potash Corporation of Saskatchewan, that a privatization and a public issue is in the best interests of the corporations. And I think the debate has certainly heightened, if not laid out, the fundamental difference, that we believe with more equity capital that the corporation can expand. We believe that the corporation with more equity capital will have the opportunity to begin to make decisions perhaps, and I would assume, to expand so that it offsets that cyclical nature of this particular industry. I think we have agreed that it is cyclical.

And a far more diversified company with the capital should be, and I hope, an immediate result. Now the company can get capital in a couple of ways. The government could put more money into it. It's a choice. It's not a choice that we've made. We believe that the public, including the people of Saskatchewan, can put that equity capital in. And having said that, that is, as I stated in my second reading speech, what we hope to and I believe will achieve.

Mr. Romanow: — Mr. Chairman, I want to follow up on that specific point because the argument of the government on one hand is that we want — I will use these words, not the minister's words — economic democracy. We're going to have all these people in the province of Saskatchewan with shareholder participation, and that's how it's going to work. On the other hand, he has already intimated, in fact said, in one of the earlier answers to one of my earlier questions that

the investment base in the province of Saskatchewan simply can't support that. A simple move for public participation at that level, as the minister shows, with the population of a million people, and given the growing gap between those who have and those who have not, especially disposable income, the opportunity, it seems to me to be, for ordinary people to invest, extremely limited.

That being the case, the question I want to ask the minister specifically is: why is it that it's necessary to allow up to 45 per cent of the investment and the ownership of this corporation to be in the hands of foreign people — foreign countries or their agents or agencies, or foreign corporations and multinationals? Why is it that you need 45 per cent?

(1515)

Hon. Mr. Lane: — It could be argued that with the public issue that 100 per cent could be picked up by the people of this province. Okay?

Mr. Romanow: — Is that your argument?

Hon. Mr. Lane: — No, it's not. It's definitely not. It's not likely that that is going to happen. So . . .

An Hon. Member: — Could it?

Hon. Mr. Lane: — Well, I don't expect it to happen. Okay. But the issue will go out to Saskatchewan people and the employees first. If they don't pick up 100 per cent, then obviously we wanted some limitations on it as to where the shareholders live and in the case of the voting abilities of non-Canadians. So with the expectation that Saskatchewan people will not pick up 100 per cent — I'd like to see happen; I don't expect it — then we did want some protections recognizing the importance of this industry to the province.

Mr. Romanow: — Mr. Chairman, I will discuss the protections in a moment. I understand the argument of protections. But my question to the minister is, if I may restate it and rephrase it, is why 45 per cent? Why not 25 per cent and still achieve your objectives that you supposedly say that the government has in mind, namely economy democracy for the people of Saskatchewan? Why not 10 per cent, why 15 per cent? Why 45 per cent which, as everybody knows by simply mathematics, is approaching to almost a 50-50 equality? Why is it that the government feels that it needs to allow at least 45 per cent of the ownership to foreigners? I submit to you, Mr. Minister, the reality is, as you said in your last answer, that's where the pool of capital is. Isn't that correct?

Hon. Mr. Lane: — No. Certainly there is a large pool of capital out there. We believe here's also a pool of capital in the province, and we want to tap that pool of capital.

So having said that, and let's break down the argument, because you had said, up to, and it is up to. We don't have, I suppose, as much a fear of Canadians investing in Saskatchewan as perhaps some do. So Canadians will always have at least will always have at least 55 per cent. Understand that if foreigners want to get up to 45 per cent, they can still only

vote 25 per cent. So the money may come in, but the voting capability does not ride with that if it's up to 45 per cent. In effect, we get the money; they don't get all the vote for that differential of 20 per cent.

An Hon. Member: — Nice trick if you can do that at the shareholders' meeting, but we'll see if you can handle it.

Hon. Mr. Lane: — Well, I mean, it has been done elsewhere, if we want to debate that question, and I gather it's not a particularly uncommon activity, but it's been done before.

Mr. Romanow: — Well, Mr. Chairman, I say with the greatest of respect to the minister, I do not think the minister is answering the question. The framework in which I'm trying to cast the questions in the debate to which, if I may say with some respect, you have responded in meeting the arguments, I don't accept your arguments, but at least there's a debate over which we have some points of difference and disagreement.

Within the context of the loss of ownership and control, in the context of the history that we're talking about I'm directing your attention, sir, to the 45 per cent. I am saying that the net result of the 45 per cent ceiling for foreign ownership is less a fact of a ceiling on foreign ownership — a very high ceiling; by the way, I'll say a word about that — and more a function of the reality, the reality being that the money is outside the province of Saskatchewan's individual investment capacity. The money to buy and take over the ownership, and with it the economic directions, largely, if not totally . . . we'll see historically what happens with PCS. If it's like with Saskoil, that'll be the end result.

But let's assume for the moment that it's limited to some form of 45 per cent. There is now a shift of an ownership change from the people of the province of Saskatchewan, through a Crown corporation 100 per cent owned, to at least 45 per cent non-Saskatchewan-owned, non-Canadian-owned, all in the interest of capital, putting to a lie — excuse me, not a lie; I don't meant to say it in those terms — but at least denying the argument that the objective is participation of individuals in the province of Saskatchewan.

The truth is there is no such investment pool of money in the province of Saskatchewan. The truth is that we are moving from total control and ownership by the people of this valuable corporation, diluting that to 45 per cent of foreign owners because that's where the money is. And money talks, and with money talking at 45 per cent, so too will the economic directions and decisions on the corporation. Isn't that the answer to the situation? Isn't that the case?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — No, obviously not. And I restate what is the situation, as you did. First of all, it's up to, as opposed to, 45 per cent. It is possible, but very unlikely, that Saskatchewan would buy 100 per cent. It is increasingly possible that Canadians could buy the issue, subject to what I said at the outset.

And I think it important to keep in mind that what I said earlier, that with the government, with the employees, and with the Saskatchewan investment, whatever it may be, it will certainly be over 50 per cent. Okay?

I will agree with you that neither one of us will be able to determine how large the investment pool is in Saskatchewan. I think, in fairness, we do not know that.

No, we believe we can increase the number of people that have not perhaps bought shares before in Saskatchewan, have not had equity positions. We think that we can attract them to the potash corporation investment vehicle.

Having said that, because I think it's germane to the position, the next part of the issue after we determine that will then be to Canadians. Okay? I freely recognize there'll be a much larger pool of capital outside of Saskatchewan, in Canada, than there would be in Saskatchewan. It could well be that Canadians take up the balance of the issue. It could happen. I can't tell you whether it will or won't.

It's going to depend on the size of the issue, time of the market — all of those things to be determined when the legislation is done and when the prospectus is done.

So it is possible. And I don't dispute your point that there are large pools of capital beyond the borders — freely recognize that. And certainly the issue will attract that and tap into those pools. To the extent — I can't tell you. But certainly the intent will be to tap into those after we've gone through the process that I have stated out of Saskatchewan employees first.

Mr. Romanow: — Yes, but you see, Mr. Minister, where we're at. We're at a situation where right now the Potash Corporation of Saskatchewan is owned 100 per cent, lock, stock, and barrel by us, people of the province of Saskatchewan. That's the ownership situation, the reality. What you're doing . . . (inaudible interjection) . . . Well someone says the government. Who is the government? Who put you there? I mean, I don't want to get debating with the back-benchers, Mr. Minister, I want to speak with you on this issue.

That is the situation that we're in, both theoretically and actually. Under this scheme, because of a million people being the population of this province and the investment pool being considerably less than that, we are moving into a circumstance where the ownership and the participation of Saskatchewan people becomes from 100 per cent, extremely narrowed — we don't know by your admission as to what the levels are going to be — it will be narrowed in Saskatchewan.

I can have no doubt whatsoever that the Ontario pension fund and Sun Life and all of these financial managers, they'll be in there buying these shares. There's no doubt about that. And 45 per cent of the foreign ownership, they'll be there buying shares too, either institutionally or through a corporate system.

