

The Assembly met at 8 a.m.

Prayers

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

**Consolidated Fund Budgetary Expenditure
Agriculture and Food
Ordinary Expenditure — Vote 1**

Item 1 (continued)

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Chairman, last night when we started these Agriculture estimates, I talked for a little bit about the vision behind the Premier of this province and how he has maintained that vision since he began writing in agriculture some 10 or 15 years ago, and how that vision has led this province down the path of destruction, because while everything that works on paper, we know it doesn't always work on the farm.

And we also talked about transportation. We found out that the minister did not even know how the rate schedule was set or what the National Transportation Authority or the WGSA (Western Grain Stabilization Act) rate was, which is a little unfortunate because that was a very important issue to agriculture in this province and has taken out an additional 65 to \$70 million.

Now this morning, Mr. Chairman, I want to continue on transportation, and I'm going to be going through several topics as I go through my estimates, one topic at a time. And despite what the Premier says, that's not the only issue I'll be dealing with, nor is it . . . is most important, but it is an issue and it is important, but it's not the only issue.

And, Mr. Minister, I would begin by asking you a simple question and that question is: what is your position on the method of payment of the Crow benefit to Saskatchewan?

Hon. Mr. Devine: — Mr. Chairman, we have stated on several occasions that we believe the benefits should be split 50 per cent to the farmers and 50 per cent to the railroads. We are also considering the possibility, because of the infrastructure that I talked to the Leader of the Opposition about last night, that there are less and less branch lines and less and less rail lines out there, and more responsibility is on us as Saskatchewan residents to build roads, that perhaps we could look at a situation where we could use that money as an infrastructure — federal money to help in transportation generally — so that we could see it on roads, we could see it going to farmers, and we could see it going to the railroads for the main lines. So it's a combination of those, Mr. Chairman.

Mr. Upshall: — Mr. Minister, you will know that the costs of moving grain by road or by rail is much different. We have to be maintaining a rail system in Canada because we're a land-locked province in the situation that we are, we have to be maintaining a rail system throughout Saskatchewan, a national transportation system.

And what you're saying is that things are changing; it's the way of the future that we're going to be going away from rail. And I agree that that is what is happening, but I do not necessarily agree that that is the way or should be the way of the future because it is a lot cheaper to run steel on steel than it is to run rubber on road. Because we all know the cost of road maintenance when heavy trucks are moved over roads — the highway beds deteriorate quickly; there's an added cost to the municipality or to the highway system. And of course, that cost comes out of the pockets of Saskatchewan farmers in the rural municipalities. So I do not agree with you, necessarily agree with you that the method of transporting grain has to change to the one of hauling by trucks, despite the fact that that seems to be the intention of the railroads to rationalize the system.

Mr. Minister, I have not heard many people talk about your 50-50 split. In fact, in most of the debate going on, in fact in totally all of the debate going on, they're talking about either paying it to the railroads or paying it to the producers. And there are many good reasons for method of payment to the railroads. And I guess the main reason is that, and the question, I guess, that I would ask you is: why is there a need? What is the reason behind the move to change the method of payment?

This method of payment for years has been paid to the railroads. The railroad is directly responsible. There's less administration. The old line is the railroads have a lot more clout than the farmers when it comes to lobbying Ottawa; therefore, the rate can be maintained. So what do you think, what in your opinion is the underlying reason why the method of payment is even being talked about and discussed for change?

Hon. Mr. Devine: — Mr. Chairman, the hon. member says that we should have rail lines to get our goods and services moved out of Saskatchewan because we don't have access to water. I'm quite sure we're going to maintain our rail lines getting goods and services outside of Saskatchewan. The question is how many lines are going to be in Saskatchewan getting the goods and services to the main lines.

I'm sure he's seen figures, and there's considerable research available now which shows that it is much less costly, certainly within a hundred mile radius, to use farm trucks and an efficient road system than it is to put in a new series of branch lines. And I'm sure that he's aware of that if he . . . So what we're looking at is making sure the funding goes to the major lines that are taking the goods out of the province, and an infrastructure to allow us to get the goods to the main lines rather than rebuild branch lines all over the place as we saw in the 1920s and 1930s when we hauled 100 bushels in a wagon and elevators were six or seven miles apart.

He asks why there is this mood to change the method of payment, because it has been going to the railroads. A couple of reasons that I would suggest to the hon. member. One is that it's being requested by farmers. Certainly all of the Alberta farmers, certainly all of the people in the livestock community, people in Manitoba

in agriculture, and an awful lot of organizations, including co-operatives in the province of Saskatchewan are saying, I'm not so sure that we want the money to go to the CPR (Canadian Pacific Railway). What's so magic about the CPR? That's what they're saying. Why not my community? Why not let the money come into my community so we can build roads? Why do we have to give it to the CPR?

Last night the Leader of the Opposition and I had quite a discussion about whether you can really trust these big businesses. And I don't think he necessarily is totally enamoured with manufacturers and retailers and automobile dealers and implement dealers. And he says, they'll never pass this stuff. He really left the impression at least that he didn't trust them.

Why in the world, if that's the case, would you be prepared to trust the CPR? Why would you want to give them these hundreds of millions of dollars when you've got farmers and people locally in the community that want the opportunity to build their roads and to diversify their economy.

Now if we look at diversification, and the members opposite say they want to see diversification, processing, and manufacturing, the key question is not the allocation of the method of payment, it's to make sure we get our fair share of that payment and that we can decide in Saskatchewan, talking to people, producers, how that should be spent and what to do with it. That's the key question.

And if you go out and talk to your members now, and talk to United Grain Growers, talk to the wheat pool, and talk to others that are saying, you make sure we get our historic share of that and maybe there are some things that we could do to improve transportation, to help processing, manufacture, diversify our economy. We don't just have to necessarily give it all to the CPR and the CNR (Canadian National Railway). What's so magic about them?

So you ask where is this coming from? It's been around for years that people in the livestock sector particularly, people in processing, manufacturing, making doughnuts, making malt, making meat products from our grain, are saying, why don't you be fair, why don't you allow us the same advantage as everybody else. We've looked at a solution for a long time. Why don't we just put everything under the Crow and the federal government can subsidize the whole works, and that would be nice if you had infinite money. And we put more and more products under the Crow, especially crops and some other things.

But to date we're looking at the possibility of building the infrastructure . . . Let me just add one more point. Where the CPR used to be all over your riding and the CNR used to be all over your riding, it's not there any more. Therefore, why do you want to give them all this money when they're not there? That's a very relevant question. They're going to get money to market it right across the country and across Saskatchewan on your main lines, but they don't go into the smaller communities. And yet you still want to pay them all this money.

(0815)

An awful lot of local people say, I think we could build roads, I think that we can do a better job. And if you talk to the wheat pool, for example, who have consolidated their points, they say it's much more efficient if they just custom haul the grain right out of your bin, right to the main line. And they do that. They're not arguing now for more and more branch lines. They've pulled out their elevators, they're saying, let's just go right in. It makes much more sense.

So if that's the case, then your argument that we should just give all this money to the CPR, I don't know that that washes with everybody that you might think it does. And certainly it doesn't lead to the diversification, processing, and manufacturing that this province and everybody else would like to see.

So we've said, look we'll split it. We'll have half to the railroads, because we're going to have main lines, and we've got a lot of diversification going on and farmers say that they want it to help them, elevator companies do, food companies do, manufacturers. So we said let's go look at both possibilities, and certainly have not ruled out money going to an infrastructure in community development like roads, because roads have replaced the railroad. And if we could have super-grids or better rural highways. I think that would make people feel quite positive about their rural community — not just to market the grain, but because they have to get to and from the towns, villages and cities and schools and the recreation on the road. They don't go on the railroad. They use the roads. So there's a very valid argument that the transportation mechanisms today have certainly changed a great deal since 1925 or earlier.

Mr. Upshall: — Well, Mr. Minister, you will know that the railroads in this country in the first place were given a great lot of land to put the track on, and over the years they were paid for every mile of line, of branch line, and they didn't keep that up. So what you're saying, it's okay for the CPR, even though they were given money for branch line rehabilitation and didn't spend that money, it's okay for them then just to walk away from it and shut down the lines. Well that's not okay with me.

And you're talking about a system where you're going to have the trucks come into your yard and take it to the main line, well that's about the most expensive way of moving the grain for the farmer. Now it may be very efficient for the railroads, but it is much more expensive for the farmer.

And I would also like to correct you, Mr. Minister, because part of what you say is absolutely not true, and that's when you were talking about the co-operative movement supporting the change in method of payment. I would just like to quote for you a clipping from June 28, 1989. And the headline is: "Wheat pools brace for battle over buck with federal government." And I will quote:

The three prairie pools are bracing for a battle over bucks with Ottawa this summer, trying to settle once and for all whether the farmers or the railroads should be paid for moving the grain.

It goes on to say, and I quote — this is the president of the Saskatchewan Wheat Pool talking — he says:

The pools are closer than ever before in the method of payment. We're all positive on keeping the payment to the railroads, Stevenson said.

So what you just finished telling us is that the co-operatives were behind you in the change of method of payment. Well I say that is absolutely a falsehood, what you said, and that's one of the reasons the people of this province are saying they can't believe you any more. Because you can say what you like, but when you omit the truth, then people have to question whether what you're saying is true or not.

Mr. Minister, it is obvious that the wheat pools are definitely in favour of maintaining the method of payment to the railroads. That's the point here, why? And this whole process is geared to eliminate expenditures from the federal government and tack it onto the backs of Saskatchewan farmers. That's the reason for this whole process.

And when you talk about diversification, the vice-president of the Saskatchewan Wheat Pool says, this is from *The Western Producer*:

While paying the \$700 million Crow benefit to producers would help the province's livestock sectors, those gains would be more than offset by losses suffered by grain farmers.

So what we're saying here is that there's a better way to do it. What you're saying is let added costs go onto the grain farmers and for some small gain for livestock producers. Well we all know that we have to rearrange the livestock industry in Saskatchewan and try to get more production here, and that's possible, but the pool estimates grain producers could lose more than \$135 million a year under the pay-producer system.

So what you're saying, it's okay, first of all, to let the railways run down the branch lines even though they were paid for them, and let them walk away. It's okay for the costs to be transferred from Ottawa onto the backs of Saskatchewan farmers, and that's what we were talking a little bit about yesterday.

You talked about, and I'm sure you'll repeat a hundred times in these estimates, the money that was coming out of Ottawa, the deficiency payments and all the other *ad hoc* payments that come out of Ottawa. And those payments were needed. The lack of long-term planning was very, very obvious because farmers were becoming conditioned to the *ad hoc* method, and that was not in the best interests of anyone. But because you didn't have a long-term plan, you are now saying that you're going to rearrange these priorities and have another look at the whole system, and that Saskatchewan's going to be able to have an insurance program and all the other things you're talking about.

But the problem is, Mr. Minister, you're walking away from the problem and allowing the federal government,

by changing the method of payment, to transfer the costs, new costs on the backs of farmers. And you're really into the rebate system where farmers would be paid the method of payment of course, and then some time later they're supposedly going to be rebated.

But, Mr. Minister, I ask you this: is there any possibility that the change in the method of payment is due to pressures from the Americans under the free trade agreement to eliminate that subsidy to Saskatchewan farmers.

Hon. Mr. Devine: — Mr. Chairman, the hon. member knows that the United States and other countries do spend federal dollars, taxpayers' dollars on infrastructures in transportation. Straight south of us you can look at the Mississippi river system and it is provided for by federal money. They will have docks and they will have barges and they will have subsidized freight rates to help get what's inside the country to the outside, and it goes right down through to the gulf port. So all the countries are involved in major transportation expenditures as part of their regional economic development.

What you can't do, and is more and more difficult under the General Agreement on Tariffs and Trade, because there's now a freeze on it in agriculture subsidies, and certainly under the trade agreement between the U.S. and Canada is be commodity specific. And what that means is that you cannot go in there and say, I'm going to subsidize just turkeys, or just beef, or just something else. But a broad infrastructure or something like crop insurance or something like stabilization, which applies to everybody, is perfectly acceptable because other jurisdictions protect their farmers from drought and calamity and they will put money into their transportation infrastructure. So we're certainly entitled to do that.

Mr. Upshall: — Well, Mr. Minister, that's what you say. If that were the case, then why was it part of the free trade agreement to remove the rate subsidy on rapeseed . . . canola, going to the west coast ports. I mean that was a clear indication from the United States that they are attacking our system of movement of grain in Canada. They are saying that subsidy was unfair and it had to go off as part of the free trade agreement — that was step one.

The next step is to continue to put pressure on the federal government to . . . Okay, step two now is that the At. and east (Atlantic and eastern) rates have been eliminated in the federal budget whereby farmers could haul, could have their grain shipped to the eastern side of Canada during the winter. But now the At. and east rates is gone.

The next step, of course, is to change the method of payment of the Crow benefit, change it to farmers. And if that's not commodity specific — you're either shipping wheat or barley or oats or whatever, that's very specific, and that subsidy is going to be very commodity specific. A little different than crop insurance where it's a safety-net program.

So you know yourself, or you should know, that that is the angle of the United States. And I don't think that you or the Prime Minister of this country are standing up for the

best interests of Canada in this respect.

And, Mr. Minister, I want to ask you another question. In *The Western Producer* of May 4, there is a headline which says: "Ottawa wants to switch Crow." And I quote:

The federal government has concluded the method of distributing the Crow benefit subsidy should be changed, says senior Finance department officials. It is waiting for the correct political climate to move.

Mr. Minister, what do you suppose is meant by "waiting for the right political climate to move"?

Hon. Mr. Devine: — Mr. Chairman, I make the point to the hon. member. He asks about method of payment. The whole discussion about method of payment is about two things: one, maintaining our historic share of the money that's been going towards transportation; and secondly, are there better ways to spend that money to encourage processing, manufacturing, and diversification like we see being recommended by UGG (United Grain Growers) and the wheat pool and the stockgrowers and others.

Some co-operatives, like the UGG, have said the method of payment should be changed. They've said that, and they are co-operatives, and they represent rural Saskatchewan, rural Alberta, and rural Manitoba. Certainly the Saskatchewan Wheat Pool can speak for itself, but its major concern is that we maintain the lump sum of money. And perhaps we can see, and they will readily identify, there are advantages to processing and manufacturing in this province if you don't have a discriminatory freight rate. Now you've never talked about that; you've never mentioned that.

I think it's important that you stand up and tell us or tell me or tell somebody what you believe should be done to remove the discrimination between various commodities. How would you do that? You want to see the processing. You come from a riding that is quite industrious, wants to be in the livestock business, wants to be other things. You talk to your hog producers. They don't want to be discriminated against. They want to be treated just as fairly as everybody else.

And the Saskatchewan Wheat Pool is getting that message and other people are getting that message. They say, we want the money. Clearly that's the case. We want our historic share. But we want to be able to look at at least, with our farmers and our communities, how best to spend that 4, 5, \$600 million. Now that's a very good question, because we want to see diversification, we want to see strong rural communities. The world has changed.

