

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, December 10, 1987 8:00 p.m.**

Date: 87/12/10

[The House resumed at 8 p.m.]

[Mr. Speaker in the Chair]

MR. YOUNG: Mr. Speaker, by agreement of the various party leaders, I would ask agreement of the Assembly to do the necessary second, committee study, and third readings of Bills Pr. 25, Pr. 26, and Pr. 27 immediately.

MR. SPEAKER: Does the House concur with the motion?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried unanimously.

head: **PRIVATE BILLS**
(Second Reading)

Bill Pr. 25
Security Home Trust Company Act

MR. STEWART: Mr. Speaker. I move that Bill Pr. 25. Security Home Trust Company Act, be now read a second time.

[Motion carried; Bill Pr. 25 read a second time]

Bill Pr. 26
Fair & Millikin Insurance Company Act

MR. STEWART: Mr. Speaker, I move that Bill Pr. 26, Fair & Millikin Insurance Company Act, be now read a second time.

[Motion carried; Bill Pr. 26 read a second time]

Bill Pr. 27
Hermo T. Pagtakhan Bar Admission Act

MR. HERON: Mr. Speaker. I move second reading of Bill Pr. 27. Hermo T. Pagtakhan Bar Admission Act.

[Motion carried; Bill Pr. 27 read a second time]

[On motion, the Assembly resolved itself into Committee of the Whole]

head: **PRIVATE BILLS**
(Committee of the Whole)

[Mr. Gogo in the Chair]

MR. CHAIRMAN: Will the Committee of the Whole please come to order to consider certain Bills on the Order Paper.

Bill Pr. 25
Security Home Trust Company Act

MR. CHAIRMAN: Are there any comments, questions, or

amendments to any sections of this Act?

[The sections of Bill Pr. 25 agreed to]

[Title and preamble agreed to]

MR. STEWART: I would move that Bill Pr. 25, Security Home Trust Company Act, be reported.

[Motion carried]

Bill Pr. 26
Fair & Millikin Insurance Company Act

MR. CHAIRMAN: Are there any comments, questions, or amendments to any sections of this Bill?

[The sections of Bill Pr. 26 agreed to]

[Title and preamble agreed to]

MR. STEWART: Mr. Chairman, I would move that Bill Pr. 26, Fair & Millikin Insurance Company Act, be reported.

[Motion carried]

Bill Pr. 27
Hermo T. Pagtakhan Bar Admission Act

MR. CHAIRMAN: Are there any comments, questions, or amendments proposed to this Bill?

[The sections of Bill Pr. 27 agreed to]

[Title and preamble agreed to]

MR. CHAIRMAN: Hon. Member for Stony Plain.

MR. HERON: Thank you. I move that Bill Pr. 27 be reported.

[Motion carried]

MR. YOUNG: Mr. Chairman, I move that the committee rise and report progress.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of the Whole has had under consideration the following Bills and reports the following: Bills Pr. 25, Pr. 26, and Pr. 27.

MR. SPEAKER: Does the House concur with the report?

HON. MEMBERS: Agreed.

head: **PRIVATE BILLS**
(Third Reading)

[It was moved by the members indicated that the following Bills be read a third time, and the motions were carried]

No.	Title	Moved by
Pr.25	Security Home Trust Company Act	Stewart
Pr.26	Fair & Millikin Insurance Company Act	Stewart
Pr.27	Hermo T. Pagtakhan Bar Admission Act	Heron

head: **GOVERNMENT MOTIONS**

19. Moved by Mr. Horsman:

Be it resolved that the Legislative Assembly of Alberta support the government of Canada entering into a free trade agreement with the government of the United States of America.

[Adjourned debate December 9: Mr. Shaben]

MR. SHABEN: Mr. Speaker, yesterday when the debate adjourned, I believe the point in my remarks was some comments I was making with respect to energy. It's an important part of the discussion that has taken place across this country, and it's important that we be clear on the implications to Alberta of the trade agreement with respect to energy.