But the net result is a shift from a people-owned, -controlled, board of directors' decision, good or bad,

made by our people right here, 100 per cent here, in the interests of economic purposes, in the interests of social policy, even in the interests of political policy in the best sense of the world of political policy; a shift of that control and ownership now to some sort of a 45 per cent world basis. And that is the point that I say is at the heart of this debate.

At this debate when the world is in fact, where Canada is facing this kind of a threat from those pockets of capital which exist out the nation — large pockets of capital that exist out the nation — why in the world does the minister believe that this will give us a capacity to somehow control better direction as to rate of development or any of the other essential economic and mining decisions attached to the Potash Corporation of Saskatchewan? Perforce logically it does not follow, no matter how competent or how dedicated your management staff will be, but more importantly it is a fact that the ownership and the control switches.

And I say to you, sir, the fact that you have put that 45 per cent ceiling, the fact that the Premier talked 60 per cent ceiling at one point, recognizes this fact that I make, that you're not building here in Saskatchewan in the sense of giving the ordinary people a chance to own and to build. You are diminishing their control or their say in that building by virtue of transferring the power to those who have the capacity and the financial ability to buy and to direct. That's the competing vision of which I talk; that is the competing difference.

And what I don't understand is how the minister can stand up in his place and say that notwithstanding this, this is going to be of financial benefit for the people of the province of Saskatchewan. We know what the history, Mr. Minister, is of Saskoil. This is a patterned privatization right after Saskoil. You offered the first chance of shares to the local employees of Saskoil and the Saskatchewan people, and what's the net result? Two or three years later after the Saskoil privatization, 75 per cent of the shareholding is outside the province of Saskatchewan. And thus the decisions are made that you're going to expand in Alberta but you're going to close down here, or whatever the economic decisions are dictated. It's done, they say, under some sort of notion of economic efficiency. It may very well be economically efficient.

Where is the public capacity to implement public policy I that situation? To whom are the dividends going to be paid, Mr. Minister? Now the 45 per cent shareholders, the dividends and the profits, they get that. Those Saskatchewan investors who may be fortunate to invest, they get the dividends if there are. The Ontario pension plan will get the dividends. Where does the people of the province of Saskatchewan, where do they get the dividends? How is that building, sir? That's not building, that's tearing apart piece by piece, large chunk by large chunk, and saying to the Koreans and the Chinese, here, come and take it, because we don't have the will or the capacity to do it ourselves. And I say, shame on you for doing that.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well I appreciate the comments of the

Leader of the Opposition because he has stated fundamentally the New Democratic Party position. He's stated it fundamentally, and that is in order to control, you must own. He equated three times through his remarks ownership equals control. And that is the only way, and that is their belief. And that leads logically to what I said in my opening comments about why they want to buy different companies. Because they don't necessarily follow, they don't necessarily follow. For example, if foreigners bought 45 per cent, they still only vote 25 per cent. Ownership does not follow control, or control does not follow ownership.

Secondly, keep in mind the limitation as to what an individual, the associated companies or whatever the combination may be, to 5 per cent, does not give them control, does not give them control. So we disagree that in order to control you need the ownership. You say you do. Certainly there will be a reduction in ownership. There will be a reduction, you're right. The government owns 100 per cent. If it drops down to 45 per cent or 55 per cent, certainly there's a reduction. I'm not debating that.

(1530)

But now let's ask the question about control in two areas, control of the company. Certainly the shareholders, and I have indicated that between the government, the employees, and the people of Saskatchewan it would be 50 per cent, certainly will have some influence — the board of directors. I have little doubt that from time to time when the potash corporation is able to become, with the injection of equity capital, a much more diversified company, it's going to be investing outside the province of Saskatchewan. I mean, I don't know why all of a sudden that became a great concern to the New Democratic Party because Saskoil invested outside the province.

An Hon. Member: — The Potash Corporation of Saskatchewan invests outside of the province . . .

Hon. Mr. Lane: — Sure it does, and it will continue to do that.

An Hon. Member: — But you don't need to privatize to do it.

Hon. Mr. Lane: — No, but I did not use that as an argument for privatization.

So then the question of control of the corporation, and now we move to control of the industry. Okay. And I think the separation, the control of the industry, will be done by the Legislative Assembly of Saskatchewan. Okay? That's different. It always has. I mean, it controls the industry now, which involves the government-owned company plus privately owned companies. Don't tell me it doesn't do that. It does. It does right now.

We control the oil industry in this province. We control the natural gas industry. We control the forest industry in this province. We do it by legislation. We do it by our revenue policies. This is what governments do. And governments have controlled industries, if that's the public objective, if that's what the people elect them to

do. They do that by legislation.

I disagree with the fundamental question that in order to control you have to have ownership. I have agreed with you that there will be a reduction in ownership from Saskatchewan as shares are sold outside the province. It's not debatable; I recognize it.

So then the question is the control of the corporation — the control of the corporation. Individuals, because of the limitation of 5 per cent, or corporations, or whatever it may be, they're not going to get control of the corporation with that percentage. In fact, it's very likely that if there are pension funds invested to 5 per cent, pension funds, perhaps outside of the case, tend to be passive investments. Okay? They're investing for different purposes, other than operating their investment. That's not the business that they're in. They very much are passive investors.

So control within the corporation. I don't have the concern because it's going to be individuals at 5 per cent. The restriction on foreign ownership, these protections back, ensure that control of the corporation will be within Saskatchewan people.

Mr. Romanow: — Mr. Chairman, this is a fundamental second issue which the minister raises, or I've raised, which I want to speak to very briefly.

And the minister opposite, who is one of the most knowledgeable ministers in the front benches there, for a whole number of reasons, knows full well what I'm going to say. I don't know whether his officials — I don't mean to demean them; I respect them as individuals — whether they know the history of the province of Saskatchewan, but he does.

Back in 1964 when the Lloyd government lost the election, Mr. Thatcher, the former late premier of the province of Saskatchewan, as premier, who was a committed free enterpriser, as is the current Premier and you, sir, because you were an executive assistant in the administration of that day, adopted a policy encouraging the development of the potash industry.

What happened in the unregulated free market system, as the minister knows, was such an over-supply due to over-production — and the record is clear on this; you don't have to take my word for it; there are academic and business analyses which confirm it — to the point where the industry was on the brink, in some areas, if not bankruptcy, certainly towns were going to be greatly and grievously affected. I think in fact IMC (International Minerals and Chemicals Corporation Ltd.) was itself in one of the very difficult periods of that time, and your president may have some knowledge about that.

What was the response of the premier of the day? The response of the premier of the day, adopting the philosophy that you don't need to own in order to control, set about under the statutory powers of this body to enact regulations under The Mineral Resources Act — to do what? I find this ironical, that for a free enterprise government to control the market.

The potash proration regulations forced and obligated the companies of the day to cut back on production to 60 per cent of capacity — if my memory serves me correctly, I think those are the figures — set a floor price of 18.50 a tonne. The minister may have been an official involved in drafting the regulations at the time. These were known as the potash proration regulations under The Mineral Resources Act.

It so happens that one of the corporations involved was not happy with that because they had a deal to sell 100 per cent of the tonnage to CF Industries of Chicago, and not at the price of 18.50. They didn't believe in government intervention; they believed in private enterprise. And they eventually, in the continuum of history, took that scheme to court and we inherited that scheme.

And may I say, to the undying regret that I had with all of my differences with late premier Ross Thatcher, for all of his efforts he earned himself an indictment, an unindicted co-conspirator approach by the United States authorities, for being involved in that scheme when he went down to New Mexico to try to bring in some order where chaos prevailed.

And ultimately, as the minister knows — being a lawyer, a prominent lawyer — the Supreme Court of Canada struck down the legislative capacity of this province to regulate in this kind of a circumstance. And the essential argument for striking it down was because the potash is a commodity, which goes interprovincially and internationally, and that is, under our constitution, beyond the scope of a provincial government to legislate. It is a national responsibility, virtually denuding the provincial governments of this country to answer that kind of a response.