You wouldn't ask the CNR or the CPR to go out and build branch lines in Humboldt again. You wouldn't want to do it. You say, well they ran off with the money. Well you wouldn't want to give them more. I mean, you know, you've got to watch what they're doing right now on those major lines, and then we want to say, what can we do in the rural communities like Humboldt and Watrous and Midale and Swift Current and Shaunavon and Maple

Creek and wherever? What can we do to build them stronger if we get this money and use it wisely? It may be in roads, it may be in a fairer freight rate for everybody, and it may be maintaining the very good lines we have so that they're efficient and we can have long unit trains and we can have hopper cars and all the rest of that.

So what we're looking at is the economics and the politics of processing, manufacturing, diversification on the prairies. I said last night to the Leader of the Opposition, we are not locked, we're not hidebound by our past. We can process and manufacture, and I gave several examples. People didn't think that you could make paper here because the transportation costs would be too much. It's a lot easier to make the paper and market it out than it is to take the fence posts and move them out, or the logs.

The same applies to meat. Intercontinental Packers will tell you that. Doing very, very well. Canada Packers is expanding, doing the same thing, manufacturing turbines, taking them out. Two upgraders here making fine quality gasoline diesel fuel and the capacity for petrochemicals. We can market the processed goods out of here without just relying on the raw commodity. We don't have to be for ever hewers of wood and haulers of water.

Now that's why you hear the discussions about the method of payment. That's why you see organizations like the Saskatchewan Wheat Pool consolidating, diversifying. They've closed elevators all over. They've brought in the mechanism. They're looking at trucking; they're looking at communities spending money on roads; they're promoting irrigation; they're promoting feedlot operations; they're looking at making fancy products, marketing them world-wide, and doing a fine job — premixed bread and others in Japan. I give them full marks for that.

Now that's social, economic, and political decisions that have to be made in terms of how you do that. So you ask where it comes from; it comes from the people, comes from your riding. You look at the hog producers in your riding, one of the major areas for hog production in this province. They want to be treated just as fairly as the guy who's growing wheat and they think that's only right. So that they ask, what's the CPR going to do for them; they asked that. And you talk to the hog board — and I'm sure you know some of them — and people that have done the research, and they'll say the very same thing.

(0830)

Mr. Upshall: — I find it a little ironic that you're talking about protection for the hog producers when it was you that was pushing the free trade agreement. And we've certainly seen how much help that's been to the hog industry. But we will get to that a little later.

Mr. Minister, you're talking about the gains, the advantages to other sectors. And what you're saying is, and I hear this and I'm sure I'll hear it again a hundred times about all the diversification that you think you've done in this province, but I have an article here from *The Western Producer* of August 3, says: "No (apparent) advantages in paying the producer," and I'm quoting:

Recent economic studies of the Crow benefit and the pay-the-railway versus pay-the-farmer option show little or nothing useful would be gained by switching to pay-the-farmer.

Immediate cost to the farmer would rise more than three-fold and he would get a diminishing partial recompense.

“Canadian Agricultural Policy and Prairie Agriculture,” a study by Murray Fulton, Ken Rosaasen and Andrew Schmitz, prepared for the Economic Council of Canada . . .

And they’re examining how the decisions of farmers and what the effect of the Crow benefit would be. And some of their conclusions were:

Concerning the argument about switching the method of payment of the federal subsidy to the farmer instead of directly to the railways, the authors said Canada’s trading partners would still consider the subsidy trade-distorting if the amount of transfer farmers received was dependent on the amount of production.

Also, they go on to say:

Some suggest that livestock producers would benefit from lower feed (as you were saying) from lower feed grain prices if the Crown benefit went to farmers. The Fulton, Rosaasen, Schmitz team estimates between 1975 and 1987 long-run cattle production might have been reduced by six per cent and hog production by two per cent as a result of the Crow/WGTA.

Now these people who are studying this said that there’s very little hurt, very little disadvantage to those producers, but you’re willing to give all that up from the grain farmer. And they’re also saying that it’s still going to be considered a subsidy.

Now, Mr. Minister, that portion, that part of the free trade agreement that I was talking about earlier where there’s pressure from the Americans to get rid of that subsidy, I think this is just you and the federal government falling in line, falling in line with the Americans and agreeing that that subsidy has to go. And somehow someone has got to you to make you agree, despite the fact that the majority of Saskatchewan farmers want the method of payment to be maintained but to continue to be given to the railroad. And you’re saying, oh they’re all wrong, the majority of the Saskatchewan farmers are wrong, that you know better.

Well I’m going back to what I was talking about last night about your great economic theory and your vision. I mean what you’re talking about is maybe economically sound on the part of the railroads, and I can see how it would be, because it doesn’t matter where it goes, the railroads are going to get it in the end — they’re going to get their buck. What I’m saying is that this is going to be added costs on the backs of the farmers.

The reason the railroads . . . and you said that why should we continue giving the railroads money when they squandered it in the past. Well the reason that they squandered it is because people like you and your friend Brian Mulroney in Ottawa did not make them stick to the agreement. He allowed them to depart from your agreement, and that’s why.

And now you’re saying, well that’s okay, no use paying them any more, they’re not going to listen to us anyway. But it’s because governments haven’t had the nerve, haven’t had the courage, because those people are putting money into their campaign funds, to tell them that you have to stick to the agreement or else.

And the bottom line, and I’m going to get to this. Two reasons: the free trade agreement putting pressure on and you’re knuckling under; the second reason is the federal budget trying to keep their costs down — direct transfer. Because I tell you, Mr. Premier, Mr. Minister of Agriculture, that if this method of payment is changed and given to the producers, it will be a very short time before that money is totally eliminated. It will just be a slow erosion over the period of time where that payment will be eliminated. Not to mention the fact that the money would have to be paid up front, and a rebate system in a time when the farm economy is down, and you know that. But you are not standing up to Ottawa, you are not showing leadership. You are agreeing with the United States; you are agreeing with the federal government that this added cost to farmers should go ahead. And I say again, the reason, the steps that we’ve come through from the removing . . . the subsidy on canola going west, removing the At. and east rates, slowly changing the method of payment to the farmers, eventual elimination of the payment altogether. And that is what we’re talking about here.

And you can go and talk about all you want about how much money this federal government has given to Saskatchewan because of drought and low grain prices, that’s fine. But those were *ad hoc* programs, one-time programs. This is going to be for a long, long time. It’s just the same thing as . . . the same argument we were in last night. If the transportation rates are increased by 24 per cent, very unnecessary to increase them by that much, but they were increased by that much, it’s a slow process.

Eventually you get the rate up where making the change to payment to the farmers is much easier because of course the higher their payment is now, the less the spread will be when it comes time to change the payment. And that is what the representative of the department in Ottawa was talking about when he was talking about having the political climate right, getting everything in gear, getting all the little soldiers lined up. First little soldier is the Minister of Agriculture in Saskatchewan; he’s going to do a sell job for us. The other soldiers are whoever will support them.

But the problem is, Mr. Minister, and you can stand in your place and you can give me names of groups who are going to support this thing, but I tell you between the Saskatchewan Wheat Pool and farmers in general in this province, there is no support for changing it because they can see through the scam. They have come through the

change in the Crow rate. They have come through variable rates. They have come through the new regime of setting the transportation rates. And every time, every step of the way, it's meant added costs out of the farmers' pocket.

And as I said, Mr. Minister, that cost is going to be possibly for ever, if we have a Conservative government in Ottawa for sure. And you come back and say, oh, that's fine, but Ottawa's given us so much money in drought payments, so much money in deficiency payments. This is ongoing every year coming out of the pockets of Saskatchewan farmers. That's what we're leading up to. Transportation rates increasing, every year more money out of the pockets of Saskatchewan farmers. Interest off cash advances, every year from here on, money out of the pocket of Saskatchewan farmers. The fuel tax removal from the federal budget, every year added cost to the Saskatchewan farmer. And I will get to how much that's going to add up to on a yearly basis in a little while.

But, Mr. Minister, you're saying the problem is we've got to diversify. We've got to get rid of this transportation rate so we can diversify. Saskatchewan Wheat Pool does not agree with you. The people who are studying the method of payment do not agree with you because they're saying there is no great benefit. So the reason then is that you are one of Brian Mulroney's little soldiers and you're going to go out and sell this to the people of Saskatchewan.

Well I'll tell you, Mr. Minister, I would guess and I would bet that you ain't going to be around long enough to sell it to the people of Saskatchewan unless the federal government moves very quickly. So, Mr. Minister, do you agree, do you agree that this change in the method of payment will be an added cost to Saskatchewan farmers?

Hon. Mr. Devine: — Mr. Chairman, I've said to the hon. member that the research that we've done, and certainly done by the hog board and by the cattlemen and by the feeders and by the wheat pool and by others, show that there are two key elements: the amount of money and their consistent historic share stays the same, that's the first; the second is how we spend it and how we allocate that in the province. And if you can spend it wiser, given that lump block of money, then there can be definite benefits to the people of Saskatchewan and to farmers in Saskatchewan. And you look at the processors and the manufacturers and the livestock industry, and they clearly can identify the benefits that would go to them.

So if we get the lump sum — pick a number, \$500 million a year — and we can decide as farmers and Saskatchewan people how to spend it, why shouldn't we look at how best to allocate that money. That's what the wheat pool is doing. They're doing research every day. United Grain Growers are doing it, the stockgrowers, the feeders, the hog board, and others are saying, how should we best spend that \$500 million? I think it's a fine question.

So I just say to the hon. member, there's much more possibility and many more possibilities than just giving \$500 million to the CPR. I mean, I just don't buy that is necessarily the best thing to do. And the CPR isn't in most communities now, so what are you giving it to them for?

They're not going to come back in.

And you say, well it's the government's fault that they abandon branch lines and it's the government's fault that elevator companies pulled out their elevators and they've consolidated and so forth. I'm not sure that that's real credible. We're looking at the fact that we can market and transport goods and services more efficiently, more effectively, and we're trying to add more value to it, and we're trying to take that historic amount of money and spend it the right way, the best way possible.

I'm sure you would encourage us to explore the possibilities of spending it wiser. So if we've got canola manufacturing, canola processing from the seed to the oil, if you modify the freight rates with the money that we have, maybe you could help that, maybe you could. You've got alfalfa dehy. Maybe you can encourage that industry, if you could allocate the money differently, so that their rates were competitive with other rates.

Feedlot operations, meat packing, potato salad, malt manufacturing, maybe there are many things that we could do that would help us allocate that money so in fact that we could have new opportunities here in the province that would be a net benefit, net benefit to the people of Saskatchewan, to farmers of Saskatchewan.

And I don't think we can just put our blinkers on and say, I will never look at it. Everybody's looking at it. You know that the elevator companies, the co-operatives, everybody is looking at the benefits and the costs of changing that method of payment. So if they're looking at it, I don't know why you can't look at it and say, let's just be fair here, let's just take a look. If the lump sum of money stays the same, why in the world can't we look at how we could best spend that in Saskatchewan. That's exactly what we're doing.

Mr. Upshall: — Mr. Minister, I marvel at the way you put things and the way you answer a question. But unfortunately you're not getting away with it like you used to be able to get away with it with Saskatchewan farmers because they can see through that wonderful world of Oz that you're putting forward, because it's all hot air.

Mr. Minister, you talked about benefits and costs. I mean, first of all you said well what's the point of giving \$500 million to the railroad. Well do you agree, Mr. Minister, that there is a cost involved to grain producers in this province? Do you agree with the Saskatchewan Wheat Pool who estimate that 130 grain producers could lose more than \$135 million if the system was changed to a pay the producer system? Do you agree with the Saskatchewan Wheat Pool in their findings, that \$135 million would come out of the pockets of grain farmers?

Hon. Mr. Devine: — Mr. Chairman, I have the numbers that the Saskatchewan Wheat Pool has done and they've shared them with me. I'm not going to share their research with the public. They've asked me to keep them confidential. I will say that they have looked at it carefully and there are pros and cons. The key for us is to get the total lump sum and then figure out the best way to pay it.

Now if you were guaranteed that you would receive the historic amount, you can figure out ways to balance it out so that there is fairness and even more diversification here in the province. And you can do that and the wheat pool knows that. Now they've got their research, and I've looked at it, and they've looked at it, and along with other elevator companies and university researchers that . . . You know, you can't just cherry pick. You come back and you say, well I like this piece of research, I don't like that piece of research, and I like this one. You look at all the research that the university has been doing to be fair. You look at it all.

And you say that . . . and you'll see that we can design a system. If we know we have the money allocated here, we can design it to make it a lot more effective. I'm sure that we can and the wheat pool's numbers show that.

So I'm not going to get into their numbers. I will just say that they're doing the research. I've seen it. We're looking at it together. We have the Department of Transportation doing some major analysis along with other jurisdictions, other provinces, commodity groups, agricultural groups, and I am sure that we will come up with some very good suggestions, and things that you can take out and talk to farmers right across the province about.

Mr. Upshall: — Well, Mr. Minister, I wasn't asking you to share with me the information that the Saskatchewan Wheat Pool gave to you. What I asked is: do you agree or disagree that there could be a cost as much as \$135 million to grain farmers if the method of payment were changed to the producer? A simple question.

(0845)

But what you can share with me or should share with me and the people of Saskatchewan now is: are all the studies that you have done to date showing how removal of the . . . or change in the method of Crow benefit, will benefit Saskatchewan farmers? Do you have any numbers to disprove the figure the Saskatchewan Wheat Pool put forward of \$135 million added costs to the farmers? Do you have any numbers to disprove that the Saskatchewan grain farmers could lose up to \$135 million?

Hon. Mr. Devine: — I'm not sure the hon. member understands the research that the wheat pool did. I won't get into it in a lot of detail but let me just put it this way. If you make the assumption that we maintain our share of the Crow benefit, 57 per cent, and then you can allocate it the way we would like to, then there's not the problem. If you make the assumption that the new solution is the dilution in Saskatchewan, then you've got the problem.

So what we are looking at here is making sure that we get our total amount of money and then sit down with the wheat pool and with UGG and farmers and say, what's the best way to allocate that. And that's what we're looking at. So that there's a significant difference.

So just as long as you understand what the research is all about. There's two ways to go at that. What we want to do is lock in the amount of money and then figure out how we're going to deal the cards around the table. That's going to be and should be very beneficial to people across

the province. And you can receive the benefit if you're the livestock guy or receive the benefit if you're the grain producer.

If you're deciding that you're going to take 100 to \$200 million and give it to somebody else outside the province, then you've got a problem. And that's exactly what the wheat pool's research has identified.

Mr. Upshall: — Well, Mr. Minister, what you're saying is that we'll let the horse out of the barn, shut the door, then decide what we're going to do with the horse. You've decided, and this proves my point, that proves my point that you are a salesman for Brian Mulroney, because if you were doing it logically you would have done the studies . . . do the studies and decide which way was best before you made the change in the method of payment.

But what you're doing is you're running around this province, spouting Brian Mulroney's philosophy to keep his budget deficit down, saddle the Saskatchewan farmers with added costs before you even know if there's any benefit. Now you're the one saying that there's going to be a benefit. Now you're the ones saying that there's going to be a benefit. I asked you: where is your research, where are your numbers to prove that there's going to be a benefit?

You're going about it totally backwards. If I hear you right, you're saying that you don't have any research as of yet to show that there's going to be any benefit to Saskatchewan. You've simply decided on your own, because Brian Mulroney told you to, to yes, go out and sell this change on the method of payment, make the political climate right, talk to the wheat pools, talk to the UGG, talk to everyone else involved, but this is the way it's going to be done and you're the salesman. But if you were standing in your place and representing Saskatchewan farmers, you would make that decision based on some statistics, some figures to prove that it wouldn't be an added cost.