I think an important agreement that Canada entered into in 1974 with 13 other industrialized nations with respect to sharing oil resources in times of shortages is an important agreement that took place prior to the bilateral trade agreement. There are many similarities between the agreement that took place in 1974 and the terms and conditions contained in the draft bilateral trade agreement between Canada and the United States.

Another important factor with respect to energy: in addition to our conventional reserves of oil and natural gas, our heavy oil and oil sands are a tremendous asset to Alberta and to Canada. In order to unlock that resource, it's necessary that huge sums of capital be gathered in order to invest and create the plant in order to provide that oil for Canada's use and for our customers' use. That's one of the key factors, members of the Assembly, in having an agreement where access, under certain rules that are well known within the agreement, to products that we can produce in order to attract investment -- those 300 billion barrels of recoverable reserves that are contained in the oil sands far exceed the reserves that exist in the Middle East. So the potential in terms of job creation, in terms of investment, in terms of activity are very important. The fabricating that will take place in Edmonton and Calgary and throughout this province, the opportunities for the people of Alberta to be able to be employed for periods of time that have some determined length rather than a hit-and-miss economy that is based on raw resources moving out of our province is very important.

While I'm talking about energy, Mr. Speaker, that is a key factor in the policies that have evolved over the past number of years and that really lead toward the common sense of a Canada/U.S. free trade agreement. Alberta has been incredibly blessed with resources of oil and natural gas, particularly on the conventional side and, as I mentioned, in the heavy oil and in the oil sands. As a result of the exploration and development of this resource, we, the people of Alberta, have been able to do things that many other jurisdictions, not just in Canada but around the world, have not been able to do. We've had the funds really that have evolved and flown into the Alberta Treasury beginning in 1947 as a result of Leduc No. 1 and then at an accelerated pace in the '70s that has made it possible for us to provide certain levels of infrastructure that make it attractive for us to move into a trading arrangement with the United States.

Let me give the members of the Assembly some ideas on the

infrastructure that has been established that will help us to access those markets in the U.S. The Food Processing Development Centre, the Alberta Special Crop and Horticultural Research Centre: these are two examples, plus the work that has been done in irrigation in order to upgrade our capacity to compete and provide agricultural products and the capacity to process those products for markets outside Alberta. The Alberta Oil Sands Technology and Research Authority: some \$800 million has been invested in research combining the resources of the province and the private sector in order to tap these resources to create economic activity for Albertans in the future. The Coal Research Centre is another example of infrastructure that is in place and will help us compete.

In the area of marketing Alberta has been very aggressive in the '70s and the '80s in accessing markets for Alberta companies throughout the world. Alberta companies now trade in more than 100 countries around the world and have been assisted by programs such as the export services support program and the market development assistance program.

We've been fortunate with these resources, Mr. Speaker, to be able to fund our two universities and our technical schools at a higher level than any other jurisdiction in Canada. We've been able to support and create the Alberta Laser Institute; the Alberta Microelectronics Centre; the Alberta Microelectronics Centre microchip design fabrication facilities; the Alberta Research Council, which is a beautiful facility that works closely with government and industry to improve our technology; the Electronics Industry Information Centre; the Electronics Test Centre. In addition to these examples of infrastructure that have been established as a result of the good fortune of our province, we have been able to develop hospitals and services for our people at a very high level in Alberta.

What does all this mean, and how does it relate to the opportunities in free trade? For Albertans it means that Albertans are in a position to compete effectively with anyone in the world. We're able to compete in key areas in our economy. We're able to compete in electronics, in processed food products, in petrochemicals. One of the elements of the free trade deal is the elimination of tariffs on petrochemicals. Right now we face an unfavourable tariff into the U.S. of about 12 percent. Alberta has the most modern, state-of-the-art petrochemical industries that match anything in the world. And the potential for growth in that industry and downstream value adding in high-value, low-weight plastics and rubbers, in addition to the 200 companies that are now established, is just enormous. These are opportunities that present themselves for investment by Albertans to create activity for people in Alberta over the long term.