That prompted the constitutional negotiations, of which I know something a little bit about, resulting in a new section 92(a) which partially — I underline the words to the minister — partially seeks to redress the problem if the regulations and the taxation are rooted to policies of conservation, but says nothing with respect to policies pertaining to export tax or general taxation or regulation.

No federal government will surrender, ever, its legal, its constitutional authority to regulate over international shipments of commodities of that nature which go outside these boundaries. Those I think are indisputable, constitutional, and legal facts, and political facts. We were left powerless.

And when we entered the potash corporation, sir, it was not because of some blind ideology, as you would have it portrayed. We were forced to enter into the Potash Corporation of Saskatchewan because the question that was put before us was very simple. If we cannot achieve the public policy goals of maximizing return of that potash resource to the owners of the people through taxation and regulation; if we could not protect the Esterhazys and the Colonsays and the Saskatoons from the devastation of that downturn by regulation; if we could not do what we thought we could do by regulation and taxation, we did the only thing that we could do to act in the interests of the people of the province of

Saskatchewan, and that was through ownership and operation, and thereby avoided the deficiency of the law.

Some Hon. Members: Hear, hear!

Mr. Romanow: — The minister knows that that is essentially a factual dissertation. Totally. Not essentially, I say to the member from Regina, totally. And the minister and the member from Regina Wascana know themselves the truth of what I say. You people, Mr. Minister, introduced a year ago or so, something called The Potash Resources (board) Act, whatever the formal title of it was, Bill 36. You tried . . .

An Hon. Member: — Makes Gary's point.

Mr. Romanow: — Yes, makes my point. You introduced, you enacted, and you never legislated it, assented to it, and you won't assent to it. You won't assent to it for a whole number of constitutional and legal and economic reasons, not the least of which is the entire United States antitrust situation which is being involved and is implied behind that Bill.

Go back to the . . . I don't say this in any lecturing sense to the minister because I'm sure he's read this, but I say to the members opposite, go back to the Committee of the Whole consideration clause by clause of that Bill when myself and other of my colleagues were directing questions to the minister of mineral resources on the antitrust. And she failed, she refused, she had to, lest if that Bill was assented to she found herself in the same predicament that the late premier Ross Thatcher found himself in.

That Bill, it is argued, I think sensibly and logically by thoughtful and knowledgeable people, runs afoul of American antitrust laws. It also runs afoul of the regulatory and taxation powers that this province or any province has in the province of Saskatchewan. You've tried it and you couldn't succeed.

Now I'm going to anticipate the minister's response. The minister will say no, I'm wrong; we succeeded; he will say, by that Bill. He will say just the mere threat of that Bill's enactment resulted in the improvement of the antidumping situation in the United States. I'd like him to respond to this, but I say, false.

What caused the alleviation of the crisis was not the potash resources Bill's passage because it never has been law. What caused the alleviation of that crisis was the action of the Potash Corporation of Saskatchewan; and you, sir, as chairman, and your president as the chief executive officer, in unilaterally lowering the price of potash in order to accommodate the American demands and the American market. You did that out of a position of ownership, ownership and operation. You did not do that out of a position of regulation or taxation because you have not the Bill nor the statutory authority to do that.

And here what you're doing by this Bill, sir, is you are turning the clock back by surrendering at least 45 per cent of the ownership to foreigners and, who knows, of the 55 per cent remaining to the Ontarians and the Quebecers. You are surrendering the capacity to influence public

policy through ownership in the face of this bitter historical fact, turning back the clock to the 1960s and even further back in the argument that you can somehow effect control by regulation and by legislation in the face of not one single piece of legal evidence to the contrary — not one. You have an array of officials there, sir. I will tell you, I stand corrected if you can tell me where is that evidence.

What does that mean but loss of control. Now we have lost the shareholding control, or diminished it, to be more accurate, significantly diminished it. Now we are changing the ownership face — changing, changing radically, and we are left with the assurance by the minister that through regulation and taxation in the face of this legal constitutional, political, and economic reality of the United States, somehow we can still control the pace of development and get the profits back to the people to build our roads and to build our highways and our schools and hospitals as we would want. The evidence simply is not there, Mr. Chairman.

The minister knows this full well. And what he is doing — and this is what makes this day so tragic — he is, through a combination of the United States-Canada free trade deal and through this whole share offering, he is locking us irrevocably to a market system over which a provincial government will have virtually no say in the interests of the farmers, the workers, and the small-business people of this province. That's the tragedy.

Some Hon. Members: Hear, hear!

(1545)

Mr. Romanow: — That's the tragedy of this. Maybe the model of the Potash Corporation of Saskatchewan, as currently structured, is not perfect. Maybe we should employ a model of more direct participation for individuals in Saskatchewan, if that could be achieved.

But why we have to move from that limited objective, as we know that it's limited, to the whole scale end result of no control, which is what the situation is at, is beyond me, other than to say that it's some sort of devotion to blind ideology, Mr. Minister, if I can say so. Maybe not on your part, but certainly on the part of the overall cabinet.

That is the shift. And if that isn't the shift from Canada to the United States, if that isn't the shift from Saskatchewan to the world, if that isn't a loss of control sooner or later, I have never seen such a thing as a loss of control or shift. And for whose benefit, for whose benefit?

Now the minister might answer . . . he'll say, well, we intend fully to hold 55 per cent in Canadian hands. He's now shifted a little bit away from the level of Saskatchewan ownership to Canadian — because I want to pursue what the Minister of Public Participation and privatization said on that — I say he misled the House and the people in the province of Saskatchewan in assuring Saskatchewan control. But let's come back to that; we've got some time over the next day or two to discuss it.

But there's a fundamental and a radical shift. My question to you, sir, is this: in this context, which I think, if I may

say so, is your strongest rebuttal point to my proposition . . . your strongest rebuttal point is, well, we will still own and operate and we won't put all of our eggs in the regulation taxation basket because we have 55 per cent of the shares. We have the golden share, so-called, to control the policy and the direction of the corporation. I will pursue that a little bit later, too, as to whether that's true. But for the moment let's assume that to be true — although I don't buy it, let's assume it to be true — I want you to tell this legislature, sir, on that point, whether you and your government will adopt the same posture with respect to those 55 per cent shares that you do with Saskoil, the one privatized model that we have, where I am advised the Government of Saskatchewan never exercises its shareholding rights. Is that the same policy with potash?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Let me state perhaps another interpretation of the history. The potash industry in Saskatchewan has had a history of over-capacity, over-production relative to the world — not putting the blame on the Saskatchewan industry, but it's been a fact. The industry world-wide has had cycles of tremendous over-production.

I think you will agree with me what happened back in the late 1960s. Part of the world-wide agreement that came to being through the leadership of former premier Thatcher was that Saskatchewan became the residual supplier of potash. Okay. That's what happened in that period of time. And that led logically to a scheme that would reduce production in Saskatchewan, which became the prorationing scheme.

Let's look what happened in the '80s when we ran into the same situation. The industry world-wide, because Saskatchewan and all the Saskatchewan industry did not give up market share in that time, prices went down. It got to the point where virtually everybody was losing.

And there was an event which I think has some significance if one understands the industry, and it does not reflect, and my remarks do not reflect on previous management. There was a change in management. And what happened at that time is the Potash Corporation of Saskatchewan . . . there was a government policy position at this point where we told the new management that they could run that corporation as a business. And the potash corporation, with its new management, which is highly credible . . .

An Hon. Member: — Are you talking about post-'82 management?

Hon. Mr. Lane: — Yes, I'm talking about '86, in that period of time when we went through the world-wide big drop in prices and over-supply.

And that management did not, the new management for the first time . . . and this was not government policy, and I want that understood. This was a business policy by this corporation with this new management — took upon itself, because of its size, to become the price leader. It did not, as the hon. member said, lower the prices. It

increased them to \$35.

An Hon. Member: — I'm sorry. It increased because they'd say we were dumping lower. I meant to say that.