Mr. Minister, how can you stand there and say that there should be a change in the method of payment without any research? How can you stand there and say that there's going to be a change without first having gone through all the possibilities, how this change will reflect on farmers, instead of standing there and say, we're going to change it and then we're going to decide how it's going to be, how the cards are going to be dealt around?

What type of a leader . . . And I ask you: why do you continually go on representing the federal government in Saskatchewan, being their little salesman, without doing any studies, without finding out what the hard, cold facts are? Why would you take that approach, Mr. Minister, rather than doing the study and then deciding whether the method of payment should be changed?

Hon. Mr. Devine: — Mr. Chairman, I would just say that the method of payment has not changed and we are doing research in anticipation that some day it may be changed, and we have a great deal of data and our Department of Transportation, and Agriculture, is working with a lot of groups, compiling all the various combinations of things that could possibly happen under the change and the

method of payment. So the change has not been made.

We're doing all the research, and when we finish that research, and we have researched it as published — we have presentations we make to the public — we'll certainly share them with the hon. member. And I'm sure if he asks, if he goes to the wheat pool or the UGG and others, they will give them their research, at least what they want to be available to the public, and we can all discuss it. So a lot of research is going on now in anticipation that there may be a modification in the method of payment. That's why we're doing it today.

Mr. Upshall: — Mr. Minister, it's obvious that you've made up your mind that there should be a change. That is quite obvious. You have made up your mind that there should be a change because you say, because that's the way the federal government's going and we can't do anything about it. Well if you were a leader in Saskatchewan, you would be standing up there fighting for the Saskatchewan farmers when the majority of the Saskatchewan farmers are saying that the rate should not be changed.

And you can look at the Saskatchewan Wheat Pool, as I said, taking a position: it shouldn't be changed. The three Prairie Pools: very solid in the fact the method of payment should be maintained to the railroads. "No apparent advantages in paying producer" is another headline. "Method of payment change not favoured." "Majority of Saskatchewan farmers do not want the change to be made." And it goes on and there's clipping after clipping after report in the papers telling you that farmers do not want this change.

And they don't want the change, Mr. Minister, because they know the process. And you can talk about sitting around the table and dealing out the cards and why should the CPR be getting \$500 million, and all that gobbledegook that you spew out, but the point remains that farmers can see what's happening. They can see the process that we've gone through in this province for many, many years.

That process has been, reduce the costs of the federal government, increase the costs of the Saskatchewan farmers. And as I said, it started with the removal of the transportation, the old Crow rate. It moved ahead with the variable rate structure. It moved ahead with the removal of canola transportation subsidy to the west coast. It moved ahead with the removal of the At. and east rates. And now it's moving ahead by trying to change the method of payment from the railroad to the producer.

It is obvious that it will be a commodity-specific and you yourself said it would be commodity-specific, and the Americans say anything that's not commodity-specific is okay. But this will be. So there will be more pressure. In the years to come when we're negotiating what the level playing-field is under this crazy free trade agreement, it is obvious that they are going to identify the freight rate structure.

And that is why the federal government and you are moving this way, to try to ease the change, move into it slowly so that little by little, if you erode the system and

farmers pay a little more each year, it makes the transition that much easier. But the farmers know that every time that you and Brian Mulroney move, it's taking money out of their pockets. And you can camouflage it by saying how much money is coming from the federal government to Saskatchewan farmers, one-time payments, no long-term plan as far as income stability, but this is a long-term plan. Isn't it amusing how you can have a long-term plan that will benefit Brian Mulroney and the Premier of this province, but no long-term plan to make sure the income stability of farmers is maintained.

There's a long-term plan to reduce the cost to the federal government by changing the method of payment, eventually eliminating it. There's a long-term plan by removing the cash advance system. There's a long-term plan by the federal government by reducing the fuel tax rebates. I mean, these are long-term plans. It's not on an *ad hoc* basis. But any income stability is on an *ad hoc* basis, and you say, well look what we're doing.

Well just look at what you're doing. On one hand you have instability in farm income; on the other hand you have stability, trying to create stability of the federal income. As I said last night, the farmers are becoming a turnstile, the money-changers — in one pocket, out the other; in one pocket, out the other — and that is why they are opposing these moves.

That is why a growing number of farmers in Saskatchewan do not believe what the Minister of Agriculture is saying because they know their costs are going up. They can see through this scuzzy little move that's going on here by changing the method of payment and eventually having it eliminated. They know that it's going to cost them more, just as every other move in the transportation field has cost the farmers more. And you're agreeing to it. You are part and parcel of that. And that is why they say that you cannot be trusted. What you say cannot be taken as the truth.

So, Mr. Minister, I simply would close off this section by saying, repeating two points. The free trade agreement that you so vehemently pushed is one of the main reasons behind this move to change the method of payment, harmonizing the systems, playing ball with the Americans. The other move is you have agreed that the federal government should reduce its costs to try to keep its house in order because they're not collecting . . . what, \$350 million of back taxes, because there's 60 profitable corporations in this country not paying taxes. But you are agreeing that Saskatchewan farmers should pay their way. And you made those statements, they're going to pay their way.

Well, Mr. Minister, that is not acceptable by me or the majority of Saskatchewan farmers because it is so clear . . . And that is the point I was making last night about, Mr. Minister of Agriculture, the economist, the academic — playing with the big boys.

But, Mr. Minister, I'll tell you it's pretty easy to be a farmer when you're . . . I think it was Theodore Roosevelt once said: when your ploughshare is a pencil and you're a thousand miles from the corn field. And that is about the position that you're in. You're so far removed that you do

not understand, or if you do understand, that you are being very, very hypocritical in what you say, because the added cost to Saskatchewan farmers certainly is the reason that they are not supporting the change in the method of payment. Because they know, and I will repeat my theory that after the method of payment is changed, that within a period of years, that method will be totally or almost totally eliminated. And that is why they don't want to see this change, and it's obvious that you, Mr. Minister, it's obvious that you want to see that change.

And maybe you could just once more redeem yourself by standing in your place and saying that I'm going to reflect the opinion of the majority of Saskatchewan people and tell the federal government that the Crow benefit should remain to be paid to the railroads, thereby reducing the costs to Saskatchewan farmers. Would you now do that?

Hon. Mr. Devine: — Mr. Chairman, we'll agree to disagree. I obviously believe in free trade and I believe in the General Agreement on Tariffs and Trade, in freer trade and more liberalized trade all across the world, and less cheating going on by governments in terms of the international subsidies.

Sunday I was at the Saskatchewan Agricultural Hall of Fame induction, and the keynote speaker was a former president of the Saskatchewan Wheat Pool, Mr. Ted Turner. Mr. Ted Turner said, clearly, that we have to look to the General Agreement on Tariff and Trade for more liberalized trade, for opening up. No province, he said, or no jurisdiction can hide in isolation. He made that very clear. And he's headed up our agricultural SAGITs (Sectoral Advisory Groups on International Trade) when it comes to trade negotiations internationally. Very aware of how farmers feel about access to markets and internationally; very aware of how subsidies internationally have hurt our producers.

And he laid it out very clearly, and he has the respect . . . he's now the chancellor of the University of Saskatchewan. He's been president of the Saskatchewan Wheat Pool. He has certainly been a district delegate and elected locally, and he has a great deal of expertise.

He's talking about the world opening up due to multilateral trade, and that we have to face that. I think that's only reasonable, only fair. And that has a lot to do with many things that we're facing in terms of processing, manufacturing, changing the way that we do things here so that we can accommodate the rest of the world.

Finally I would say to the hon. member that free trade is here. He can't fight it any more. It's here. It's passed on both sides of the border. And frankly when we took it to the people in a by-election; the farmers supported us and they supported us in spades. And that's why they're interested in the things that we do like the new mortgage back guarantees for farmers, nine and three-quarter interest rate, protection for the home quarter, refinancing farming programs. They're very interested in that and they know that we protected them and they would come back again, even after the free trade agreement was passed.

And you go into a riding like Assiniboia-Gravelbourg and you knock on the doors, and that riding has never been

Progressive Conservative, and it went Progressive Conservative, in the face of free trade, in the face of the things that you're talking about. And they said, I believe that you care enough to help. And that's why we've locked in 8 per cent money and cash advances and nine and three quarters. And the farmers supported it.

So I just say to the hon. member, free trade's here; it's over; it's on. The Saskatchewan Wheat Pool knows it's on; Ted Turner says that it's on; the university knows that it's on; all the research. It's here.

(0900)

Now how are we going to deal with it so we can go into the 1990s and the 21st century? There's no percentage in living in the 1920s any more. It's over. This is the 1990s and the 21st century, and everybody in Saskatchewan is facing it, and it would probably be a good idea if you just jumped on board and went into the 1990s with a big smile and saying, we can be there. We can be as good as anybody — processing and manufacturing and prospering in rural Saskatchewan if we think positively about our future and positively about the next century, and not really worrying about what happened 50 years ago. It's fine for 50 years ago, but it might not be appropriate for things that we're doing into the future.

Some Hon. Members: Hear, hear!

An Hon. Member: — All right Ned. Spring into action. Help him out here.

Mr. Shillington: — The member from Regina South, we'll see if we can do without his contribution to this. Mr. Premier, just a comment on what you just said. This is not the subject of my question, but a comment on what you just said. One of the interesting conversations I hear older farmers discussing is whether or not this period is as bad or worse or not as bad as the '30s. We're going through an extremely serious period.

While there may or may not be some merit to your pursuit of free trade, I'd suggest that you, sir, are in a very poor position to pursue free trade. That's not the role of a premier; that really is the role of the federal government, and only they can do so with any effectiveness. Your responsibility is to stand with the farmers and to see them through what is undoubtedly one of the most difficult periods since this country was settled, and I suggest that when you're getting out of subsidies and promoting free trade, you're neglecting your responsibility and trying to do the job of the Prime Minister.

I can understand you trying to do the job of the Prime Minister. He's doing such a poor job of it, we are all tempted to think we could do better. But Mr. Premier, it isn't your role. Provinces have no useful role to play in the area of international relations, and it is an international problem. I would suggest you leave unto Mulroney the things . . . Leave unto Caesar the things that are Caesar's, and worry about your own. Leave unto Mulroney those things that are his responsibilities. It is your responsibility, Mr. Premier, to stand with the farmers and to assist them through this very difficult period.

I received a very unpleasant surprise yesterday when I was told for the first time that the system for cash advances has changed. To put it mildly, this is a dreadful year to decide that the cash advances are not wise. This is just a dreadful year to do it. And I heard your anemic — and that's the only parliamentary language I could think of. I could describe it more vividly, and I think more accurately, but probably I might cross swords with the chairman if I described your response properly, so I'll leave it at anemic.

I found your response yesterday to the advance payment question anemic. What I would have hoped to have heard, Mr. Premier, was a clarion call for all legislators in Saskatchewan to stand up to Ottawa on what is an ill thought out program.

It may well be, Mr. Minister, that in Ontario things are booming and the time is now to unload subsidies to industry in southern Ontario and so on, but those made-in-Ontario policies in the area of subsidies are as ill-conceived with respect to western Canada as the interest rate solution is. So I say, Mr. Premier, that I really think Saskatchewan would be better served if you stop trying to do Mr. Mulroney's job, as tempting as it is to think we could do better, and do your own.

Mr. Premier, my question concerns not your concept of what your role is, but my question concerns the role of the lending agencies of which we are a major player with the agricultural credit corporation, and of course so is Farm Credit Corporation, a Crown corporation of the federal government.

Mr. Premier, it has been my experience, and I have no scientific data to prove this, but it's been my experience in assisting . . . and I have not been the subject, in my professional life as a lawyer, I've not been showered with a lot of patronage in my time. I don't think I've ever made a dollar by working for a government of any level, and so my experience is all on the other side of the fence, acting for the farmers.

It's been my experience, Mr. Minister, that the Farm Credit Corporation and the Agricultural Credit Corporation of Saskatchewan are the two most difficult lending institutions to deal with. They really are. I'd much rather deal with the Royal Bank, or the Bank of Commerce, and certainly any credit union, before I'd deal with those two lending institutions. I don't know what it is, whether they think this is public money and it's different than private money or something. I don't know what it is, but they are far harder to deal with.

I tell you, Mr. Minister, the wisdom completely escapes me, of foreclosing on land. Foreclosures are not common. Much more common as they simply turn the land over to a lending institution. They're out of farming. What does the lending institution do with the land? Sell it for a fraction of — probably far less than what was owing on it. It seems to me to make a lot more sense to simply write down the debt, and we really need a system of doing that.

So my question really is twofold. One, I really wish that the two levels of government, provincial and federal, were not the most aggressive in collecting their overdue

payments. And they are far more aggressive than the private institutions are; there's no question in my mind about that.

And secondly, it is unwise and detrimental to the farming industry to be taking young people out of farming, and that's a lot of whom you're foreclosing on — some are poor managers; many are good managers. It's easy to say in retrospect, they should not have paid \$500 an acre or a thousand dollars an acre. That's easy to say in retrospect, but it wasn't quite as obvious when they were buying the land back in the early '80s and late '70s. They often have the makings of good farmers, good managers, but they can't carry the debt.

What on earth is the sense of foreclosing on them, sending them off to my riding to pump gas or whatever they do, and turning the land over to even larger farmers, which is what often happens? Why not write down the debt to the point where they could carry it and let them carry on, and admit that a mistake was made?

I recognize there are some complications. I think they're solvable with respect to the private industry. There's no complications with respect to the public sphere. All you've got to do is make a decision that you want these people to continue farming.

So my question is really twofold, Mr. Minister: why are the federal and provincial levels of government so aggressive in collecting their money, far more aggressive than the private people; and why don't we have a system, Mr. Minister, of writing down this debt so that we don't lose the most productive farmers, the young people upon whom the future of the industry depends?

Hon. Mr. Devine: — I think some of this information was brought forward in public accounts, but I'll review it with the hon. member. Since 1985 the agricultural credit corporation has provided notice of intention to foreclose on 140 accounts. The majority of these are resolved by negotiation and foreclosure is not required. Actual foreclosure action from 1983 to date that have proceeded past the Farm Land Security Board review and where a statement of claim has been issued, involved 28 accounts of which 16 are currently in progress.

Now the hon. member states that government is much more difficult to deal with than the banks. Well I just point out that the government has been very lenient in bending over backwards in terms of helping people, particularly young people, to stay on the farm . . . (inaudible interjection) . . . And then he says now, well you're too lenient. Well you can't have it both ways.

If you want to be a financial institution like a major bank, then you will cherry pick more and you will pick those that have more equity and you won't help them. Now that means that you can be in a much stronger financial position. If you want to take on the role of the agricultural credit corporation, then we will go in and help people that the banks won't help.

Now if you look at the legislation that we passed second reading on here in terms of us providing refinancing of the home quarter and refinancing of other quarters, and

mortgage back guarantees. That's just to do what they're asking for, and that's because we are more co-operative and more lenient in helping people. I would say to the hon. member that much of what you see today in terms of what's happened with the Farm Credit Corporation and with banks, is where you've had a write-down and people don't have the money to farm, and we're going back in with operating money.