The Alberta medical research foundation: the results of that foundation in attracting the best brains in the world and developing a competency level in Alberta in biotechnology, in pharmaceuticals, in medical research are unmatched anywhere in North America. On my recent mission to Japan I met with a company known as Taiho Pharmaceutical, who have recently signed a joint-venture agreement with an Edmonton firm, creating a company known as SynPhar Pharmaceuticals. Thai's an example of investment and joint venture as a result of the excellence that is taking place in this province and that has happened as a result of clear policies that say if the infrastructure is in place and the quality of education is there in our postsecondary institutions and our technical schools and the support is there, Albertans can compete with anyone in the world. And we're able to do that effectively in a whole range of areas.

Another example of a recent company that strengthened its

presence in Alberta is EDO manufacturing in Calgary, which has made a decision to establish there an advanced composites and do advanced research on ceramics that is the new product that is going to be used more and more extensively in high-heat areas or areas that require specialized products that are resistant to heat and abrasion. This is an example of attracting a company to Alberta because of the excellence and the environment that exists here.

Infrastructure is important, and the people's access to the opportunities are important. Alberta must trade. With a population of 2.4 million and the huge market that exists for us south of the border of 230 million and the worldwide market, we need to be conscious and aggressively pursue those opportunities. The trading arrangement with the United States is, members of the Assembly, a set of rules by which Albertans can access that market. I'm not talking about people from Ontario or from the Atlantic provinces; I'm talking about the people of Alberta and the fantastic opportunities that exist for us in those areas that I've mentioned, among many others.

We've talked a lot about the negative benefits or the negative potential of this kind of an agreement. People have said that the Auto Pact, for example, is not free trade; it is sectoral trade. That's simply splitting hairs. In actual fact, the Auto Pact is free trade in autos and parts between Canada and the United States. There is a section in the agreement that allows, with one-year notice, that that agreement might be terminated. Now, in spite of the fact that from time to time in certain years one country has benefited more than the other, that pact has persisted and has been very successful and important to central Canada in creating jobs and investment. It's an example of trade between two countries that has a framework developed as a result of an agreement. There is simply no reason why the free trade agreement that has been initialed cannot do the same for western Canada as it has for central Canada with respect to the Auto Pact.

Now, many people have talked about a loss of sovereignty, that for some reason, because we're trading with the Americans, we're going to lose our sovereignty. The members who represent the government love their country no less than those who are opposed to free trade. We jealously guard the sovereignty of this nation, and that will continue to be the case. It is important that in the evolution of this trade agreement, the laws that we make and that we continue to make in our Legislatures and in the House of Commons recognize the importance of retaining our sovereignty. There is not a risk of losing our sovereignty as a result of trading. It will in fact, Mr. Speaker, strengthen our nation and create thousands and thousands of opportunities for Albertans.

Thank you very much.

MR. SPEAKER: Member for Vegreville.

MR. FOX: Thank you very much, Mr. Speaker. It's a pleasure for me to participate in this debate tonight. I think it's without a doubt the most important issue to confront Canadians at least since the Second World War, perhaps even longer than that.

I guess in a technical sense we should be restricted in terms of this debate to the motion that's on the Order Paper, put forward by the hon. Minister of Federal and Intergovernmental Affairs, where he proposes that we support the government of Canada going into a free trade agreement with the United States. But you know. I think we could sit down and talk about fairy tales like that forever and ever. What we need to be debating is

in fact this deal that has been negotiated and to some extent signed and agreed to, elements of which we have now. more specific details which are hopefully forthcoming. So let's not talk about the virtues of free trade as a concept or the myth of free trade and what it would do for Canada. Let's talk about this deal and the pros and the cons. Let's examine it and decide what it means for Canada and if this deal is going to be good for Canada, not whether free trade would be good or bad. We've moved beyond that; we've got something specific here.

I'm glad that we do have an opportunity to debate it in the Legislature here. I was kind of worried about that. I do know that when the Leader of the Official Opposition challenged the Premier to a public debate, he backed out, much the same way as the Prime Minister was afraid to have a debate with the leader of the New Democrats in Ottawa on the issue. But we at least have this opportunity to debate. It would be interesting, Mr. Speaker, to see how much opportunity we have, because it's likely the House is going to adjourn this evening before we all have a chance to really go after the details of this agreement and make sure that the public in Alberta has a reasonable opportunity to hear both sides of the issue.