Hon. Mr. Lane: — No, that's not the reason. It moved to increase the price, and that was a business decision, very risky one.

Let me tell you what could have happened at that time. Nobody else may have followed that. Okay. But they did. It came about because of a recognition, I think world-wide, that the existing situation where everybody was losing with the low price, was not going to work. Okay. That wasn't a government policy, and I want that carefully understood. That was a policy of the new management of the potash corporation.

That new price increase, okay, was followed, for whatever reason — and I know you understand the constraints under which I speak — happened to follow a new price leader. I see nothing in the legislation that's before us or in the privatization initiative which would do anything but strengthen the business reputation or position of the potash corporation in international markets. In fact, it may get stronger as a result.

It's interesting since that time that the Potash Corporation of Saskatchewan, for its first time — and this does not happen prior to '82 under its management; didn't happen after '82 under the then management; has happened now — the potash corporation for the first time has had the management . . . I'll say ability — say ability, because I do not intend to demean others — to be the price business leader of the potash industry perhaps world-wide. Okay.

That's not a formal position; that comes about because when one recognizes that the potash industry world-wide, notwithstanding the size of reserves or the investment or anything else as high as they come, is actually a very, very small industry. There are very few people that are really the influencers in this relatively small industry. So that wasn't a government control that led to that.

The second question about the Americans, because the American response when the prices were so low that American companies were shutting down, is no different in 1986 than it was back in the late 1960s. They immediately took political action, and I expect they will do that in the future from time to time. And I think we have to accept that that is not always a rational or a logical response. So what does the effect of government ownership have in response to an American political decision?

I suppose one could make the argument that it's perhaps more of a detriment than an asset. If the Americans have any philosophical aversion to government ownership, they may take less kindly to a government enterprise. That's a political response. We can speculate on that, but in fact they'll have a political response.

An Hon. Member: — Let's pull in Moscow.

Hon. Mr. Lane: — They'll have a political response.

Moscow actually, when one takes a look at the history of the responses to international marketing activities, tends to support them, be it oil, gas, or whatever. They don't formally say that, but they tend to do that. The Americans will do business . . . we're not talking about, I'm not talking about the business decision, I'm talking about the political response that in my view will come inevitably whenever the cycle happens in this industry so that the American industry is on the verge of substantial shut-down. There will be a response — I don't know what form it will take; the last two have been fairly similar — but there will be a political response, not surprising.

That has nothing to do with government control, it has nothing to do with government ownership. The very fact of government owning a mine or a company doesn't affect that.

So now we're into the question of what's the position of the Government of Canada and its threat to industries, which is a different argument that the American antitrust response. What's a Canadian government going to do? If your argument is that only government ownership will stop a future or a Government of Canada for intervening in our resources, I don't believe that that holds up constitutionally, the government ownership. I believe and I think the constitutional experts would tell you, that the override provisions of the Government of Canada and the constitution of Canada would apply to government.

If the national interest argument is upheld by the courts it will apply to governments, provincial governments. I don't think that that's a debatable point in constitutional law. Okay? And I believe that's the gist of your argument that we have to have government ownership because that will stop some national government. Constitutional experts, I believe, do not ascribe to that.

So then we take the argument that you give that our legislation will not hold up. We disagree with that. We have not implemented our legislation because haven't had to. In fact, the industry is back generally profitable. We have settlement with the United States which resulted in a higher price. There's not been any great disruption in the market-place out there. There seems to be a general accommodation of the new, if I can use the phrase *modus operandi*, so we haven't had to. We are very comfortable with the constitutional position.

And there is an intervening fact as well, of which the hon. member from Saskatoon Fairview gave the Leader of the Opposition credit for, and that's the charter of rights giving control of resources back to provinces require that those resources be run by government companies. I think that's in the charter.

So if you accept that you were successful on the charter being able to ensure provincial control of resources — that was the argument given by the member from Fairview — then it shouldn't matter what form the ownership of the company is, because you make my argument which is that the province can control resources by legislation. That's precisely where it is.

I've given you a reason why we didn't implement it; we

haven't had to. But in fact either one of two things — and you're on the horns of a dilemma — either the effort on the charter was unsuccessful in getting the ability to control our resources, or if it is successful, the form of the ownership of the potash corporation is irrelevant to the matter of Saskatchewan people's ability to control our resources. You can't have it both ways.

(1600)

Mr. Romanow: — That's precisely my point. I am saying that under the constitution, even with the improvements under 92(a) — I don't want to make this over again because the minister understands what I'm saying—under Canada's constitution there will not be exclusive control to regulate and to tax; that's a given. It doesn't necessarily follow that we have to have only government ownership.

What follows is why do we surrender the tool of government involvement, especially when 100 per cent of the people theoretically own the corporation now, to a situation where 45 per cent go to federal . . . to external people, and somehow still sustain the argument, as you would have us believe, that we've lost nothing.

I tell you, Mr. Minister, this government has learned nothing from the lessons of history, and you and we, unfortunately on this tragic day, are going to be doomed to repeat those lessons of history all over again because of that precise situation.

Here your Bill talks about the majority of shareholders shall be residents that are Canadian, three of directors shall be residents of Saskatchewan. What kind of control is that for national interest or Saskatchewan interest?

What kind of control does that give us, Mr. Minister, in this context? With the greatest of respect, I think that's more window-dressing than it is actual or real control, and especially if the government never exercises its shareholding capacity, nothing ever takes place.

I want to come back to the question I directed to the minister. Would he please answer it. If you intend to retain that 55 per cent shareholding interests or some portion thereof in the hands of the Government of Saskatchewan, will you undertake to this House now to assure us on the record, unlike Saskoil, that the Government of Saskatchewan will exercise fully and completely those shareholder rights?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Let me respond, because there's a second major inconsistency in the Leader of the Opposition's argument, and I want everyone to remember what he just said in his previous answer which was, he could accept some limited Saskatchewan-only investment if a vehicle could be found — that the NDP can accept that.

And I think it interesting when one . . . and I also want to reinforce that position with the argument put forward by the previous administration of Saskatchewan investment through SHAR, because I think it's important and

germane.

So now, understand what the Leader of the Opposition's saying, is that Saskatchewan keeps control of the industry if we reduce ownership from 100 per cent government to say 25 per cent, or say 5 or say 10 or say 15, say 20, say 28, 29. Pick a figure. Okay. So you're prepared to take some reduction in the government ownership, and we still maintain control. Okay. That's what you said. Very, very inconsistent to the argument saying we must own this whole corporation in order to keep control.

We don't buy the argument as to the operation of the corporation, and second, we don't buy the argument as to the control of the industry. Totally, you do not have to own 100 per cent, or own the potash corporation to control the potash industry. Just like we don't have to own the oil industry; we don't have to own the forest industry; we don't have to own the natural gas industry; we don't have to own any of our resources in order to have control.

So having said that, it's our intention that the shares held by the government . . . and I did not say 55 per cent. What I said was, because I don't know what that figure will be, that certainly between government and employees and the people of this province, it'll be over 50 per cent. Okay? We are going to encourage the issue to try and get as many Saskatchewan people to invest. I can't tell you — market will determine at the time as to what the size of that issue will be.

It may well be at that time that it goes to market that some outside pools of capital are not interested in the fertilizer industry. It may not be an appropriate sale. It may lead to a reduction in the size of the issue. Saskatchewan people may take up relatively higher percentages as a result of a smaller issue — I can't tell you that.

But the Saskatchewan government's holdings — I won't say residual, but the ones that are not put out. Saskatchewan will exercise its shareholder's rights as an investor, as an investor — not as a manger but as an investor.

An Hon. Member: — There it is. And we still control it, right? That's how we control it.

Hon. Mr. Lane — No. What I have said is that we will control. Understand that. Two arguments, and let's not bring them together. One is the control of the potash industry — okay? — as an industry or as a resource, and we have gone through that. Now we've got the control of the company. Okay? We will be investing as an investor. That is precisely what we'll do.

Mr. Chairman: — Member from Saskatoon Mayfair.