So if they did pay \$1,000 an acre and now it's been written down to 3 or \$400 an acre, they want to go back in and purchase it on that farm, we're going to be there. And they're asking for that. And the Farm Credit Corporation is doing all kinds of that. And you know it, so do I — people that farm beside you and your relatives and farm beside mine, people in our families.

So I mean that's happening. The banks are doing it; Farm Credit is doing it. What the young people have said to me is, can I provide them some operating money so after it's written down I can start, I get to keep the farm.

So I just make the point, the foreclosures, I mean from 1983 to date it's only been 28 — 28, which is not bad. Lots of notices to say, well we've got to deal with this; come in and talk to us. And you know the difference. But the actual, getting it . . . (inaudible) . . . was 28, and 16 are currently in progress. So it isn't over till it's over, and we work out arrangements with people all the time.

So I think that to be fair, we don't get to cherry pick as much as the banks do, and that's what they're . . . they're in the business of lending to people who are going to pay it back. We will go in and help people that the banks will ignore.

You know, you said the banks have done a pretty good job. They've been very co-operative under this difficult time, very co-operative. We've even been a little bit more co-operative so that we can help those young people get it back. And that's why they're looking forward to the mortgage backed guarantees and the nine and three-quarters per cent on the home quarter and other refinancing packages, to deal with just what you talked about. When they run into that situation and they've got to start over, where it's been written down and they want some help, we're there.

Mr. Shillington: — Mr. Minister, two observations that you made I think are not accurate. One is that there have been 140 notices and 28 foreclosure actions commenced and there's an awful difference. I don't think there's any difference at all. In the vast majority of cases where a notice is issued, the result is the same. The lending institution winds up with the land. It's just done on a voluntary basis. That's the usual disposition of it.

I said in one of the past estimates, Mr. Minister, I think before you were the minister, that the process we have for processing foreclosures really is an opiate. It's not a solution at all — it's an opiate. It eases the pain of losing the land, but in the end result they generally lose the land anyway; they just do it voluntarily. So I don't think there's a whole lot of difference between notice of foreclosures and the foreclosures. The others are just the stubborn folks who hang on a little longer. But most of the others

wind up losing some land.

The other observation you made is, at least you intimated, Mr. Minister, that those who lose the land often get it back. That is just not an accurate comment. A person who loses land has a serious problem with his or her credit rating. They generally cannot raise the money to get it back. In the vast majority of cases the land doesn't go back to the person who lost it, it goes back to another farmer.

And you talk about the district in which you and I grew up, Mr. Minister, that, I think, has been the result in most cases. There may be some exceptions, but those are the exceptional cases. In the vast majority of cases, it's the larger, more established farmer who winds up with the land, not the younger person who lost it. How, pray tell, does a person who loses land ever arrange the financing to buy it back? That's the height of folly to suggest that that is usually the case.

(0915)

Mr. Minister, there's yet another problem with the agriculture credit corporation beyond the mortgages, and that's the statements of claim, the debts. It really is a serious problem, Mr. Minister, I said at the time I felt that lending that money was a foolish step.

Mr. Minister, one of the basic problems with the agriculture industry is that it, in a sense — if you want to talk like an economist — the agriculture industry became over-capitalized. The price of land and the debt load the agriculture industry was carrying was far higher than what the price of a commodity would service.

What you did with that \$25 an acre was add a billion dollars to the debt of the farms, and that is not in the best interests of the farms. I would be the first to acknowledge that assistance was needed, but they didn't need it in the form of loans.

Mr. Minister, now you are . . . and now, of course, four or five years have passed, the wheel has turned, and you're trying to collect it back, and you're issuing statements of claim.

And that creates a serious problem for those farmers. It's very difficult to arrange financing when you have a statement of claim, when you've got a judgement against you. Bankers may get to work a little later in the day than most of the rest of us, but that doesn't mean they arrive there half asleep. They usually have the wits to check a person's credit rating and see if they've got any judgements, and if they do, they don't lend any money.

So those statements of claim that you're issuing must be by the hundreds. I don't know what the statistics are, but you must be issuing statements of claim with respect to the \$25 an acre by the hundreds. Those are creating some serious problems for farmers. They interfere; they come between the farmer and his ability to get financing.

It was a stupid, foolish program when it was brought in. It was short-sighted. I still remember, and I regret that he has walked out, the member from Weyburn describing it as

hassle-free cash.

Mr. Chairman: — Order, order. The member is not to make reference to anybody's absence or presence.

Mr. Shillington: — The chairman is of course right. The member from Weyburn described it as hassle-free cash, and so it was the first year. But it's become anything but hassle-free cash now for those who are having trouble paying it back.

Mr. Minister, it was a foolish, ill-conceived program. I think that has now come to have been proven. What you're doing is issuing statements of claim — as I say, it must be by the hundreds — and it's making it difficult for those people to finance the farming operation.

Generally what the system with respect to the farmers and the banks isn't a very complicated one. The bank lends money to the farmer on the security of a crop that's coming off. When the crop's off, the loan's paid. When there's a judgement and the banker doesn't get the crop — the person with the judgement has the first right to the crop — the banker can't lend the money.

So those statements of claim are creating some really serious problems, and I think it's foolish to be going about collecting those things the way you are. It's a shotgun approach. You're collecting them from everyone, whatever their circumstances, and with no regard to whether or not the operation's viable or anything else.

I described, Mr. Minister, your system for handling the foreclosures as an opiate, but at least there's an opiate there. There's nothing at all to stand between the farmer and your blizzard of statements of claim, suing them for that \$25 an acre.

So, Mr. Minister, I make the point as well that the foreclosures are a problem, but the statements . . . the farmers are suing for \$25 an acre is an equal problem. It is not in the best interests of the farming industry. I recognize that according to traditional practices and values, you're a lending institution, the money is owing, you've a right to collect it back. The question should not be though, do we have a right to collect it back, is it collectable, is it payable? The question should be, what is in the best interests of the farming industry?

Because whether or not we remember it, this is going to pass. Sooner or later these clouds will blow over and we then will have a farming industry left and we should be thinking now about what kind of an industry we want. For my money, we want the maximum number of people engaged in the industry and we want to encourage young people to stay. And the manner in which you've handled these loans is a discouragement to young people to stay. It's often they who have difficulty paying this back. Like any other small business, they lack capital and have difficulty accessing it. And your approach to collecting that \$25 an acre exacerbates that problem very seriously, Mr. Minister.

Hon. Mr. Devine: — Well, Mr. Chairman, I suppose the hon. member and I can agree to disagree on whether the production loan was the appropriate thing to do. It

provided over a billion dollars in cash to the farmers of Saskatchewan. Now he said . . . Mr. Chairman, they don't . . . I was quite quiet when he was telling me all about it. Maybe he could just listen as I respond.

I would say the other day we were talking about, well, Mr. Premier — and I heard the Leader of the Opposition and others say — but you've got several billions in debt. That's what they say about this government. Now the hon. member said the loan was no good to the farmers. Well if I gave them a billion dollars in cash, he'd be all over me because I have a deficit.

Now we said the responsible thing . . . and you go to the Saskatchewan Wheat Pool and you go to others that asked us for a production loan, and said look, if you make it reasonable, farmers will pay it back, and they need it now and you don't have time to cherry pick and go right through farm after farm after farm after this really difficult dry conditions.

So we provided a production loan, and I've had many, many communities and many of them come up and said, you saved our bacon with that production loan, and it's low interest, and now it's over 10 years and we can pay it back. I wish we had lots of money so you could just give them a billion dollars. That's why I've lobbied hard with the federal government. We've given them \$2 billion in cash that they don't have to pay back.

I mean, hon. member, not one of you on that side of the House will come back and acknowledge the cash that has gone to farmers in these difficult times. You don't like the loans, which is a billion dollars, and you don't like \$2 billion in cash that was allocated to these farmers under difficult times.

I will say, you know, we never saw that before. We didn't see, when they're up against it, any loans at 10 per cent or 5 per cent or 4 per cent, or cash advances when interest rates were high. I mean, you know and your family knows and people in this House know that when you run up against 22 per cent interest rates, that's what caused the start of the problem. And not a darn thing was done for them — nothing, nothing — no help, no cash advances, no loans, no anything.

That's why people feel a little edgy about your proposals, well why didn't you just give them money? Well we have given them money, \$2 billion. Why didn't you loan them some money? We have loaned them money. Why don't you lock in low interest? We have. Why don't you give them cash advances? We have.

So you can say, and I guess we'll remember the quote that this production loan program was, your words — stupid, foolish and ill-conceived. Now compared to anything that we saw you design, or any suggestions you have for extra money you could put out, I mean, you know, it's your words, you'll have to defend them.

But I know people wanted help and I know they wanted cash; that's why we lobbied hard for cash. I would just say again, we gave them a billion dollars on low interest loans, and we gave them \$2 billion in cash. Now that's maybe not perfect, but it's a lot of cash and a lot of low

interest loans, and the pay-back is over 10 years.

And we've got people who have difficulty paying it, naturally. We are as careful as we can when working out arrangements so they'll come back in and make payments, modify payments. All we ask is that they come in and talk to us about it. And almost all of them have. When you think about, I mean, Saskatchewan farmers are the most honest you'll find any place. They will come in there and pay their bills and they'll try. They're very concerned about their personal reputations.

It's pretty difficult for you to stand in your place and say that you would have done it differently. You had ample opportunity to do anything, and you did nothing on either high interest rates or loans or cash — big record. And when we came in with \$2 billion cash that doesn't have to be paid back and a billion dollars in loan, and you're critical. Because it's difficult out there. Well it is difficult. But I think the records will stand and defend themselves during, you know, the two time periods that we've gone through. Your administration went through some drought and high interest rates, and ours has gone through the same.

So it's not easy, designing these programs to be perfect. It's not easy following a rain cloud around when you're making drought payments. You know what it's like. I farm in four townships, and you've got Eyebrow and Mortlach and Caron and Marquis, right on that corner of the meridian where we used to play baseball. Now you can't get payments to follow the showers very easily. You can go in those townships and you know that it will vary sometimes, you know. I mean it's difficult for governments and bureaucracies to follow Mother Nature around and do it exactly right, and to cherry pick specifically right down.

Finally, just let me say we have designed with the federal government and with advice of farmers, a much more sophisticated crop insurance — and it's getting better and better — where in fact we will be able to insure right down to the home quarter with much more flexibility to the farmer, so that you can insure up to 100 or \$150 an acre on a regular basis, and you'll know what the premiums will be. And governments now will pay well over half of it, because we're going to split the premiums — 50 per cent by government, 50 per cent by the farmers, if we split it with the federal government, and as well we are going to pay for the administration.

So the farmer's paying less than 50 per cent, and it will be very sophisticated, including all commodity crops and forage and other things for the livestock industry. And we're going to get less ad hoc programs and less of these things that we've been through and I went through last night — we've spent \$600 million just in cash in Saskatchewan in the last few years to farmers. So it'll get more sophisticated, more long run, so both farmers and producers understand it better.

We've gone through this difficult time. It isn't over yet. But the legislation that we will pass in this session, that we all agreed to do, will help in many ways, young people hang onto the farm, and certainly allow people to pass it on to the next generation — and maybe not use banks at

all, just keep the interest right in the family. And they've asked for that. Mom and dad loan it to the kids and loan it to a neighbour or somebody else, and the interest, all that interest stays right in the family and you forget the government and you forget the banks. We just guarantee it. Well that's possible as well. And I think that your suggestions and others have been reasonable on how we can make that work, and we'll continue to stay with it.

Mr. Shillington: — Mr. Minister, you didn't mention the statements of claim which was the subject matter of the question. I don't know whether you have any comments on that or not. I didn't particularly . . . I had not thought I had invited a discourse on whether or not bureaucrats could follow Mother Nature through four townships. I hadn't thought I'd encouraged the discourse on that subject, but perhaps I did.

Mr. Minister, I just want to try to make the point again that our society . . . you say I have to live with my comments with respect to the \$25 an acre. I've learned a long time ago you can't foolproof language. There's nothing I can say that some fool can't misinterpret. The Minister of Finance proves that nicely. So I have long since ceased to be concerned about the precise language which I used.

Mr. Minister, the program — the \$25 an acre — was ill-conceived. No one would deny that a lot of assistance wasn't needed. But to add a billion dollars in debt to an industry that was already unable to service the debt, it had should have struck you as being in some ways unwise.

An Hon. Member: — And the alternative is cash, and you supply the cash.

Mr. Shillington: — Mr. Minister, well it's cash when you get it and it's a burdensome debt when you got to pay it back. There are two sides to the coin . . . (inaudible interjection) . . . Well the federal government did, you didn't.

At any rate, Mr. Minister, I wonder if you'd care to comment on the need and on the wisdom of doing something to relieve younger farmers and farmers of all ages, I guess, of debt which they cannot repay. It seems to me fundamentally foolish to be taking people off the land for debt they can't pay. What does it accomplish? The lending institution is no better off, because they can't sell the land often for what the debt is worth as well.

It really seems to me the time is long since due that we need some system for rationalizing the debt with respect to individual farmers. It seems to me that time is long overdue, Mr. Minister, and I wonder, Mr. Minister, if you have kind of comment on the need to do something and to adopt a more, what I would call, a more rational approach than the one we got.

(0930)

Hon. Mr. Devine: — Well, Mr. Chairman, with the co-operation of the opposition, we went through some agricultural legislation here a couple of weeks ago, and that's designed to help those people stay there. And it helps them refinance. It helps protect their home quarter, and it helps them set up financial arrangements with their

parents and others without even using the banks.

So that's precisely what it's designed for, so that they can stay there. They need the capacity to come to somebody and say, I had some problems, I want to restructure this, I want to refinance it. I've been through the restructuring, now I want another crack at it. Would you be there? And that's what it is for. So it's going to pick up the slack on a lot of people, and that's precisely what it's for.

For those that have worked out an arrangement and are paying their bills, they haven't lost their land. For those that have gone through it and said, look you got to start over again or here's a new price or you've cut yourself a deal with farm credit or the banks or others, we're going to be there. So those that aren't in that situation are paying their bills. Those that have gone through that situation, need our help, and that's why we've designed it.

So granted it's not through yet, but when the legislation is through here, you will have two new vehicles that will be very powerful. I submit, very powerful in helping those young people do exactly what you're asking for — stay on that land, have it refinanced and have another start on it, and particularly with their home and the home quarter — but it's not limited to the home quarter. You can involve other quarters of land. Sometimes all of it; sometimes maybe not all of it. They might not get to . . . I mean, and they went out and speculated and they might have bought six or seven quarters or too much. Maybe they won't get to keep it all, but they'll keep a good part of it. In fact, if it seems to be reasonable management, they'll keep it all. But it's designed to help those young people stay right with it.

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, one of the things that I found amusing about the production loan program, and it was amusing in hindsight I guess, but the stark reality was that a lot of people had expectations before the election of 1986, and the word that your party put out was that we'll never have to repay this thing. And that was the general comment made by many, many farmers as I canvassed around the area — well we'll never have to pay this thing back, you know, he's going to forgive it because he . . . well the word is out that at least the first payment won't have to be repaid. But as they found out later, that they certainly do have to repay it.