The debate thus far from the advocates' side has not gone much beyond name-calling, and I find that really regrettable, because I've traveled around the province and spoken to groups in various communities: business groups, community groups, political groups. Wherever anybody exists and wants to know something about the Mulroney trade deal, I go and talk to them. I do try and present a view that is as balanced as I possibly can given my recognizable bias. I talk about the details of the agreement and what I think it would mean for Alberta, both in a positive sense and in a negative sense, but all we've had from the other side is name-calling. Anyone who expresses a concern about the Mulroney trade deal is either a wimp or a coward or an intellectual terrorist or a traitor or anti-Canadian or un-Albertan, and all of those comments that I, as a citizen who was born in this country and who has lived almost all my life in this province and someone who has committed his life to making this province and this country a better place to live -- really resent that kind of debate.

I think Albertans resent it too, Mr. Speaker. They want to know the facts, and that's what we've tried to do day after day after day in this Legislature, this short session that we've been a part of. We've asked questions of the Premier, the Minister of Agriculture, and a few other ministers day after day, with specific clauses in the agreement, saying: "Well, what does it mean if, for example, we agree to eliminate import licence restrictions on wheat, oats, and barley? Consider the implications of that." What do we get in exchange? We get one of two responses: speech one or speech two. One is name-calling, and the other one is, "Well, how can you be so negative; we've got this wonderful opportunity for Alberta," and usually there's a little pen-waving going on to accentuate it. But that does nothing, nothing, to make the case, Mr. Speaker. It's been disappointing. It's been an easy fight in that sense because there's been nothing to fight. But in terms of getting at the details and the facts and having a meaningful debate on the issue, it's been more than a little disappointing.

Now, I want to background a little bit first, Mr. Speaker, my involvement in this, because I don't come to it as a total amateur. As a member of this Assembly I was sent to Washington with the former Member for Chinook to a series of seminars in Washington where we dealt extensively with the development of U.S. trade policy. We met with some of the key

players in the administration down there and some of the key lobbyists involved: in the National Manufacturers Association; the International Trade Commission; Canada's ambassador to the United States, Alan Gotlieb, different people who are involved in the process and who are promoting the concept of free trade down in the United States. So I had some experience with their reality and their objectives.

I also have, through my entire adult life, earned my living as a farmer, so I'm involved in sectors of the agreement that this government purports will benefit from this Mulroney trade deal. I'd like to say that I think I know a little better than someone who wants to hypothesize what may happen because I've been involved and I've paid attention. I've also, Mr. Speaker, been operating a small business for the last number of years that is involved directly in the import and export of goods across this border. So I do come to it with some degree of background.

I recognize that we need to trade with the United States. Don't anybody think that because we express concerns with this deal that that means we don't recognize the need to trade or that we're against trade with the United States. That's nonsense, Mr. Speaker. Seventy-five percent of our trade is with the United States. They're our biggest customer, and we need them. We're their biggest customer also; 25 percent of their trade is with us, so they need us. We have lots of reasons to work together to co-operate and to try and negotiate deals. There is some good reason for trying to negotiate in earnest on an ongoing basis to remove some of the unreasonable sort of barriers and protectionist measures that have been built up over the years between our two countries. I see merit in that, and I support that.

But I think it ought to be done on a sector-by-sector basis where we can sort of manage the way the negotiations take place and control to some extent the outcome so it doesn't end up being such an unpredictable mishmash of agreements here and cause problems in the future, I submit. So there is a need. We do need to negotiate with them. Even though 80 percent of the trade that goes back and forth between our countries is virtually free trade, free of tariffs and restrictions, we still need to try, where possible, to remove those damaging barriers, because we've seen so many examples in the past where the Americans, when they find that we can outdo them on this so-called level playing field, run away and they put up barriers.