Mr. Mitchell: — Saskatoon Fairview. If I was in Saskatoon Mayfair, horror of horrors, I'd be sitting on that side of the House.

I want to follow up on the last point, and I want to be . . . (inaudible interjection) . . . No, don't give me that. There hasn't been that much money minted that would make me do that.

I want to be perfectly clear on what you've just told the House with respect to how you intend to treat your position, that is the government's position as a shareholder in this purchaser corporation, this new PCS. And you told us that you would vote your shares, or you would exercise your rights as an investor and not as a manager. Now that just leaves me a bit confused because I'm not sure precisely what that means.

Let me ask this question. In this new arrangement, Mr. Minister, will the government vote its shares in every respect as though it were just another shareholder in this new company?

Hon. Mr. Lane: — Sorry, could you repeat that again. I apologize.

Mr. Mitchell: — My question is, with respect to these shares that the Government of Saskatchewan will own in PCS, will the government vote those shares in every respect as though it were just another private shareholder? And you understand, Minister, if I purchase a share in this corporation, I am entitled to go to shareholders' meetings, I am entitled to vote on resolutions, I'm entitled to give a proxy to other people to vote on resolutions, and I can fully participate in the affairs of the company as is specified in the law of Saskatchewan and in the memorandum and articles of association of the company.

And my question is, as I am entitled to go and vote my hypothetical share, is the Government of Saskatchewan intending to fully exercise all of its rights to vote with respect to the affairs of this new company?

Hon. Mr. Lane: — As I've said, that the government will act as an investor, not a manager. We will appoint three directors. That final amount, the final amount, to respond quickly, it looks like it could be a board of 12 to 15. I think that's fairly standard.

An Hon. Member: — That's great control. That's great control, Gary.

Hon. Mr. Lane: — Well you asked me how many and I've told you.

Secondly, the government will not be involved — will not be involved — as a shareholder in the commercial decisions of the corporation. Now what I have said before in response to the Leader of the Opposition is that the corporation will be making commercial decisions. The shareholders are going to determine whether it's a good investment for them. That's how shareholders generally approach their investment and generally approach investments of this size. And in this case, as I said earlier, the government's position will be no different.

Mr. Mitchell: — Now, Minister, I want to just follow that up by asking the same question in another way just so that we're in no mistake as to what's going to happen here. I understand with respect to Saskoil, for example, Mr. Minister, that the government is a significant shareholder, to the extent of perhaps 30 per cent, something around 30 per cent, something around 30 per cent, but that the government does not vote those

shares in the same way that the government . . . The minister responsible says that the government has the right to vote those shares, but in fact in practice, the government does not do so, and I believe, has made that public, has publicly stated that that is its position. It will not vote those shares as an ordinary shareholder.

Now I accept that you will appoint three directors to the board. But I do want you to be perfectly clear about this, Minister, and that is, that the government will not be voting its shares in the same way that a member of the public, as a shareholder of this new company, will be able to attend annual meetings and will in fact vote their shares?

Hon. Mr. Lane: — Now the government, as I've said, will have the intention of having its shares as an investor. Like Saskoil, it will retain the right to vote those shareholders at an annual meeting, or when the appropriate decisions that would normally go to shareholders' determination, whatever that may be. The government will retain the right to exercise those, as we have retained the right in Saskoil. On Saskoil we have not exercised . . . (inaudible interjection) . . . Pardon?

An Hon. Member: — You said you won't vote them.

Hon. Mr. Lane: — No. But my understanding in the Saskoil is that they say they won't vote them at the general meeting, but retain the right to do so. Okay? So you can get an extraordinary situation where you can, in fact, do that. So far we've chosen not to. It'll be the same situation with the potash corporation.

Mr. Mitchell: — Mr. Chair, and Minister, if it's to be the same as Saskoil, let's talk about Saskoil for a moment. And I have said, and the minister responsible has informally agreed across the aisle, that the government has publicly stated that it will not . . .

Hon. Mr. Lane: — No. I don't think that's quite right. If I could, because . . . Without having the Saskoil, I'll tell you what our proposal will be for the potash corporation is that the government does not intend to vote its shares in general meetings. Okay?

That's a difference from saying "doesn't" or "won't." Okay. And I think the hon. member understands what I'm saying: so that the intention is not to, but reserves the right to do so.

(1615)

Mr. Mitchell: — A follow-up on that, Mr. Minister. I'd like to know how that situation that you've described will be given legal life. How will it be laid down somewhere that this is the position of the government, namely, that it does not intend to vote these shares, but it retains the right to vote them? That's the first question. And the related one is: what will be the circumstances? Or will those circumstances be laid out in which the government will exercise its right, or how will that right be expressed in the document that must follow?

Hon. Mr. Lane: — I can give you the assurance that the

prospectus will have that provision, that the government doesn't intend to, but reserves the right . . . (inaudible interjection) . . . It wasn't set out in Saskoil, and I don't know whether it would be wise . . . Well the statement, with respect, the statement in the prospectus would govern so that shareholders who buy have to be aware of that provision in the prospectus. I think that's the fair way of stating that. So that there would be a recognition by those buying shares that the government has that right to exercise them.

What circumstances? I think it would be unwise to detail them. I can certainly think it to the advantage of any government to have that right, without stating circumstances, to narrow the opportunities, which is a fair interpretation that could be put if you begin to list the criteria.

So the right is there. It will be a right that will be able to be exercised by the government at the time that government decide the circumstances warrant it.

Mr. Mitchell: — Mr. Chair, Mr. Minister, that is a very, very alarming state of affairs. We had understood that to be the case with Saskoil, and we in fact have been critical of the position of the government with respect to Saskoil. With respect to the potash corporation and the very notions, the ideas that we've been talking about today about Saskatchewan's ability, our ability in this province to control the new corporation or to have some meaningful voice in this corporation is very, very significantly affected by what you've just told us in this House.

Because what you've told us is this, Minister. You've said that between the government and the employees and people in Saskatchewan, we in Saskatchewan will own 50 per cent or more of this corporation. But now you've just told us that probably the major actor in the Saskatchewan side, that is the government itself, will not be voting its shares. And it seems to me that in any scenario that I can think of, that will mean that the Saskatchewan shares will not be the shares that are controlling the affairs of the Potash Corporation of Saskatchewan.

Now I anticipate the answer that you, you know, that you've already indicated that you don't know how many shares are going to be sold to Saskatchewan people, and you don't know how many shares are going to be sold to Canadian people, so you don't know how many shares the government is going to own.

But certainly it is clear that the government will be a major actor, a major actor, a major shareholder in any scenario that you could realistically predict. And if you're not going to vote your shares, then that automatically dooms us in Saskatchewan to be in a very minority position so far as the affairs of the new company are concerned.

Now why would you do that, Minister? I mean, not only are you diluting our ownership provisions by selling to Canadians outside Saskatchewan and by selling up to 45 per cent to foreign countries, investors in foreign countries, but you further dilute our position by taking the

position right now that you don't intend to vote these shares in ordinary circumstances. Why in the world would you do such a thing?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Your argument is simply one for day-to-day control of all the business decisions of the corporation. Sure and that's . . . I don't think that's wise. I think that management should be able to operate this in the best commercial way and that the government retain the right — as I've indicated will be in the prospectus — retains the power to vote its shares. But the day-to-day commercial activity of the corporation, the day-to-day commercial activity of the corporation should be done by management. One could make the argument in a commercial enterprise, even owned by government, that perhaps management should be allowed to make the day-to-day commercial judgements, decisions, and that's what all this reflects.

Mr. Mitchell: — Well, Minister, that is even more disturbing as an answer or as a justification for this plan. I mean, we know how corporations work. We know the role of management in the day-to-day running of the corporation, and we know the way that management relates to a boards of directors. Everybody in this country understands the role of the shareholders and the importance of the annual, general meeting and the clout that shareholders can have at that annual general meeting if they're not satisfied with the direction which the company takes.