And a much wiser way of going about that, Mr. Minister, as my colleague has indicated, what you did first of all was a political move. There's no doubt that there was a need to accent the cash flow in the rural community, but you made a political move because you knew that if you pumped a bunch of money out in to rural Saskatchewan, that farmers would react to that. And it's pretty tough for a farmer sitting on the farm, when he gets a cheque and has to make a decision of how he's going to vote, and times are tough. I know that's a big decision for him.

And I grant you that and I understand where the farmers came from. But now they're finding out the reality of how you operate and how you, when you say you're going to reduce their debt, to restructure their debt, you simply are postponing it, and in this case you add a debt.

A much wiser way of doing that, and by no means the best method that I could suggest, but a much wiser way would have been to take that amount of money and reduce the debt that they had already carried by . . .

An Hon. Member: — How?

Mr. Upshall: — Okay, not perfect. The minister asks how. Not a perfect method, but one method would have been to work on the interest rate on their current debt. Instead of loading them up with another billion dollars of debt, you could work on reducing the interest rate. And I don't altogether agree with interest rate subsidy because well all know who benefits from that, and that is the banking institutions.

So, Mr. Minister, you could have used a far less amount of money and subsidized the interest rate to farmers on their current debt, thereby enabling freeing up capital for them to . . . you said it was a production loan for input costs, but that would have freed up capital for them to put their crops in and operate. But you chose not to do that. You chose to spend more taxpayers' money to try to buy yourself another election, and it worked. I give you that; it worked very well for you.

But the problem now comes from many, many farmers. If I had a dollar — and I've said this before — if I had a dollar for every time I was told by a farmer that he wished he had never taken your production loan, I'd be well on my way to paying my own back. Because that is what has come about.

As my colleague said, the wheel has turned and it comes time to pay it back and farmers realize now that that was not in the long term any help to them. And they realize than at interest rate reduction program, or if you want . . . you ask me how I would do it. I will tell you that debt restructuring is a key in this province. The \$6 billion debt and debt restructuring is a key.

And you claim that your new legislation is going to be a part of the debt restructuring program. Mr. Minister, we forced you about — what? — four or five weeks ago. We challenged you to bring forward the agricultural legislation even though you were headlong into privatization, and forced you into bringing the ag Bills forward.

And we co-operated. Because we said all the time the agenda should be agriculture first. Agriculture should have been the Bills. And the minister shakes his head. Well I know, I know that you believe privatization should have been first. And that is your prerogative and that is what you did. The first bill was privatization, and the first 24 of them were privatization.

But it wasn't till much later in the session that you brought forward your Bills. You tabled your Bills, and then you forgot about them again. And until we pressured you and cornered you and challenged you to bring forward agriculture legislations in question period, you weren't bringing them forward. And that was, I believe, four or five weeks ago.

Now, Mr. Minister, let's just talk a bit about the Bills that

you brought forward. You're saying it's going to be a debt restructuring program. Mr. Minister, can you tell me and can you table in this House the regulations for those agriculture Bills that we passed? Because much of the content of the bill was in regulations. Can you explain to me and table the regulations that have come out of those Bills so that the people of Saskatchewan know what the programs are?

Hon. Mr. Devine: — Mr. Chairman, the regulations I believe will be going to cabinet next week, and the hon. member suggested that we could have come up with some money to do it differently by paying the farmers' interest. Well if you took on a \$6 billion debt and you were going to pay their interest at, say, 12 per cent, that's \$720 million a year cash. Now if that's what he's talking about, I just go back to what I said to the hon. member. You say that we shouldn't have a deficit so you want me to pay it in cash, and if I loan it out, it doesn't satisfy you, so I said we've done both.

And I'll tell you, a lot of farmers, and I think people on the other side of the House — I won't go through the ridings, but you know them as well as I do — have got an awful lot of the production loan and have replaced former debt with low interest loans from the production loan, maybe as much as 50, \$60,000 worth. So they have used it. So the NDP have used it; NDP MLAs have used it.

And what they've done is that they replaced the debt, as all the farmers did, a lot of them. They said if I got a high interest rate at the bank, I'm going to pay that off and I'll use this low interest loan, and they did it. And all of them used it to refinance. Now that's what it was for. It was a production loan to help them produce. So it was used for precisely what you talked about. It should be there to replace debt and it was a lower debt, and it helped an awful lot of people, a lot of farmers.

So, you know, I mean, I don't want to be argumentative, but you brought it up. You said, well gee, you were here and we voted on agriculture. Let me say at the outset, if you'd had the courage to stand in here and vote on everything that was put forward on the Speech from the Throne on the budget, we'd have been finished. We were here for five months, and you didn't have the courage to vote. You left. So that's why we're here.

So we've come back . . . You talk about this place, obviously. If you want to sit in here and debate, and like every other jurisdiction in British parliamentary systems, you debate and then you vote and you get on with it. It'll work. We've just seen it work in potash, and we'll see it work in other pieces of legislation if you have the respect for this legislature that says you will be here and you will debate it properly and you will vote. Because once you vote, then you can pass the Bills like we did in agriculture. All we ask is that you stand here and vote. And when you do that, then the place moves along. When you don't do that, then it goes on for months.

Again, I come back to that. If you wanted cash, then say so. Why don't you just stand up in your place and say you should've given them a billion dollars in cash. If that's the case, fine. Then at least it's some justification. You'd say, well I don't like your deficit, but I know that you put

money into it.

I will say already we put 600 million in cash, we put a billion dollars out in loans, and we've put \$2 billion out in co-operation with the federal government in cash. That's a lot of money, great deal of money. You don't like the way it was done — fair enough. I mean, you don't often give us bouquets. But it's a lot of money and it was used for refinancing. And the cash that was spent, that cash that came from the federal and provincial governments, wrote down debt, it paid off debt.

You get 10 or 15 or \$20,000 in cash and don't have to pay it back. That's quite an interest rate subsidy if you want to look at it that way. You can use it for whatever you like. You never, ever seem to acknowledge — I don't know why you can't acknowledge the fact — that we have worked hard to put \$2 billion in cash in people's pockets as well as loaning them low interest money.

About all you can come up with now is that you would have done it a little bit different. I come back to the minister, the former minister that was here, past minister — when he had a chance, they didn't do it. The NDP failed. You didn't help them in interest rates; you didn't give them production loans; you didn't give them cash; you didn't give them \$2 billion; you didn't give them any of that. So they remember that.

You know, so yes, you bought their land. Land bank was the big deal. You know, come out and take it for the government and so forth. So I know, it's difficult to do it properly so that it'll be perfect or near perfect for every farmer when they're in difficult times. And you go through it. If you help somebody write down debt and somebody else that's paying his bills says, well what are you doing this for? I mean, here I'm trying and you're not really, you know, recognizing my efforts.

So it's not easy, but collectively we'll work together with municipalities, provincial governments, federal government, and others, to provide as much cash and as much new legislation and back-up as possible to help these young farmers, particularly, stay on the farm and senior farmers — moms, dad — to retire and pass it on to the next generation.

Mr. Upshall: — I find it quite amusing, Mr. Minister, when you talk about this side of the House not standing and voting and not debating on one hand, and then when we debate the potash legislation, then you cut off debate. I mean, you can't have it both ways, and that argument just simply doesn't hold water.

Anyway, Mr. Minister, can you explain to me why we sat in this House for about two and a half months before you brought forward your agriculture legislation in light of the fact there was a severe drought last year, in light of the fact that farm debt is resulting in stress and eventual foreclosure action, and eventually for foreclosures of farms.

Can you tell the people of Saskatchewan why you sat in this House for about two and half months before you brought forward your farm legislation?

Hon. Mr. Devine: — Well, Mr. Chairman, we've been through that. The opposition NDP walked out of the legislature and stayed out and said if everything wasn't done their way they weren't coming back. And then you threatened blackmail every time you came in here. I mean, we don't really want to get into this, but look, it didn't help the atmosphere in here at all when you left and stayed out. Okay, fair enough. And you said that you would throw sand in the eyes of government, make the place ungovernable, you know, and on and on.

So we've had more co-operative sessions in the past. I hope that it's settled down so we can co-operate and look at agriculture legislation and the rest of this stuff.

There are many things that I would like to see done in agriculture. One of them is to have lower electrical rates in rural communities and lower gas rates. And that's the whole reason for the energy Bill. And it can provide much lower electrical rates for rinks; it can provide lower gas rates, all regulated by government. Farmers now have natural gas on their farms. We can do an awful lot with that. But you refused to vote on it and you went on strike and left. So that just didn't help the atmosphere in here.

If I at any time thought that you were prepared . . . as I called the Leader of the Opposition when he was raising it, I said if you stand in your place and vote today we'll pass it today. And he did. He said no to start with and then I went right back to him and I said, you stand here and vote and we'll get it done. Well he sort of was boxed in and he had to. So he stood in his place and they voted. The NDP voted because he brought it up and he had no place to go, and he'd run one too many times. And the same applies . . . you can only do that radical stuff so often and then the encore gets more and more difficult. So I challenged him to vote, and he stood in this House and voted, and we passed the agricultural legislation. So that's all I say to the hon. member.

If I'd have had any inkling of co-operation from the other side that say, I will debate potash, I will debate energy, I will debate agriculture, and I will stand in my place and I will vote — it's easy, it's easy — but I didn't get that kind of co-operation this session. I got some of the other stuff that went. So you ask why it was that way, I mean, I think you just have to look in your own backyard, frankly.

(0945)

Mr. Upshall: — Well, Mr. Minister, you set the agenda of this House. You set the agenda from the beginning of when this legislature starts sitting right through. And you say we walked out. Well I'll tell you, Mr. Minister, about 65 per cent of the people in Saskatchewan agreed with what we did because we gave them the opportunity, we gave them the opportunity to voice their opinion.

But leave that aside, and I'll just say to you one more thing, Mr. Minister, about your little comment about who forced who into bringing forward agriculture Bills. What you said was totally untrue; in fact, the reverse was true. But leave that aside. I mean, you can stand up in this legislature, if anybody's listening, you can have the hope that 50 per cent of the people will believe you. So it works that way.

Mr. Minister, I will ask you again. We came through a drought last year that was the most severe drought and possibly the most severe drought in the history of this province. We have a \$6 billion agricultural debt in Saskatchewan. You are the one who says that you are going to fix things for the farmers, and you have your litany of programs and your *ad hoc* assistance programs. And last night you were talking about your *ad hoc* assistance programs, but you are the one who sets the agenda.

Mr. Minister, why — I ask you again — why did you sit in this House and have privatization as Bill No. 1 of this session in a year where we've come through drought, in a year where the debt load is building on farmers, and many of them unable to get out from under that debt? Why did you come into this House with Bill No. 1 as privatization? Why wasn't Bill No. 1 the . . . any one of your farm Bills that you brought forward instead of privatization? Can you tell me that?

Hon. Mr. Devine: — Mr. Chairman, I don't believe that the public of Saskatchewan would buy the argument that the order in which you bring in Bills to this legislature is going to be really significant to the opposition, and they're going to have a fit over it one way or another because they wanted one Bill ahead of the other. And if they don't get their way, they're going to walk out of the House, and they're going to pout because one Bill should have been here and one Bill there.

I mean I obviously believe in the Speech from the Throne and I believe in the budget, and I believe that it would be very, very appropriate, Mr. Chairman, if in fact we could cut electrical rates in community hockey rinks around the province in half. You take a community like Willow Bunch — it cost them \$30,000 a year on the demand meter for electrical rates. I believe that we can cut that down to 15,000; we can cut it in half.

And that's why we introduced legislation here to allow that benefit to be passed on to farmers and to rural communities. Now so you don't think it's important? It's very important. It's hundreds of millions of dollars, if we could cut the costs.

So we put together, as every duly elected government must and should, a budget and a Speech from the Throne. And we laid it out to the people, and you saw it, and you went through it, and when we table the legislation, out you go. Well nobody's going to buy the argument that it has to be in a particular order just to suit the opposition. I have the responsibility for putting the legislation together and the Speech from the Throne. And I do that. I've done it in '82, '3, '4, '5, '6, '7, '8, and '9. And this year, under your new leader, you walk out — as if I did anything any different than before.

I've been privatizing since '82. We've had Saskoil shares, Weyerhaeuser, WESTBRIDGE, coal-mines, all kinds of things — nothing new, same thing. And all of a sudden, I don't know who it is over there, but some of the more radicals get hold of it and away she goes. The member from Regina Centre points to the other guy sitting beside him. But we all know.

I'll just say, Mr. Chairman, it's been just a little bit less co-operative this session. I think it's getting better and I hope it gets better, so that we can proceed and pass some very good legislation that we'd all like to see passed.

Mr. Upshall: — Mr. Minister, you talk about the walk-out. And one of the reasons, let me remind you of one of the reasons we walked out is because you said before, when you were in your privatization mode, that you weren't going to privatize SaskPower utility.

An Hon. Member: — I said I'd regulate them.

Mr. Upshall: — You said you wouldn't privatize them. Your Deputy Premier said, when asked about when he split SaskPower and SaskEnergy, if he was lining it up to be privatized, he said no. And therefore, you and your Deputy Premier did not tell the truth, so we had an obligation and the people responded positively.

So just because you got whipped on SaskEnergy, SaskPower, don't come into this House and whine and snivel about us walking out. And that's what you're doing. You're whining and whimpering about us walking out of this House.

The point is, and you can use any excuse you want, Mr. Minister, you can use any excuse you want, and you can talk about whether or not one Bill should be ahead of another Bill or not, all I'm saying is that you're the Minister of Agriculture, you set the agenda in this House. You're the one who's continually saying that you're going to do something to help farmers, and all the while farm debt is going up and we're losing a number of farmers.

If, Mr. Minister, you were concerned, and if you had the priority of agriculture in your mind, my comment is that you would have had the agricultural Bills come up in the very first part of this session. You chose not to. You chose to put forward your privatization mania before agriculture. And I think that there will be a day of reckoning, because you can't say that you're going to put agriculture front and centre in this province, and at the same time ignore it for five months — and I will get to that in a minute — ignore it for five months and have people believe you.

The question I asked you before is: why, if you're concerned about agriculture, did you not set the agenda in this House to have the agricultural issues dealt with first and foremost? And then, because there's a crisis — I mean, there's good rationale to have agriculture because there's a crisis — and then move on to your privatization mania if you so wished. I might add with the opposition of about 70 per cent of the people in this province — seven out of 10 are saying no to that. But why did you not put agriculture at the first of your agenda before your privatization? Just give me the reasoning and rationale of why you set your agenda in that manner.

Hon. Mr. Devine: — Mr. Chairman, I've already said to the hon. member that we have ordered the legislation as it comes into this House for the last seven years, and sometimes we have health care first, sometimes we have agriculture first, sometimes the potash corporation,

sometimes it's something else. The average person in Saskatchewan wouldn't much mind the order in which the opposition is allowed to debate the Bills, as if that has some particular significance in terms of when they should ask their questions.

I think it was three or four months into the session before they asked the question about farm foreclosures and so forth. I mean, it absolutely missed them. They didn't . . .

An Hon. Member: — You're lying again.

Mr. Chairman: — Order, order. I'd ask the member for Humboldt to . . . Order. I'd ask the member to rise and apologize to the House for those comments.