They want to punish us by putting import restrictions or tariffs or countervailing duties on softwood, shakes and shingles, hogs, potash, a whole variety of commodities. So there is good reason for us to be negotiating. But I submit, and my party submits, that we ought to be doing that sector by sector, not getting into something as broad and unrestrained as this, because there are substantial dangers in it, and I intend to go through that in some measure as I go along.

In terms of the history of the negotiations, however, as was capably pointed out by my hon. leader the other day, we're dealing with a negotiated deal that comes from a bunch of Conservatives who themselves were philosophically opposed to free trade only a few years ago and who, when they won their 208-seat mandate in 1984, never campaigned on, never mentioned, free trade at all. Now they're born again free traders, and I think we need to ask ourselves why.

A couple of quotes. I'd read one that I don't think the hon. leader read the other day. The Hon. Brian Mulroney, when campaigning for the leadership of the Conservative Party, said in June 1983:

This country could not survive with a policy of unfettered free

trade. I'm all in favour of eliminating unfair protectionism, where it exists. This is a separate country. We'd be swamped. We have in many ways a branch-plant economy . . . in certain important sectors.

All that would happen with that kind of concept [meaning a free trade agreement] would be the boys cranking up their plants throughout the United States in bad times and shutting their entire branch plants in Canada. It's bad enough as it is.

You know, who do we believe? Brian Mulroney in 1983 or Brian Mulroney in 1987? I tend, Mr. Speaker, not to believe him any time. I think that's probably safer.

We can take a little more recent quote. When the Prime Minister gave his first address to Parliament as the Prime Minister . . . You'd better keep writing, because it's going to get better here, Minister of Agriculture.

We have only been in power for two months, but I can tell you this: Give us 20 years . . . and you will not recognize this country.

Fair enough? Fair enough? But when I put it alongside a quote, October 22, 1987, by Clayton Yeutter, the U.S. trade representative -- they're a lot more forthcoming with the truth in this agreement. Clayton Yeutter says: "The Canadians don't understand what they have signed. In 20 years, they will be sucked into the US economy."

Put them together, Mr. Speaker, and what have you got? We've got a government who, I submit, has not come forward with a document that has some thoughtful economic motivation behind it. We've got an agreement that's produced by a government engaged in desperate politics, trying desperately in the absence of any meaningful industrial strategy, in the absence of any meaningful program to help this country develop and become stronger traders worldwide -- they've come up with this Mulroney trade deal which, I submit, is a desperate political agreement.

I'd like to look at it in some detail, sector by sector, if I could, and be more than willing to acknowledge that there are some positive aspects to the agreement. Because like anything, there's good and bad. I would like to deal at some length with agriculture, if I may. Now, agriculture is a very important industry in Alberta. It's one of the two major industries in the province. It employs a great number of people and provides a livelihood even in very difficult times for a large number of Albertans. It's very important. We deal very heavily with the United States in a number of commodities, so we've got every reason to try and maintain those markets.

The commodity that is paid the most attention to is red meat. That's cattle and beef and hogs and pork exports to the United States. We need that market. Nobody denies that. Nobody in this House suggests that we build a wall around the country or ignore our trading partner. We need access to the American market to maintain vitality in our red meat sector. It's a relationship that's built up over the years. We ship the Pacific northwest and the California markets our beef and pork products, and the midwest United States sends their products up into eastern Canada, and it seems to work fairly well.

It ought to be noted that we've had virtually an unrestrained free trading arrangement in red meat, particularly beef, for the last number of years. But the government said that what we want to do is get guaranteed access to the U.S. market. We want to make sure that we can develop our beef and processing industries in Canada without the fear of U.S. protectionism. We need that guaranteed access. We've been led to believe by this government, Mr. Speaker, that if we did get that guaranteed access for our red meat products, it would be worth so much to

Alberta, so much to our beef and hog producers, so much to the grain producers that supply them, and so much to secondary industry processing it, et cetera, that it would be worth compromising the futures of some of our other producers. That's what we've been led to believe, and it's been maintained right along. The Premier said, May 22, in this House:

I'm convinced that any true comprehensive trade agreement between our two countries will in fact eliminate . . . harassment at the border. If we are not able to do those kinds of things, then I would expect that the trade agreement will not be worth being a part of.