Ultimately and unquestionably, the management of a corporation lies in the hands of the shareholders, and the shareholders have a voice by virtue of the fact that they hold shares. They have votes as a direct result of being shareholders, and here we are with a major shareholder in this new corporation, the Government of Saskatchewan, taking the position that it's not going to vote its shares. Now that dilutes our position in Saskatchewan to the point where we don't have any clout at all, Minister. Surely that's right. You're shaking your head, and I'd like you to try and make that clear.

Hon. Mr. Lane: — I think the hon. member knows as well as I, in commercial or company law, that the shareholders do not have the right to oversee the day-to-day commercial operations of the company. That's not right. That's management's job, management reporting to the board of directors. That's the way that that operates . . . (inaudible interjection) . . . No, shareholders don't have that right. They don't have that in company or commercial law.

Now the shareholders do have the right to vote at their annual general meeting. I agree with that. And what I have said to you is that the government will retain its right to vote at those meetings. Well, if the government is satisfied with the operation, whatever it may be, the return on its investment, whatever, then the intention's stated. But the government reserves the right to vote those shares. That's a tremendous protection.

But to argue that the shareholders oversee the day-to-day operations of commercial enterprise . . . (inaudible)

interjection) . . . No, I appreciate . . . the hon. member says that that is not the argument he's making. But the government will retain the right to vote its shares at the annual general meeting.

Mr. Mitchell: — Minister, with respect, I must say that's a terribly weak position for you to take and . . .

Some Hon. Members: Hear, hear!

Mr. Mitchell: — The fact of the matter is that the shareholders of this company will control the company in the long run. They're not going to make the decision about what to do tomorrow and the day-to-day management of it; that's entrusted to the hands of the hired management of the new company. But they report to the board of directors, and the board of directors and the management report to the shareholders, and the shareholders are ultimately the boss. The shareholders ultimately call the tune; that's what being a shareholder's all about.

And you, certain to be a very large, very significant shareholder, or we would hope so, maybe not, sir. But one would think in any reasonable scenario on the basis of what you told us so far today, you don't intend to exercise your rights to vote as a shareholder. And the point I'm making is that not only is Saskatchewan ownership of the potash corporation diluted by this privatization plan, but you are further and very significantly diluting it by taking the position that you're not going to vote your shares in normal circumstances. And that is a large, large surrender of the control which we Saskatchewan people are going to have over the corporation which is a major actor in exploiting this potash resource.

I like to talk about this resource — and others do, and some of your people do — as a resource that is going to be a most significant factor in the economy of this province for centuries, perhaps for thousands of years. We're not just talking here about some little corporation that's going to live for a while and pass along, or some little resource that is going to be played out in 20 years as some oil fields will, or 25 years as a uranium deposit will. We're talking here about a resource which is going to be exploited in this country for . . . or this province for at least centuries — at least centuries.

So the decisions we're making here today are extremely important, and when you're talking about dilution of control here, you're talking about a dilution of control over a very significant corporation which is a prime actor in a very, very significant resource. So I think you should take that very, very seriously, Minister, and re-examine this plan.

An Hon. Member: — A give-away.

Mr. Mitchell: — My colleagues say, and I agree, that in its present form it is a give-away, just like a surrender, a surrender of this corporation to outside interests.

And it's on that point that I want to turn, Minister, and when I'm turning I understand you'll be answering the

remarks I've just made. But I want to move into another subject as well. I want to go back to this question about the 45 per cent which is the limit on foreign ownership. The limit is 45 per cent, of course; the limit is not something less or something different, but the limit is 45 per cent.

I wonder, Minister, if you have any idea of the impact of that reality, of the impact of that provision, as far as the people of Saskatchewan are concerned. I understand you live in Regina and you work in Regina, and you talk to Regina people and you probably have a . . . your views may be shaped by that experience.

But I live in Saskatoon, which is heavily reliant upon the potash industry and very knowledgeable about the potash industry. And in my city, when your Premier went on his trip to the Far East, his Orient express, and news reports started to filter back about his discussions with the Indians and his discussion with the Chinese and his plans to discuss with the Japanese and the South Koreans and who knows where else, a possible purchase of very significant portions of the potash corporation, that struck my town like a thunderbolt. That struck Saskatoon like a thunderbolt.

Saskatoon reacted to that prospect almost instantaneously. And some of your officials are from Saskatoon, and they'll know exactly what I'm talking about because they live there and they talked to the people too. And that news just electrified Saskatoon. They suddenly realized, Mr. Minister, what the government's privatization plans could amount to. It could amount to the fact that the Potash Corporation of Saskatchewan, according to what the Premier was saying at the time, could fall into the hands of those very countries. Effective control of it at least could fall into the hands of those foreign countries.

And, Minister, I repeat, it just electrified people in Saskatoon. It shocked them. Shocked them, is probably a better term than electrified. But they could scarcely believe it, and it turned public opinion in Saskatoon, or it shifted public opinion very, very dramatically against your plans. And that public opinion, I dare say — because every testing I've made of it has indicated this — that public opinion in Saskatoon has remained substantially, very substantially opposed to what you're trying to do with the Potash Corporation of Saskatchewan.

Now the minister from Saskatoon says, not true, and I would like him to share with us what his polls tell us. But every testing I've made, and that my party have made of the subject in Saskatoon, indicates clearly that the feeling is very, very strong there, very strong. And, Minister, it is largely . . . or a prime factor in that opposition started with the Premier's Orient express and his discussions with India to sell up to 20 per cent of the potash corporation and to extend tax breaks, according to news that filtered back through *Greenmarkets* and through the *New Delhi Press*. And then it was obvious from news reports that he was having the same conversations in China and Japan, and probably would in South Korea.

And it became clear to Saskatchewan people that your plans for privatization had as a considerable element the

sale of the potash corporation to foreign countries, and specifically the sale of the potash corporation to the very people who are our customers, or potential customers, people who would be buying their potash from Saskatchewan. And that raised a very substantial policy concern, a very substantial worry that the customers of the potash corporation would acquire shareholdings that would allow them to have significant clout over the decisions, the policy decisions of the potash corporation.

(1630)

And it raised the spectre, which remains very real under your Bill, it raised the spectre that the customers would have substantial influence over decisions like pricing and decisions like production and related decisions. And you just have to ask anybody in your line of business, anybody in the resource sector in this country what they think about their customers achieving control of their company, and you'll get the same reaction. It's the same reaction as the people in Saskatoon, and that is in no circumstance can that be considered a good idea. In all circumstances that has to be considered a bad idea.

Now, therefore, Mr. Minister, when you were drawing this Bill you got the Premier, who has been running around the Orient selling off significant portions to the countries in which he stops, and you've got this outcry from the public about the prospect of PCS being owned by, sold off to, foreign countries. And the solution that you obviously come up with is the solution about the degree to which foreign ownership will be allowed, and so you come with the provision of 5 per cent and a maximum of 45 per cent. But, Mr. Minister, that is not reassuring, that is not reassuring to the people at all. It's not reassuring to my colleagues because 45 per cent shareholding and ownership of a company is a very, very significant amount, a very, very significant amount.

We wonder, Mr. Minister, why it's necessary to have any foreign ownership of this company at all. And I want to come back to that in subsequent questions. But for now, Minister, I would like to know by what process you arrived at the notion that foreign ownership of PCS could actually achieve the level of 45 per cent? My colleague, the Leader of the Opposition, asked that question, and I was not able to understand the answer that you gave. So I'd like to ask you more specifically how you came up with that 45 per cent number? Did it have any relation to what the Premier had been telling the various countries in which he stopped on his Orient express, and why that level was arrived at rather than some other more sensible level?

Hon. Mr. Lane: — Well the 45 per cent has some limitations. I believe that given the size of the enterprise and the likely wide distribution of the issue over time, that various investors will try and acquire shares. So what we did is we put some protections for Saskatchewan people in those — is that non-Canadians only, over a period of time if Canadians all sold theirs, still couldn't own more than 45 per cent.