An Hon. Member: — What comments?

Mr. Chairman: — The member from Humboldt said the Premier was lying. I heard him. Order. Those comments cannot be used from your seat when you're speaking or when you're sitting from your seat. So I'd ask the member to rise and apologize.

Mr. Upshall: — Mr. Chairman, I did say the Premier lied, and I apologize for saying that and I know I shouldn't say that in this House. But I'll tell you, it is after so much time, I can't take it.

Mr. Chairman, I will repeat my question.

Mr. Chairman: — Order, order. I want an unequivocal apology from the member of Humboldt with no statements afterwards.

Mr. Upshall: — It is unequivocal, Mr. Chairman. Thank you.

Mr. Premier, Mr. Minister of Agriculture I'm going to ask you again. We co-operated by moving four agricultural Bills through in one day. We forced you into bringing them forward by challenging you in front of the press gallery in question period. And you were in a corner, so you had to respond, and we co-operated fully. I can assure you that that co-operation would have been the same at the beginning of the session.

Mr. Minister, you set the agenda. I want an explanation as to why, when you set that agenda, when you had your discussions in cabinet deciding what was going to be the priority this session, why after we came through a severe, severe drought that debt load of farmers being at \$6 billion in Saskatchewan, why would you choose not to bring forward your agricultural legislation if it's as good as you say it's going to be and going to help farmers so much? Why did you wait until three-quarters of the way through the session?

And I'll tell you, Mr. Minister, you still don't have the regulations in those Bills. And it's five months from the time this session started. You say the regulations are going to go to cabinet next. We passed the Bills four or five weeks ago. I mean, don't stand in your place and tell me you have a commitment to agriculture restructuring debt in this province.

And you can stand up and tell us again and again how much money your *ad hoc* programs have had, but we know that the farmers are in dire straits right now. You set the agenda. Explain to me, Mr. Minister, why you set your agenda in the manner that you did by placing privatization ahead of agriculture; and number two, why five months after this session started, you still don't have the regulations in place to put forward your programs? Can you answer those questions please.

Hon. Mr. Devine: — Mr. Chairman, let me say to the hon. member that we asked and received the assurance of the Leader of the Opposition that he and his party would vote in dealing with the agricultural Bills. And when we received that assurance, we voted and we passed it. And, Mr. Chairman, that's all any government can do is ask the opposition for their co-operation so that in fact we can carry on the normal legislation. We did that. We had a program laid out at the beginning of the session where we would look at Bills in agriculture and health care and on through our estimates, and it was all laid out, as we normally do. And we just asked the opposition to debate and to vote and we'll go down through the list, and it's relatively quick. It's 60, 70 days; we're usually finished.

This year it was different. No, it's a little bit different. There wasn't as much co-operation, and I think it's reflected, you know, pretty obviously. Here we are on live television, and the attitude of the member from Humboldt is quite clear and it speaks for itself — he speaks for himself.

So if it's not a co-operative atmosphere then it's that much more difficult. I hope that it can stay co-operative and we can get on with passing of the legislation. People have been in here for a fair amount of time and I know they get a little sore, edgy, and it gets a little frayed. But we will try to move on as quickly and as calmly as we can so that we can pass the legislation, so that we can have the regulations. And I said the regulations will be going to cabinet in the next session of cabinet so that we can have them here and provide it to the public as quickly as possible.

Mr. Upshall: — Mr. Minister, who sets the agenda in this House?

(1000)

Hon. Mr. Devine: — Well I don't know whether the hon. member wants to wrestle over this or what's his point. I've just said several times that the budget and the Speech from the Throne is put together by me and my staff, and we introduce it in the House and then we go down through it and we debate it. And that's what we've always done; that's what previous governments have done. We debate it, and sometimes the debates are longer than others, and then they're voted on and then they're passed. And that's all any administration can do, and that's what we have done.

Mr. Upshall: — Mr. Minister, the point of this whole matter is, and you're refusing to answer the question, but we all know that you set the agenda. And the point of this whole discussion is your hypocrisy. The point is your hypocritical stand by saying that you have legislation that

will restructure the debt for the farmers in this province, that you set the agenda, and you could have made that agenda so agriculture was first. You chose not to. You chose not to. You chose to push forward with your privatization. Against the wishes of the majority of the people of this province, you pushed headlong into it.

Mr. Minister, you can't stand in your place and tell me that today, five months after the session began, you still don't have the regulations for your agricultural Bills in place. You can't stand there and say that you're the man that's doing the job because you have the power of setting the agenda.

Mr. Minister, I asked you one question: could you have brought forward your agricultural legislation at the beginning of this session before your privatization Bills? Could you have brought forward agriculture before privatization?

Hon. Mr. Devine: — Mr. Chairman, the hon. members are aware of the fact that we passed agriculture legislation in a very short period of time here when the House was prepared to co-operate. And I put together the Speech from the Throne that had agriculture, health, potash, and other things in it, and we laid that agenda before them. If there's co-operation, we've passed everything in 60 or 70 days; when there's not co-operation, it can take literally months. And this session is into a period where in fact there hasn't been much co-operation; I hope it gets better.

The House Leader said that it should get better, so we are going to proceed the best we can and try not to raise the temperature. Now it gets a little difficult when you're called names, but I mean we'll discipline ourselves.

Mr. Upshall: — Mr. Minister, if you were so sure that your farm legislation was going to help farmers, you would have brought it in at the beginning of this session. I'll get into the fact that you've cut the agriculture budget; I'll get into the fact that you have relatively little money set aside to fund your programs.

Mr. Minister, if you were so sure that your programs would work, you would have brought them immediately to help farmers who came through a crisis year, help farmers who were suffering stress out in the country, family hardships caused by high debt loads. You chose not to. Your hypocrisy speaks much louder than the words that come out of your mouth, Mr. Minister. And that is why Saskatchewan farmers are continually saying to me that we can no longer believe the Minister of Agriculture, because you are not going to bring forward legislation through your regulations that will solve or restructure the debt load in this province.

I predict that you will not do that because, as I said yesterday, you have your economic agenda set. You have your vision of this province, and it's the Tory stamp on Saskatchewan, the Tory stamp that is to sell and tax . . . sell off and tax the people of this province, have \$389 million of interest payments a year.

So I therefore say, Mr. Minister, that you cannot get away with saying that we held up anything or we didn't co-operate. It was you who set the agenda. It's your

program that is insufficient, and you betrayed the farmers of Saskatchewan by putting forward a position that you were going to somehow help them.

Mr. Romanow: — Mr. Chairman, I wish to explore with the minister the question of free trade and agriculture, and the impacts of free trade upon agriculture as we see it in the short time that free trade has been officially implemented or is being implemented.

There are a couple of areas that I wish to explore with the minister: the question of marketing boards and in particular the Canadian Wheat Board. And as the minister might expect, I'm going to get into the question of oats and his government's role in that regard. And the other issue which is the impact of free trade with respect to one specific aspect, namely pork production and sales of pork into the United States.

Let me just go back over those, Mr. Chairman, and begin with the question of marketing boards, and in particular the Canadian Wheat Board as it's being affected, as I see it, by the United States-Canada free trade deal.

What I wish to say, Mr. Chairman, is this: that at the core of this debate critics argued that the free trade deal could not at the same time protect the supply-management system, orderly marketing system on the one hand, and on the other hand, at the same time, gain access for Canadian food processors to competitively priced goods, at least not in the long haul, medium to long haul.

That was the essential argument and fear of the critics with respect to agriculture, marketing boards, supply-management systems, with this U.S.-Canada free trade deal. And I would argue to the minister opposite that the de Grandpré report commissioned by the federal government to examine this area, called, the report's called *Adjusting to Win* recognized this fundamental dilemma, and recognized it to the extent that it proposed solutions certainly in the area of helping food processors cope with the U.S.-Canada free trade deal.

The de Grandpré report includes, among other things, a reduction in prices charged by marketing boards or an agreement that processors will have access to raw product from cheaper American sources. That's set out in the de Grandpré report.

Either way, by either one of those solutions, a reduction in the prices charged by marketing boards or an agreement of access to raw product, cheaper product, from cheaper American sources, either way, Mr. Chairman, marketing boards handling poultry, eggs, milk, grain, vegetables, could be affected. They could take lower prices for products sold for further processing or they would lose more of the fast-growing domestic processing market to imports.

Now on pages 123 and 124 of the de Grandpré report, that report says there that the Canadian Wheat Board should sell wheat to millers at U.S. prices which, as the minister obviously knows, are very often below those of Canadian wheat prices, and that buyers should be able to get wheat from the board at U.S. commodity future prices. That's what de Grandpré suggests, amongst other

solutions.

To overcome this fundamental dilemma which the critics of the free trade agreement identified at the time and are still concerned about as we enter the next critical phase of the free trade deal, how do you protect the supply-management orderly marketing system while at the same time gaining access for Canadian food processors to competitively priced goods?

Some members in the United States involved in this issue argue and very clearly argue, there's no place for managed markets in a free trade scenario. Clearly the United States market is a wide open free enterprise system, and now with the Canada-U.S. free trade deal in principle, the Canadian government has joined that system. And the question of supply management and orderly marketing is in effect in conflict.

Moreover, those who market through boards might find it useful to keep these discussions in mind, particularly when they consider the way that the recent order in council with respect to the removal of oats from the wheat board was enacted. Now that's the fundamental situation and the fundamental conflict.

And before I ask a question on this specific aspect, to underline the point that I wish to make, I want to refer the members of the committee to an editorial in the Saskatoon *Star-Phoenix*, dated April 7, 1989, commenting upon the de Grandpré report. The editorial which I have a copy of in my hands says, "Report cause for concern," is the headline. And I'm going to read three paragraphs of the report of this editorial because it summarizes, I think, better than I have done and can do, exactly the fundamental dilemma which is now facing the Canadian farmers who support the principle of orderly marketing and supply management.

The editorial says as follows:

Those who feared the free-trade agreement would have a negative impact on agricultural marketing boards and the farmers they serve have been given new cause for alarm (the editorial says).

The proposed solution (this refers to the de Grandpré report) would force Canadian farmers to sell their produce to these processors at prices competitive with those which U.S. manufacturers have to pay (if not an even more depressed commodity futures prices).

While this interference of the Canadian Wheat Board and other farm marketing boards might save processing jobs and please consumers in search of cheap food, it would be achieved on the backs of farmers and do violence to the system of orderly marketing which has given at least some farm sectors an element of stability and a chance to cover production costs.

I repeat that:

. . . it would be achieved on the backs of farmers and do violence to the system of orderly marketing . . .

I continue with the editorial.

Critics of the free-trade deal often forecast that just such pressure for dismantling of marketing boards would arise. It is doubtful, however, that even they expected it to come from a committee (referring to the de Grandpré committee) charged with the mitigating of the negative effects of the agreement (the United States-Canada free trade deal).

And that's exactly the situation, the conflict between the protection of supply management and orderly marketing principles, and on the one hand the promise which we were given by the promoters of the free trade deal, of which the Premier was one, the promise that this would open up a new nirvana, a new area of selling our product to the United States, that all of a sudden there would be this great flowering and this great impact on the Canadian agricultural scene. In fact what seems to be the case is an adjustment down, if I may put it that way, of the Canadian producer, the Canadian farmers, an adjustment down the United States norms and the United States standards.

I guess from that, Mr. Chairman, before I conclude this first portion of my comments with respect to the free trade deal, arises the logical discussion, in my mind in any event, about the next step which took place chronologically, and that is the privatization of the export of oats from the Canadian Wheat Board. Because I think it is precisely that dilemma of how the free trade agreement cannot protect both orderly marketing and supply management, and how de Grandpré addressed that, that the question of the wheat board and the oats can be viewed and should be viewed.

I think the process of the privatization of the export of Canadian oats is an interesting and a fascinating one, as documented by the journalists. We see now, by access of the documentation made available to the journalists in Ottawa, that the multinational grain companies, Cargill Ltd. and Elders Grain in particular, but not only them, coupled with the Alberta government, actively lobbied the federal government for 18 months to remove oats marketing from the Canadian Wheat Board and put it in the hands of the private sector.

And in effect, as the journalists also note, the Canadian Wheat Board was notified of this decision to do precisely that just two days before the general public was notified. So the Canadian Wheat Board had no major impact in this decision. And as is also well documented, the advisory committee to the Canadian Wheat Board was caught completely off guard, the cabinet taking the view, the federal cabinet taking the view this had nothing to do with presumably the advisory committee, and also presumably, nothing to do with the question of the Canadian Wheat Board itself.

Now the defenders of this . . . and I might say that one of the headlines in the *Star-Phoenix*, I think, tells it all — "Grain firm's lobbying pays off" — a story by Dan Zekreski relating this, and if a lot of farmers haven't read it, it makes for interesting reading.

Mr. Stevenson of the Saskatchewan Wheat Pool opposes this, a number of organizations oppose it, the New Democratic Party of course argued against it in this legislature with respect to question period. And I think that the opinion polls conducted by a firm that the Premier will be very familiar with, Decima poll, on behalf of the Prairie Pools, indicates that in Saskatchewan, 71 per cent of those polled objected to the removal of oats from the Canadian Wheat Board without any consultation, without any approval, and apparently with the complicit knowledge and/or approval of the minister and the government in Regina at hand.

(1015)

And so we have, Mr. Chairman, the Canadian Wheat Board now under attack. The government opposite would defend the oats decision, as it has, to the Acting Minister of Agriculture. It defends it in a variety of ways, but essentially the argument says, well you know, it's only 1 per cent of the wheat board jurisdiction. Oats marketing isn't all that big. There's a great big flourishing demand for our product in the United States, all the way from consumer products to horse-racing products and any kind of imaginable potential product that can be stated. The minister defends it on that basis. And he says, in any event, just a small amount of the wheat board's jurisdiction, about 1 per cent.

That may be so, Mr. Chairman, that it's only 1 per cent, but as a number of farmers have said to me — not using this example in every instance — but as one farmer told me during the course of a visit that I had several weeks ago out in rural Saskatchewan, he said, you know Roy, it may be just a little hole in the bucket, the removal of oats from the Canadian Wheat Board, but what good is the bucket if that takes place in the way that it takes place.

And I think if you stop to think about that little parable, if I may describe it that way, that little analogy, it tells more powerfully in words what the impact of the removal of oats from the Canadian Wheat Board potentially has than any words that a politician like myself may advocate. It's just a small little hole in the old bucket. But then I think the question we have to ask is, what good is the bucket as the result of this particular policy and this particular direction?

Now the minister knows that the Canadian and United States government people are negotiating free trade on an ongoing basis. The next five years in some ways is even going to be more critical, the next five years, than the initial debate culminating in the federal election results on the principle of free trade.

Because the next five years there'll be two major issues defined and determined between the Canadian and United States negotiators. One is, what is meant by "an unfair trading practice?" It is no secret that Clayton Yeutter who, when he was the chief negotiator by the Americans, argued that the Canadian Wheat Board was an unfair trading practice. He still believes it. He's now the Minister of Agriculture for the United States of America. There's no doubt about it that that is their attitude.

The other issue is the question of subsidies. Of course the negotiators at the time of the initial free trade deal were not able to define subsidies or unfair trading practices, and all of this now is up in the air and available for subsequent delineation by the respective government negotiators.