That's our Premier, just a few short months ago.

Well, now we've got the agreement, Mr. Speaker, and what do we have? Do we have a meaningful, binding dispute settlement mechanism, that bottom line that was promised by this government and by their cousins in Ottawa? We certainly do not. What we do have falls far short of that. What we have now is a binational panel. Well, that sounds really sweet, Mr. Speaker, and I'll refer back to the meetings that I attended in Washington with the International Trade Commission. Now, that's kind of a highfalutin name, and you kind of think that that does have an international perspective. It ought to be called the American trade commission because they interpret American law, and they consider applications from American industries about whether or not certain products coming into the country are competing unfairly with them or being dumped.

I can remember asking the head of the International Trade Commission, in somewhat a surprised way, "Well, how can you guys complain so much about anything that we may do that you would interpret as being a subsidy, when you guys are the biggest subsidizers in the world, when you guys compete unfairly with everybody?" He looked at me and said, "Well, that's not our problem, that's your problem." And I thought, "Well, yeah, he's right." He's right. We need to recognize, Mr. Speaker, how they deal and why they deal, and knowing that, then we can negotiate more successfully with them.

So we now have this binational panel that is able -- now hold your seats, folks -- to interpret or decide whether or not the U.S. is conforming to existing trade law. That's all it's capable of doing. What it really does is replace some of the technical experts that may be involved in that process now with people who are appointed politically, on both sides of the border. We end up with some Canadian participation in that. I think that's probably going to be worse than what we have now, because what it will do -- it almost produces some sort of tacit complicity on our part in this interpretation of existing U.S. law. It doesn't prevent the U.S. from passing new, harmful laws that will harass our Canadian products at the border. It just doesn't do that. The existing 4.4 cent a pound duty on live hogs going into the United States remains. It's not removed. There may be something in the future that will seek to remove it; I certainly hope so. But it's not removed by this agreement.

There is nothing, absolutely nothing, in the agreement that protects our red meat producers at the border, Mr. Speaker. I'm not predicting that we'll experience some sort of rash increase in protectionism in the next few months. We've had this free trading relationship, but let's not kid ourselves. We don't have guaranteed access to the U.S. market, and the minister admitted it in questions answered the other day posed by the hon. Member for Athabasca-Lac La Biche. He was no longer referring to or bragging about guaranteed access. He was now talking about a hope for increased access.

I submit that if that's the bottom line, if that's what we wanted from the United States in this deal, then we gave up far,

far too much, because we got almost nothing of substance in return. What we're told now -- this guaranteed access carrot that we dangled in front of producers for so long, this carrot that would say, "Go along with us on the free trade deal, and we'll give you guaranteed access," has now been turned into a big stick: if you don't accept the Mulroney trade deal, we're going to be punished. That's the line we're getting from the government now, and I submit that that's an incredibly poor way to be negotiating. Not only are we negotiating conforming to these American deadlines that they provided for us but we're negotiating out of fear, out of fear that the Americans will step up their protectionist actions and make us even more vulnerable than we already are. I just don't think it's a good way to negotiate.

I think if we want to talk about the great opportunity for getting into the U.S. markets for red meat and what that's going to mean for Alberta farmers, we've got to consider things like the potential rise in the Canadian dollar and what impact that might have on red meat exports. We've got to spend some time thinking about the 20 million acres per year that the payment in kind program in the United States is putting back into grass, taking out of grain production and putting into grass. What are they going to do with that land, Mr. Speaker? Raise rabbits? No, they're going to raise beef. They're going to raise beef, and they're going to try and supply more of their own markets and try and supply some of ours. We can get into competing with them, no doubt, but let's not kid ourselves that there's this huge, unfilled market just waiting for us to ride down and fill, because it's not the case.

[Mr. Deputy Speaker in the Chair]

But like so many other things in this agreement, we have a government who moves forward with a blind and naive faith in the way things ought to work out.

AN HON. MEMBER: Name-calling here?

MR. FOX: No. I just said "blind and naive faith" there, member for Red Deer.