And secondly, of that 45 per cent, they could still only vote 25 per cent. So if they want to put up additional moneys over and above their 25 per cent, they're not

going to be able to vote more than 25 per cent. So in effect we get the money; they don't get the vote.

But secondly, there are other limitations that were put in the legislation. The 5 per cent limitation for one person. But what's person? Person is broadly defined, and it includes in that definition, a corporation, and the government or an agent of the government.

So if a government wanted to buy, they could not buy more than 5 per cent. That obviously will not give them control. But it will ensure a wide distribution, which may not happen on the initial public offering but will certainly, the wider the distribution, in all likelihood, will tend to maintain the share value for Saskatchewan investors.

Mr. Mitchell: — Minister, this is getting really more serious as we go along, because I think this . . . Let's just go through this, Minister, sort of step by step here.

And let's assume, and I think we should assume for purposes of this discussion, that foreign investors invest to the level of 45 per cent. So they own 45 per cent of the shares in this new company. And let's assume that you're able to achieve what I understand your objective of 50 per cent Saskatchewan ownership to be, which would include the shares of the government plus the people of Saskatchewan that are going to buy.

Hon. Mr. Lane: — I said that they would be at least 50 per cent.

Mr. Mitchell: — Yes. So let's say it's at least 50 per cent; let's say it's 55 per cent then — say it's 55 per cent. And of that 55 per cent, let us assume, for the sake of my question, that the government owns 40 per cent and Saskatchewan people own 15 per cent.

But the government's not going to vote its shares, so that leaves the 15 per cent of the other shareholders in Saskatchewan who are going to vote their shares, and then we've got this 45 per cent of foreign owners who come into the annual general meeting and they want to vote their shares.

Then I look at subsection 3 of section 11, Minister. I look at section 11(3), and it's a complex section, but what it purports to do is limit to 25 per cent the votes that the foreign shareholders can achieve. Now if they're entitled to vote, Minister, if the 45 per cent shareholders are entitled to vote 25 per cent of the shares, and 25 per cent of the shares is voted and you're not going to vote your 40 per cent, what in the world is going to prevent those foreign shareholders from running that meeting and for making all of the effective decisions? How does that protect us from foreign control of the new potash corporation?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — With respect, you're not interpreting that correctly, okay? It's the percentage of the vote taken. So let's take an example. Let's say 100 shares, and 40 are held by government — okay? — and keeping in mind we do retain the right to vote, but let's assume, let's take your argument that we don't, so that 15 are owned by

Saskatchewan and 45 by foreigners. Right? They can't vote more than 25 per cent. So in effect, those 15 per cent then become the 75 per cent, so that it strengthens the Saskatchewan position.

Do you understand what I'm saying? It's 25 per cent of the votes taken.

An Hon. Member: — Do you?

Hon. Mr. Lane: — Yes, I understand. It's 25 per cent of the votes taken, so that that 15 automatically becomes 75 per cent of the vote taken. So with that provision the Saskatchewan vote and power is strengthened.

Mr. Mitchell: — Oh, that's perfectly clear, Minister, it's perfectly clear. We'd better have an army of lawyers and accountants present at these meetings to try and sort out who owns what kind of a share and who's entitled to what percentage. I mean, this is absurd, Minister. It's totally, totally absurd.

I wonder, Minister, why you would not . . . would you not agree to a provision in this Act that would ensure that this new potash corporation of yours that you're setting up by this Bill was at least 100 per cent owned by Canadians?

Now I ask you that question, Minister, because that is an idea that is contained in the SaskEnergy Bill. That is an idea that's contained in the Bill that you had before this House to privatize the Sask Energy Corporation. And one of the provisions you had in there in section 11 was that:

No person, other than a Canadian citizen or a person who is a resident of Canada, is eligible to purchase, own or hold voting shares.

Now if that's possible with respect to a large company like SaskEnergy, why in the world isn't it possible with respect to a company like the potash corporation?

You further say in this SaskEnergy Bill, Mr. Minister, that the directors of SaskEnergy, why aren't they feasible and possible in the case of the potash corporation? Because as far as the people of Saskatchewan are concerned, the potash corporation in the long run is as important as the Sask Energy Corporation, and local Saskatchewan control over the potash corporation is as important as ownership and control of SaskEnergy.

Now if one is not possible, Minister . . . or if one is possible, if SaskEnergy is possible, why not Saskatchewan ownership of the Potash Corporation of Saskatchewan, or least why not Canadian ownership of the potash corporation? And why not a board of directors, two-thirds of which are residents of Saskatchewan, as in the case of your SaskEnergy Bill?

Hon. Mr. Lane: — There are a couple of arguments. One, the issue in all likelihood, although the final amount has not been determined, will likely be much larger. In order

to maintain the share price on a larger issue you want more take-up, and the market is bigger under the proposal before us. Secondly, the wider distribution will help maintain a much higher share value, particularly for the Saskatchewan investors.

I'm going to assume, because you did not pursue it, how that 25 per cent of the vote, of the total vote taken, works. It's not 25 per cent share vote; it's 25 per cent of the total vote taken where that limitation comes in, so you'll understand how the 15, if we took that hundred — number of shares — the 15 would in fact be voting 75 per cent. So I just . . . it's not for your benefit, but I did see some others raising eyebrows at that provision.

So because of the size of the issue, it's in all likelihood much, much bigger than Saskoil, we want the wider distribution to obviously enhance the investment for Saskatchewan people. That will obviously increase the value of government's shareholding as well.

(1645)

Mr. Mitchell: — Well, Minister, those are very general statements, and I really would insist that you give us some more concrete numbers. How much of a larger share issue is going to happen with respect to PCS than you had planned with respect to SaskEnergy? How much larger is it that SaskEnergy can be marketed on the Canadian market whereas the potash corporation can't? I mean, we don't have precise figures with us in this House, Minister, as to their relative values, but you probably do, and we'd like to know just what is it that makes the difference. How much larger is one than the other?

And while you're on your feet, can you tell us with respect to the second part of my question, why is it not possible, why does it not make great sense in order to ensure that a very large portion, like two-thirds of the board of directors, are Saskatchewan people. I mean, if we're to retain any sensible degree of control over our potash corporation, surely that's one of the ways in which we could ensure that that would happen.

Hon. Mr. Lane: — Well certainly I think that if you were to say 100 per cent of the directors have to be from Saskatchewan, you may depress the share value because people may not take a look upon this being able to operate as a commercial activity. It's an argument made by the investment community.

Secondly, there is an awareness, either in Europe or in the United States, of the fertilizer business as an investment, perhaps a greater one than Canada. Now we hope that Canadians take it up all, but Canada has not had a great history of major fertilizer investments coming on for new issues, at least not any great history in recent times in the investment community.

So having that, we think that the proposal we have, particularly with the, I think, fair restriction both on the amount that individuals and the non-resident voting limitations, that we get the best of both worlds in terms of the ability to have the control, but secondly, to maintain the share value or perhaps enhance the share value with a wide distribution to improve the investment made by

Saskatchewan people.

Mr. Mitchell: — Well, Minister, will you at least agree that with respect to the board of directors the Act could be amended to provide that at least two-thirds of the directors of the new corporation are to be residents of Saskatchewan.

Hon. Mr. Lane: — Again, I mean I would be prepared to take the advice of the investment community on this in terms of what the market . . . if the market believes that all that's going to happen with the potash corporation is that the government is going to oversee the day-to-day management, and in fact, it's not going to be able to operate as a commercial activity, wherever that level may be, wherever that level may be. That is the determination.

I think there are other opportunities in terms of the directors. I think we can find Saskatchewan people or ex-Saskatchewanians that certainly have an affinity and a desire to help this province. And we will certainly try and attract as many of those people as we can to the board.

I think one recognizes that on a board like this people have to be able to understand the magnitude of the corporation and perhaps the complexities to be able to carry out their duties as board appointees. The individuals you look for, I think, as when you were government, and when you got some outside people — you, on this one — you got some very capable individuals. We'll try and attract very, very capable people.