My concern is — and I'm going to now preface my comment and my concern with a specific question to the minister — my concern is essentially twofold. Either this government does not share the concern of the various editorialists, the farm journalists, the non-farm journalists, about the impact of the protection of Canadian orderly marketing supply management schemes with the stated other objectives of the Canadian Wheat Board, the inability to manage those two; they either don't share that analysis and therefore that explains their silence; or in the alternative, they share that analysis but they have not come forward with a strategy which indicates what in this next critical five-year period their approach will be with respect to the issue of protection of the Canadian Wheat Board and supply management systems.

I don't know what the government provincially has done by way of brief, by way of argument, by way of representation to the federal government on these ongoing negotiations to secure the operation of the Canadian Wheat Board the way it's been, in fact, to strengthen the Canadian Wheat Board. I think that system of negotiating the question of subsidies and unfair trading practices is abominable. It is conducted in secret. It is conducted without public consultation. As a consequence, the premiers are viewed as members of the Hallelujah Chorus.

After the negotiations are completed, the documents and the materials sometimes tend to be presented as a *fait accompli*, and this being the wheat province of Canada, producing 60 per cent of the grain for export, to have those kinds of fundamental decisions permanently locking us and our farmers into a scheme which clearly they oppose, to having our provincial government either silent or unable and/or unwilling, all three of those options, to stand up and to fight for the Canadian Wheat Board, is surely a frightening prospect for rural Saskatchewan.

A question therefore to the minister with respect to the estimates is a simple and a complicated one. Will the minister tell the House specifically who is involved in representing Saskatchewan's interests in these future negotiations with respect to the specific matter of the U.S.-Canada free trade deal as it relates to the board and supply management programs in order to maintain the integrity of those programs. What documentation, if any, has been prepared and submitted by the provincial government to the Ottawa people to explain to them the importance of these issues to us? And would the Minister table those documentations?

And finally, why is it that his government always takes the position that if oats is privatized, for example, there's a brighter side to this development; always takes the, what I would describe, the apologetic point of view while the chipping away, the chipping away, the erosion which is

beginning — and one can only foresee what might happen if we allow this continued acquiescence to proceed to its fulfilment — the chipping away and the erosion continues. Why their silence, why their acquiescence? Why not a stand up and fight for Saskatchewan position?

Hon. Mr. Devine: — Mr. Chairman, the hon. member probably would like to know that with respect to supply management and free trade, that countries can certainly operate quite freely in a free trade agreement, supply management systems. The United States supply manages milk and we supply manage milk and the only time you get into any difficulty is when you start trading something that you're suppose to be controlling. And that's where you get into some of the difficulty.

The second point I'd make to the hon. member is that only 3 per cent of our agricultural produce in Saskatchewan is under supply management, 97 per cent is not. So if he's unduly worried about supply management and free trade, he must be unduly worried about Quebec or Ontario because it certainly wouldn't be Saskatchewan, because the most of our commodities, 97 per cent is not linked to it.

And in terms of my problem with supply management is that we've seen all the control in Ontario and Quebec. We want more quota for milk and we want more quota for poultry products, but we haven't been able to get it. It's tended to be a political decision around the marketing board tables of Ontario and Quebec, and he who has the population even exercises more control than the population.

So we have received, you know, very poor performance by our national supply management systems as far as Saskatchewan or prairie or western. The four western provinces have not done well under supply management. And as I mentioned last night to your colleague, we've even all lobbied, all the ministers of Agriculture have lobbied for changes in the allocation of milk quota to British Columbia, because they had some really fine export opportunities and they were not allowed to produce milk because it was all controlled in Quebec and Ontario with a great deal of subsidy. And it's just been unfair, it's been frankly unfair.

So most of the produce that we have here is wide open, and even anything that's marketed under the Canadian Wheat Board is not supply managed, as the hon. member knows. So it is completely open.

When you look at the whole question of free trade and what it does to agriculture and what it does to farming and wheat and processing and manufacturing, there are some worries about the Canadian Wheat Board and some worries about supply management. I think that it's best summarized, if I might, if the hon. member would allow me just a couple of paragraphs, the Saskatchewan Wheat Pool's latest annual report.

And I want to quote Mr. Garf Stevenson and I'll quote Mr. Milt Fair, and they talk about it in some detail. And then I'll get on and talk about oats and a little bit about pork. But I'm quoting Mr. Stevenson on page 3. He says:

Saskatchewan Wheat Pool has always been willing to have more and freer international trade. The Board sees both pluses and minuses in the current round of the GATT (General Agreement on Tariffs and Trade) discussions, and the free trade agreement with United States.

The deregulation which accompanies free trade threatens erosion of the Wheat Board's functions. It may also threaten some of Canada's well-known quality standards.

We realize, however, that trade is essential to Saskatchewan agriculture, and free trade could offer new opportunities to develop export markets.

In the past few years, as the global market has begun to grow, farmers have been quick to adapt, altering their production to suit demands in areas such as livestock, canola and speciality products.

Then he says, very importantly:

The Pool, in turn, must be exceptionally responsive to the changing needs of its members. And, with more competition from abroad, we must be strong in the world market place.

Accordingly, the Board (of Directors) has instructed management to be aggressive in its search for new opportunities, including new markets for primary production and additional opportunities for value-added processing. Recently, this thrust has led to increased diversification of Pool interests, including the purchase of 25% of Northco Foods (Robin's Donuts); an investment in Philom Bios, a leading biotechnology firm which is developing biological farm inputs; and a merger of Modern Press with Centax of Canada to create a major printing company.

Now Mr. Fair backs that up.

... the idea that Saskatchewan Wheat pool (and I quote) has always been willing to have more and freer international trade ...

They say that. Notwithstanding that it might have some implications for the wheat board, some implications for the way we do things, and they acknowledge that, they're going for it. And they outline all the things that they're doing here. Mr. Fair says:

The hallmark of the 1980s has been changed — regardless of the industry we operate in.

To prosper in the global village, we must meet this new competition head-on, and adapt quickly to continuing change. We will do this through three major thrusts (and he lists them).

First, through customer contact ... (customers internationally). Secondly, a strong market

orientation will enable us to find (foods), new markets around the world for the diversified production. XCAN Grain and CSP Foods ... Thirdly, creative innovation will enable us to meet the challenges of the deregulated society. We will become stronger in (those) value-added processing, and we will develop more strategic partnerships — such as those we already enjoy with other major co-operatives ... and those we have recently formed with Northco Foods, Philom Bios, and Centax.

Now what the wheat pool report says and what the past president of the Saskatchewan Wheat Pool says, the now current chancellor of the University of Saskatchewan, the current president says, is it makes ... yes, we're going to have to adjust to this; it might mean some adjustment to the Canadian Wheat Board and its functions, but that's a fact of life. The whole world is adjusting to freer trade, and the wheat pool supports free international trade, and says so in its annual report. They're not running around preaching doom and gloom and fear and the sky is falling in; they say, we have to face it. Free trade is here, and they're facing it squarely.

Now when it comes to something like oats, you look at something like oats, the major beneficiaries of the province ... of the change in oats and the policy of oats has been the province of Saskatchewan. In 1988 there was 1.2 million acres of oats; 1989, 1.5 million acres of oats — 25 per cent increase. Oats contracted at an unprecedented level to \$3 a bushel. So the acreage is up, the price is up, the interest is up.

Frankly, I mean other than the politics, you know, of trying to fight some people, I don't see that the wheat board has slowed down much because it doesn't have oats to operate. It does a fine job in marketing barley internationally and wheat internationally. Oats was, and you pointed out, 1 per cent of it — 1 per cent of the action.

And if you can have, as we mentioned last night, the speciality products and the local firms here who are processing oats and making new products from it and exporting into the United States or into the Pacific Rim, making new kinds of breakfast cereals, and it's making people money, that is farmers are making more money at \$3 a bushel and more acreage — they must be interested in it. I don't see a lot in the Saskatchewan Wheat Pool's report that says, you know, the sky is falling in because of oats. And you can make the argument that this is the end of the Canadian Wheat Board. I don't think anybody believes that. Not really.

So when we look at the trade that takes place and the modifications and rules of trade, when we look at an international agreement between Canada and the United States or the General Agreement on Tariffs and Trade internationally, we hope to see freer trade, less restrictions at the border, less tariff and non-tariff barriers, and obviously less subsidy.

(1030)

Now that gets us to pork. We will always be subject to people criticizing any programs on either side of the

border if it looks to the other guy like you're cheating. That's what they called us on. They said I think that your \$25 a head on beef or your \$3 on hogs, targeted tax incentive isn't fair. That's what they've said. We've turned around to them and said, look, some of your programs aren't fair either. We've taken them on in corn countervail and taken them on in other things.

Just because you have an international agreement in Europe by 1992 or the General Agreement on Tariffs and Trade by 1997 or a trade agreement between Canada and the United States doesn't mean you can start cheating. What it means is less cheating — less on their part, less on our part.

And what we've all agreed to is we're going to hold the level of subsidy where it is and we're going to begin to back off these *ad hoc* programs targeted at specific commodities and go into good long-run crop insurance, good stabilization programs, things like that, so that we don't get all wrapped up putting targeted subsidies on commodities and then going in and taking away the other man's market. Now that's called countervail and you'll get charged with it, or you'll get charged with dumping, or you'll get charged with import replacement.

With respect to the industries that . . . And we're going to be into this mechanism. And we have a very novel, and I suggest a very much improved dispute settlement mechanism where we are now tied with the United States — two of them, two of us, and we get to jointly pick the fifth. And these are professionals. That's much more powerful than a U.S. court judging U.S. law.

Now when it comes to things like the poultry business and the dairy business in terms of the food manufacturing, the wheat pool has recognized they want to get into processing. What we have to recognize is that the free trade agreement has limited the number of imports and the percentage of imports that can come into a country. So if you're looking at us manufacturing or providing the chicken for chicken McNuggets here at McDonalds or some other place like that, we get to provide most of it, but there is a certain percentage, a small percentage that you can bring in from other jurisdictions, limited so everybody knows what their quotas are. And you agree to that in the General Agreement on Tariffs and Trade, as you will with a bilateral agreement.

You say you're into supply management, we're into supply management; we'll trade a little bit back and forth, not much but some. And for a province like Saskatchewan that has 97 per cent of our goods uncontrolled by management, then we want to see as much access to the U.S. market for pork and beef and noodles and malt and beer and potato salad and everything else that we can produce, as possible.

So I think the wheat pool's report summarizes it quite well. It says yes, we're going to have to probably look at some modifications and some change, but we're ready, and we want to see how we can best proceed in processing and manufacturing well into the future, and they've done a fine job of putting it together.

I don't think there's any point in us further running

around, you know, trying to frighten people about, you know, whether in fact free trade is here or not. Free trade is here and the general agreement is moving towards freer trade. And the Saskatchewan Wheat Pool, solidly behind the president, says we support freer trade internationally. I think it's time we all recognized that that's the case.

Mr. Romanow: — Mr. Chairman, I find it somewhat amusing, in fact I find it very amusing that the Premier links the wheat pool's annual report to a general argument of support by the wheat pool for the Canada-United States free trade deal. That's in effect what he says. And I find it also very amusing that the statements pertaining to international trade — note the word, international trade — are equated to be the U.S. Canada trade. I mean the world is, Mr. Premier — you may not believe it — it's a little larger than Des Moines, Iowa in the United States.

The need to be an internationalist with respect to trading, everybody acknowledges that, there's no doubt about that. The question is whether or not this particular trading deal is such that we are likely to be worse off than we were before we got into the deal, not only with respect to the United States, but with respect to the world at large. And I'm saying to you, sir, and you did not even mention a word about this, that people like de Grandpré, in the specific examples that I used at the outset of my submission, point to the fact that we are likely to be worse off.

But what I find most disturbing, Mr. Premier, is that any time anybody raises a concern of this nature, your response is to, frankly, gloss over it and in effect, frankly also, to be an apologist for the Mulroney government in Ottawa and the United States. Doesn't matter that the concerns . . . Forget about whether I raise the concern. If anybody else raises it, say the Saskatchewan Wheat Pool and their survey on the number of people who oppose the withdrawal from oats in the Canadian Wheat Board, you and your government gloss over that, you apologize and you explain for it, all the while in effect hooking yourself irrevocably to that United States market.

You know, if I was to say the way I feel as eloquently as I'd like to say it, and I can't, I guess what I'd be doing is I'd be following the words used here in a *Western Producer* report of May 5, 1989 on this pork issue. Headline, Mr. Chairman, says, "American duty on pork raises serious issue." And let us read the first paragraph of this:

One gets the distinct impression Canada is being played for a patsy in the free trade agreement with the United States. The whole selling point of the deal was that borders would be open for Canadians to market their products in the big U.S. market and we would compete head to head on both sides of the border. What happened? United States has announced a 3.5 cents a pound tariff on imports of Canadian fresh, chilled, or frozen pork, to go with the 2.2. cents a pound duty, reduced from 4.4. cents on live hogs imposed on a prior agreement.

And then the last paragraph says:

As Canadians, when we make a deal we would like to feel that we have some recourse when the rules appear to be broken by a trading partner. If all Ottawa chooses to do is to bleat helplessly, that is not a reassuring introduction to a major trade agreement.

Now that's the editorial of *The Western Producer*. And I say that if all the Premier of this province chooses to do is to bleat helplessly, or if you will, play the role of patsy to Ottawa and the free trade deal, which is what he is doing in this regard, then we are indeed in very serious trouble. Because I repeat to you that the United States-Canada free trade deal was sold by this Premier and by the Prime Minister on the argument that we would have an end to the flurry of American countervail and anti-dumping duties experienced prior to the United States-Canada free trade deal. And it turns out that we haven't had an end to that. That's the way they represented it — as it turns out, misrepresented the deal — and we haven't had that. In effect it has not happened.

The national pork producers in the United States in Des Moines, Iowa, choose to impose the duties that I've talked about. The Premier talks about in the context of less cheating is the context. I'm not saying he is making the accusation that somebody is cheating on the Canadian side, but the implication seems to be that if you get caught cheating, you pay the price. Well, I mean, we all buy that, but when you got caught cheating, you paid the price whether it was before the U.S. free trade deal or after the U.S. free trade deal.

But the issue is, Mr. Minister, that you and your federal counterparts have totally sold this deal as being a situation which would do two things: number one, not fundamentally change the structures of orderly marketing and supply and management; and number two, provide an end to these countervail and anti-dumping procedures, and therefore access to the markets. You sold it on that basis. And the minister shakes his head

I can very shortly, if the minister wishes me to prove this, I will bring you a box full of your clippings making those kinds of statements — a box full of your clippings, and those of your federal confrères in Ottawa, to that effect. And if the answer is that that isn't how you sold it, then of course, it's even more troublesome because what is the justification of the Canada-United States free trade deal?

I think the reaction of the Premier's here is indeed very unfortunate, because what I think we need to have here at the federal-provincial table, Mr. Chairman, is a government which will start to look critically in the detailed review of this current five-year period of the free trade deal as to what the negotiations are saying and where they're heading on the issues of subsidies and unfair trading practices, not a government which just simply glosses over, or in the words of *The Western Producer*, is a patsy, or bleats helplessly about the subsequent developments.