Mr. Mitchell: — But, minister, will you — just a final question on this — will you at least agree to a 50 per cent provision on the board of directors, where at least 50 per cent of the board will be residents of the province of Saskatchewan? And I ask that question because, while I understand you to say you were going to try and be 50 per cent shareholders, we are not going to be voting our full 50 per cent of the shares. So can we at least have 50 per cent of the board of directors? What's wrong with that idea?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — There's nothing, and we'll certainly endeavour to do that. I mean the legislation simply requires a minimum.

Mr. Romanow: — Thank you very much, Mr. Chairman. Mr. Chairman, Mr. Minister, we've been listening to your answers on these questions. And as you obviously know and the members opposite know, we've been exploring the issue of foreign ownership — 45 per cent of a company; the loss of control — your arguments about legislative control, ours to the contrary. We've been exploring the question of ownership generally in terms of its operation and that hasn't succeeded as well.

What I sense from you, Mr. Minister, is, as one of my colleagues describes, a policy of firm flexibility with respect to all of the essential questions in this area as to what the potash corporation is going to look like under your future scenario.

Now this evening we're going to be exploring the question of valuation and what your underwriters have been doing in this regard to try to get some specific details of what your government's projections are as to what will actually happen, not, you know, the kind of answers that you've been giving us — we don't know how many Saskatchewan people will be coming in. Your underwriters and your officials must have some estimate of that based on previous privatizations in the province of Saskatchewan. And I no doubt will expect, as I'm sure you are, you'll be ready to answer some of those specific questions on that aspect of underwriting and valuation.

But I want to ask, still on the theme of foreign ownership and the give-away of this company, as I see it, to foreign control, American — not only American and others — this is the specific question I wish to ask of you. Is it correct that as far as you're concerned, with respect to the 45 per cent foreign ownership that's at issue here, that it's open to anybody, any country that has the cash and the wherewithal to invest, up to the limits of 5 per cent? Is it the position of this government and this Bill, obviously, that that company or that country can so invest? Is it off limits for anybody, or is it wide open to the world?

And while you're at it, perhaps you can explain another aspect of this matter of ownership to me as well. Is it possible, Mr. Minister, from a slightly different angle, partly related to the foreign ownership, but now a slightly different angle about ownership, is it possible for Canadian potash corporations, such as Noranda, which as I understand it runs and owns Cominco, to buy 5 per cent?

Is it possible for IMC of America to buy 5 per cent? Is it possible for the potash corporation of America to buy 5 per cent? Is it possible for Denison Mines of New Brunswick to take 5 per cent? Is it possible for Kalium to take 5 per cent? Is it possible for Mississippi Chemicals to take 5 per cent? Is it possible for Lundgren to take 5 per cent? Is it possible for the People's Republic of China to take 5 per cent? Is it possible for the MMTC (Minerals and Metals Trading Corporation) of India to take 5 per cent?

And if it's possible, does the minister not see a potential, if not conflict, certainly the opening up with respect to the access of information by virtue of the shareholding capacity of competitors in this area in the Potash Corporation of Saskatchewan, or is there some statutory provision in Bill 20 which would prohibit what I could only anticipate would be a major advantage for our competitors. Perhaps there's a statutory provision that I've missed. If the minister would be kind enough to point that out to me I'd be pleased to be so advised.

Two issues here. First, are there any limitations to corporations and trading agencies or foreign countries on the foreign corporation side, and secondly, are there any limitations with respect to competitors of PCS coming in and taking an ownership position?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The limitations are 5 per cent, whether it would be a country or an agency of a government, or a government, or a corporation. But understand that the

limit as well, 5 per cent if they are voting in association. Okay, so there is that control.

Understand that the potash corporation is far better able to buy shares in the companies that you listed than they are in the potash corporation because none of those companies have the limitation to 5 per cent. So in fact, the potash corporation could conceivably go and buy whatever is available on the market from all these other corporations and, in fact . . . (inaudible interjection) . . . Well, no, I said that they could buy the 5 per cent.

But in fact, the potash corporation is in the far stronger position because it's got the controls. These other corporations don't have the type of limitation. I would like the Leader of the Opposition, because I apologize if he was, but I don't think he was here when we discussed what that 25 per cent vote meant. It's not 25 per cent of the shares, it's 25 per cent of the voting. So it's less than 25 per cent of the shares.

So yes, they can buy. They cannot . . . (inaudible interjection) . . . There's no limit. I said there's no limit. But if they're in association they're limited to the 5 per cent.

But secondly, the potash corporation is far better able to buy greater percentages of competing companies because they don't have share limitations.

Mr. Romanow: — But, Mr. Chairman, again this — if I may say with the greatest of respect — makes the point that I wish to emphasize. Here we have a situation where the Potash Corporation of Saskatchewan as currently structured, as you say, can buy more than 5 per cent in corporations both Canadian and external. That's your point. But they can't come back on us because they can't buy shares on us as under currently structured.

Now all of a sudden we're changing the ground rules. We're allowing them to come in, to buy in at our position. That's what we're doing. And what's the public rationale for that? Now when you say, in association, the definition of association is set out in the Act, I understand if it is a subsidiary of IMC, IMC and an IMC subsidiary, they can't get more than 5 per cent, and I understand that provision generally.

But here we have a notional and theoretical and perhaps practical position of foreign corporations or any corporation getting into a Potash Corporation of Saskatchewan privatized scenario. They don't have that right now, and we, in our business genius, are going to give them the chance to move in on that. Is that what we're doing? We're going to move. We're going to allow them to come in, in our business genius, to buy in, to take a position of if not interest or advantage, certainly knowledge in that context and corporate involvement, and have them to have a say.

But look, when you respond to that question, I want you to respond to the other question which, in my judgement, is also as important. Is there any limitation or any country or agency of a country that is off limits, as far as this government is concerned, for buying a portion of the potash under the foreign investment provisions? I want to

know whether or not there is any country which is off limits that this government will say, we're not going to sell, we're not going to permit to sell. Or is it as I say that it is going to be once it's on the open market, open to all and any who wish to come in and buy?

Hon. Mr. Lane: — I find it somewhat humorous that the NDP would get wound up that a competitor would buy shares in the potash corporation. Because it's kind of nice to have a competitor that wants to buy shares hoping you do well so its investment improves . . .

An Hon. Member: — And knowing the business inside and out.

Hon. Mr. Lane: — No, as shareholders they would get their information at the shareholders' general meeting which they can get in any business report that happens to be covering the shareholders' meetings. The press can cover them. That is really, that is one of the strangest arguments. I heard it before but I didn't believe anybody would repeat it. Because like I say I do find it interesting that a competitor would want to buy shares hoping you do even better so that their investment improves. And it's rather a strange position.

But secondly, Mr. Speaker, we have indicated the limits on foreign investment and I think they're very strict. Thirdly, I've said that the potash corporation, if you want to get into the argument about investing, the potash corporation could buy more of a competitor, because the other companies don't have the 5 per cent limit. So that, like I say, was one of the arguments I didn't think anyone would ask.

Now you asked the question, is there any limits, and I think you're referring to companies. If your argument is, are there limits to . . . or countries I meant, I'm sorry. South Africa, there's no limit on South Africa other than the 5 per cent — or China or India. It's 5 per cent foreign.

Understand that if nine countries bought 5 per cent each under the Act — and I think we should understand that — bought 5 per cent, which is their minimum, that 45 per cent could still only vote 25 per cent, 25 per cent of the shares voting. It's not 25 per cent of the total shares, not 25 per cent of the total shares. That's the difference.

(1700)

So why, under the provisions here, would people invest at that 5 per cent . . . a block to get the 5 percent? In all likelihood, we can't see any other way, the way the voting limitations are, that they would vote for a passive investment. That's why, in all likelihood, any large investments would likely come probably from Canadian pension funds, Mr. Speaker, and I think that's where most of them will come because of the vote limitations.

Mr. Chairman: — Being 5 o'clock the committee is recessed until 7 p.m.

The committee recessed until 7 p.m.