And I say, with the greatest of respect to the minister opposite, he is such a devotee of this handcuffing of Canada to the United States in the area of agriculture, that he's lost all sense of objectivity and all will to stand up for

those kinds of basic fundamental institutions that the Saskatchewan Wheat Pool still support, such as the Canadian Wheat Board and the supply management programs. He stands up, not for them, but for an apology of the deal.

There are other implications of the free trade deal as well which I think are of interesting note. And I will make the point after I give this one other example on this issue before I sum up as well. This is an article by Ray Guay, former *Star-Phoenix* Ottawa editor. And the heading on this article I found very interesting: "Free trade affects grain prices," was the story by Mr. Guay. And again, I think, rather than me stating it in my own words, the argument that he advances, I'll just use his article. It says, quote:

Several months ago I suggested the government would be conservative, on the low side, in setting initial grain prices for the crop year ending August 1. This has come to pass. Most grain industry spokesmen have expressed surprise the initial prices will be lower than current levels. They shouldn't be (Mr. Guay writes). As much as anything the initial prices are an offshoot of the trade agreement with the United States.

Note these words, Mr. Chairman: as much as anything the initial prices are an offshoot of the trade agreement with the United States.

As part of the law the government is obligated to pay the difference should initial prices turn out to be higher than the final price. And if this should happen in any given year, the Americans will be sure to take action despite the fact that our grain trade in their direction is not that large.

Of note is this paragraph in the administrative statement that the United States government presented to Congress at the time of the trade pacts ratification.

The application of the term "acquisition price" in article 701, to sales by public entities such as the Canadian Wheat Board, is not specifically delineated although such sales are covered by that paragraph. Of particular concern is determining the acquisition price of wheat in the context of the initial payment and final payment system used by the CWB (Canadian Wheat Board).

Any manipulation of the pricing system by the CWB would be subject to review by the United States to ensure that Canadian's obligations were not being circumvented.

That's Mr. Guay writing from the exact United States directive in this area. Mr. Guay finishes by saying:

That's the essential reason for the initial prices, that's the essential reason.

And as we know, the initial prices are down. We know that to be the case. Guay says that this is the consequence of article 701 as interpreted by the Americans in the

Canada-United States free trade deal.

Now, Mr. Chairman, the minister opposite may want to make a response to that analysis. Before he does, let me just close up to have him know clearly what I am saying and what others are saying about this.

If one takes a look at the initial early decisions of the United States-Canada free trade deal or matters pertaining to them, whether it ranges over from oats, whether it deals with the question of initial prices, whether it's the question of the supply-management boards and the de Grandpré report, whether it is the question of the hog countervail applications, and we'll be following that very closely to see whether or not this so-called dispute settlement panel works the way the Premier has promised this to work — I predict it won't, just like his other promise in this area — when one takes a look at all of that and the silence of the Premier, the total abject silence — note that he did not answer my first question about what representations if any were made by him with respect to this question of the supply-management orderly marketing processes in the very first lead off point that I made, didn't name any names as to who their negotiators were representing Saskatchewan's interest, didn't table any documents, nothing — his abject silence in this House, outside this House, I say is an abdication of a role of responsibility that a Minister of Agriculture for the largest wheat province in this country, the bread basket of this country, used to be the bread basket of the world, that's an abdication which in my judgement is scary.

It shows the depth of the commitment of this Premier and this government to the free enterprise system, the total unregulated deregulated free enterprise system which, at the end of the day, if continued, the silence continued, I think one can only forecast what he consequences are.

Premier might say, oh well, that's Chicken Little crying again about the sky is falling. I think we have a right to be concerned about the future. I think the Premier knows as an intelligent enough a person and certainly an experienced enough individual, to know that these are major pitfalls which need to be addressed.

And for the life of me, I wish — I know I'm speaking to a lost cause here — for the life of me, I wish he'd get off this dime of sole preoccupation of the American way of doing things, the Americanization of our agricultural system, the Americanization of our trading plans, his equation of international with the United States, and he'd get up for Saskatchewan and for Canada and for farmers at a time that they need to be heard.

(1045)

Now I know the Premier wishes to respond to my remarks. Just to give him a few more minutes of time to collect his thoughts, my colleague here would like leave to introduce some students, the member from Regina. If the Premier and you, sir, would permit, then I'll sit down now.

Mr. Chairman: — Why is the member on his feet?

Mr. Shillington: — For the reasons that the Leader of the Opposition gave you.

Leave is granted.

INTRODUCTION OF GUESTS

Mr. Shillington: — Thank you, Mr. Chairman. I want to introduce to you and through you to members of the committee — there are said to be six students; that looks like seven to me, perhaps eight students — who are here with the Big Sisters of Regina. Big Sisters of Regina run a summer day camp. This is for boys and girls as is evident from the group in the gallery, ages seven to 13, and I know members will want to join with me by way of welcoming the students to the Assembly, and by way of thanking the big Sisters of Regina for the volunteer work they do with these children.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Department of Agriculture Ordinary Expenditure — Vote 1

Item 1 (continued)

Hon. Mr. Devine: — Well, Mr. Chairman, the Minister of Trade and his officials are responsible for our representation in Ottawa and with other Agriculture ministers. All the Agriculture ministers have asked for direct representation at the General Agreement on Tariffs and Trade as the negotiations are going on.

And we've had good co-operative signs from the federal Minister of Agriculture, Mr. Mazankowski. Certainly the agricultural SAGITs, people who like Ted Turner and others who have led our negotiations from Saskatchewan, have been intimately involved in lots of meetings, lots of recommendations, and much of their work is public.

So the ministers, our staff, other agriculture ministers, commodity groups, and hand-picked groups from industry and agriculture have been ongoing in their representation with respect to the General Agreement on Tariffs and Trade, and the discussions with respect to how the free trade agreement unfolds.

I would point out to the hon. member that when we're looking at the United States hog industry, it's true that they fear the Canadian hog business, and they don't like to see Canadian bacon come down there. They don't like to see Canadian beef go into the U.S., and particularly along the Manitoba-Montana border and North Dakota and right across the piece on the 49th parallel. Americans were not supportive of freer trade with Canada. They feared our goods and services going in there.

If you look at the hog countervail, a couple of observations are probably worth noting. One, there's a 3.6 cents a pound duty put on, and it's not over yet. It's still being debated and we are still optimistic that we can

have it turned around. Fifty-nine per cent of the problem was levelled at Quebec. So if Quebec is into a very highly subsidized program, somebody that we're trading with has called them on it.

So 1.92 cents of the 3.6 cents was levelled squarely at Quebec for cheating, and they said, you've got way too many subsidies — 0.12 cents was levelled at Saskatchewan. So what it says is that, and I go back to it, some of the early spill-over of the supply management power in Quebec and Ontario has spilled right over into the hog business, and they've caused us some problems. And we've seen major increases in hog production in Quebec and they're being called to account.

Now that doesn't say the United States doesn't cheat a whole bunch. Half their livestock industry is subsidized half of the year because of the great subsidies that they have on the grain business, so that they're . . . We want to see the reduction in subsidies in the United States and the reduction in subsidies here.

With respect to the free trade agreement, the free trade agreement says that tariffs are going to go to zero in 10 years and we're going to have a new dispute settlement mechanism. It didn't change their laws and didn't change our laws with respect to dumping and countervail, and that's very well-known. So we . . .

An Hon. Member: — You'll never change their laws. Never change their laws.

Hon. Mr. Devine: — Yes, well, it's difficult enough for them to change their laws, let alone us change them. So what we have is a mechanism that will allow us to judge jointly at the border if there's a dispute. But we still have our power of countervail and our power of duty, and rightfully so, and they have theirs.

And you want to make sure that if they are in a position where they're subsidizing, you can call them on it, and every sovereign country wants to do that. They're looking at the very same mechanism when you go into the General Agreement on Tariffs and Trade and certainly as you go towards 1992 in Europe, they have watched how we've developed it here very, very closely. Because you're going to have 13 countries in a free trade agreement. And I come back, and I point out, the hon. member says, well the wheat pool and the board of directors didn't support free trade with the United States. Well they said:

Trade is essential to Saskatchewan agriculture and free trade could offer new opportunities to develop export markets.

Free trade — free trade; now free trade is with the United States and it's with Pacific Rim, it's with Europe, okay. So they're standing up there and they're saying, free trade. Now the Saskatchewan Wheat Pool has stood in its place and said that the wheat pool has always been willing to have more and freer international trade. The United States is international. And if trade is essential to Saskatchewan agriculture and free trade, not even freer trade, Mr. Chairman, they said free trade — free trade — could offer new opportunities to develop export markets.

And now the Hon. Leader of the Opposition wants to know how it's spelled. Well, Mr. Chairman, I think I've made my point.

With respect to United States, I'll tell you how the wheat pool feels about free trade with United States. Their actions speaks louder than their words. They're involved in privatization with this government. And the employees in the Saskatchewan Wheat Pool are going to purchase Prairie Malt, if all goes well, and they're going to do a deal with a multinational in the United States because we'll have access to the U.S. market for malt. And in process foods and other foods we know that the tariffs are going to zero.

Now that's what they do, that's what they're doing. They are processing, they are manufacturing, they are diversifying, and they encourage free trade. And that's what they say in their brochure, free trade. And they've done a deal with a multinational in the United States and the employees and with barley growers all over the province of Saskatchewan. Now that speaks fairly loudly.

They're not running around like some members we might know and say, oh my gosh, isn't it going to be just terrible, isn't it going to be just the end of the world if we have trade with the United States, or if there's some duty or there's some countervail or something else. Well, Mr. Chairman, I just point out to the hon. member, we must all agree we want freer trade internationally; we want free trade bilaterally and multilaterally; we want freer trade between Japan and Canada, between United States and Canada, between Europeans and Canada.

And we have people in the General Agreement on Tariffs and Trade working to get 97 countries to reduce their tariffs and their non-tariff barriers, and to stop the cheating. And finally we've got them to agree to freeze it. Now that is supported solidly by the wheat pool, supported solidly by every agricultural organization that I know that is at all close to the problems associated with international subsidies and the problems that we've had to face.

Now if that's the case, you're saying, well there may be some adjustment. Of course there's some adjustment. The wheat pool says there's got to be some adjustment. But it's interested in Prairie Malt, and it's interested in doughnuts, and meat packing, and it's interested in irrigation, and feedlots, and all of those things which will produce food products so that we can export internationally. All right, well, and that's what we're saying. And we support that as well.

We're not running around saying, oh you can't trade freely because it's free enterprise, or it's more open, or we may have to adjust our ways. We're saying these are the 1990s and the 21st century; it's time we smelled the coffee and get out there in the Pacific Rim and into the United States and into Europe and encourage them to be freer traders. That's what every credible organization is doing. Now we've encouraged that; I have.

I know it's difficult for the opposition to accept in principle. I suppose, the politics that free trade won. Free trade is right. Free trade is appropriate. It's over, it's done,

and it's being supported by organizations all over Saskatchewan and all over Canada. And, Mr. Chairman, the opposition members says, well they're still going to try to frighten people about free trade. All of the new opportunities for diversification and jobs are becoming . . . are there because of the opening up of international markets, and we're going to continue to encourage them.

I would hope, Mr. Chairman, that the members opposite would, you know, would also even, if they have the time, to look how farmers . . . You know, they talk about the oats market. Farmers spoke about oats this spring; farmers did — not in a poll, not in surveys, but in the acres they sowed. And we see 25 per cent more acres in Saskatchewan in oats that we did a year ago.

Under this new, terrible system we see the price higher, we see more specialty markets, we see other people interested in it. The farmers voted with their money and their tractors and their discers and their drills, and they put oats in the ground. Now you tell me, were those farmers wrong? I don't think you could say that. They said, by gosh, I like that, \$3 a bushel for oats contracted. They put in 25 per cent more acres, 1.5 million acres. That sounds to me like it's pretty credible, pretty reasonable, when farmers are voting with their money and their land.

So I'm not so sure that it pays just to preach fear, doom, and gloom when in fact we've got the support of some pretty credible organizations who are saying, many new opportunities here. The Saskatchewan Wheat Pool says, many exciting new opportunities with free trade — free trade — their words, free trade.

Well, Mr. Chairman, I totally endorse what they've said.

Mr. Romanow: — Mr. Chairman, I wish the hon. Premier would not only endorse what the wheat pool says, but would understand what the wheat pool says. Actually, I think the minister does understand, but he chooses to misrepresent. And of course it's that kind of a response that the minister gives to the questions which are still unanswered, I remind the members of this committee, that — with the greatest of respect to the Premier opposite — has diminished his status in the agricultural community, in the community at large.

No one here is arguing against the fact that people should be involved in free trade or freer trade. Nobody has argued against that at all. That's not the position. But to argue that the Canadian-United States free trade deal, as negotiated, is endorsed by the wheat pool is an entirely different operation, entirely different. And the minister knows that to be the case, because the pool itself on two or three occasions has debated it widely and, so far as I know, has not taken a position one way or the other formally on it.

If the proposition is that you're for expanded trade, free opportunities, no one's arguing against that. But this particular deal you people sold or endeavoured to sell are two levels. You're saying number one, no change with respect to Canadian Wheat Board and orderly marketing and supply management programs. You're trying to give the farmers that assurance — oh there may be some

changes — and at the same times you're pointing out great opportunities.

And the reality is, on the documented evidence to which I have drawn your attention, that you are not able to achieve the both. I mean, you people, there is nothing new about free trade, the concept of free trade — nothing new. In every other period of history of Canada it's been debated, and in every other period of history in Canada it's been rejected sooner or later by the public of Canada precisely for the reasons that a country of 25 or 26 million people to be able to control the agricultural purse strings or policies of a country like the United States is an unrealistic hope.

What it does inevitably, invariably will be to handcuff us to a system of agricultural production and a system of agricultural marketing which is foreign to our system. The Premier may say that's the wave of the future. I say that wave of the future equals 600,000-700,000 people, as the early evidence has already pointed out, based on the stories to which I have alluded and drawn to the attention of the minister opposite. There's no evidence by him to the contrary.

I find it absolutely appalling, Mr. Chairman. And me saying it I know now . . . I've been around politics long enough to know that it's not going to matter a doggone for a government that is out of touch with the people and out of touch with the farming community. Any government that's lost touch with the grass roots as badly as this government won't listen to any opposition. And I have not very much more faith in some of the journalists either when a politician says it is appalling, absolutely appalling that in all of the months leading up to the free trade deal and in the months after the free trade deal this government and this minister hasn't tabled a shred of evidence, internal studies or documentations or correspondence or agreements, or anything of that nature to show the Saskatchewan farming community what the impact of free trade is in a concrete and real way. None whatsoever.

The sum total of the minister's argument in defence of free trade is to pick up the annual report of the wheat pool — I say misrepresented statements — go back to the political shibboleths that he has articulated in the past, period. And nobody in the journalist core says we're on to one of the most important issues of this country's future. And a government, regardless of its ideological stripe, would have some obligation or some duty to say, well we've done a detailed study of what free trade means for the farmers, and here, Mr. Leader of the Opposition, is what the study says, and look how it rebuts your points, A, B, C, D, E, F, G, H, whatever the points are. Nothing like that set forward at all by this Premier or by this government.

(1100)

The committee reported progress.

The Assembly recessed until 1 p.m.