We can look at some of the other sectors of the agreement. Let's look at the impact on grain producers. Grain producers: the most beleaguered sector in Alberta agriculture today. We've had some discussion, the minister and I, about the impact on the two-price system for wheat. It's clear that that system will be out the window as soon as the agreement is signed. That's clear. That's the system. Mr. Speaker, if I might explain for a moment, that actually gives wheat producers in western Canada, in Alberta, some genuine earned income through the marketplace. It means that wheat that's purchased for domestic consumption, to be made into flour and products like that, costs millers \$7 a bushel. Now, that's more than the \$2 or \$3 a bushel that we get on the international market, so that's additional earned bona fide income for grain producers that goes back into the pool system. This is what the minister fails to understand when we have these arguments back and forth. It's pooled, and the benefit is spread out through the pool system to all wheat producers through the Canadian Wheat Board. The Conservative government hasn't been in power long enough in Ottawa to get rid of the Canadian Wheat Board, so we'll still have that system in place for awhile, the pooling system that spreads the benefit around. The benefit to Alberta producers, specifically, is \$40 million a year.

Now, what's this program going to do? Well, it's going to get rid of the two-price system for wheat. Now, the minister and his federal colleague assure us that that's going to be replaced with some sort of program in the future. I say that's just simply unacceptable, because what farmers want is to be able to get paid a fair price in the marketplace for their products. Wheat, \$7 a bushel: that's getting close to being a reasonable price. That's legitimate earned income that farmers deserve, and the Conservatives are advocating replacing that with another subsidy, Mr. Speaker, another subsidy that's likely to be treated the same way as the special Canadian grains program, where the Conservatives decide on a matter of political whim whether or not to pay it and when to pay it, motivated by such things as Grant Devine's re-election bid in Saskatchewan. The next payment, I submit, is likely to be motivated by the Mulroney Conservatives' desire to get elected. So, you know, it's just going to put yet another piece of farmers' income into the sort of subsidy milieu. It may or may not be paid by governments in the future.

The reason they're doing this, Mr. Speaker, is so that some of the millers in Canada -- the Robin Hoods and the Quaker mills and these various companies that mill flour -- can get their wheat cheaper and lower their costs. Is this going to have a significant benefit for consumers? Well, I don't think so. You know, there are a lot of farmers in this audience here, and they know how much a farmer gets paid for the wheat that's actually used in a loaf of bread. I doubt, even if these companies were to pass on the saving -- which never seems to happen -- it wouldn't be more than a nickel a loaf for a loaf of bread, if that; perhaps just a couple of cents per loaf of bread, and in order to do that, we're giving up some meaningful, deserved income.

The other part of the agreement. Well, to give up our import licence restrictions on wheat, oats, and barley is a curious arrangement indeed, and when I look at that, I can see no reasonable economic justification for it. There aren't increased market opportunities in the States for us for wheat, oats, and barley. We do ship some oats and barley down there, but there are very limited market opportunities there. We both produce too much of all of those commodities, so I have to think there's not economic motivation behind there; there's political motivation.

What this government wants to do is put in place some procedures that will eventually, over time, erode the marketing ability of the Canadian Wheat Board. This government doesn't like the Canadian Wheat Board, Mr. Speaker, because it represents a co-operative, pooled kind of effort where producers decide that, "Hey, we might compete with each other to see who can grow the biggest and the best crop, but when it comes time to sell the crop, we're going to co-operate with each other." That's offensive to -- you know, that just doesn't fit into the Conservative philosophy. I submit that the Canadian Wheat Board has over the last number of years done a very good job on behalf of Canadian grain producers. It's given farmers equal access to the available market through a system of delivery quotas, initial and final payments. It's dramatically different from the system they have in the United States, this sort of dog-eat-dog commodity exchange type system that's dominated by four or five large private corporations, Cargill Grain being one, that trade worldwide and that are involved not only in the buying and selling of grain but are involved in the production of grains and oilseeds around the world, involved in the production of poultry. I'll refer later to the 12.5 million laying hens that Cargill Grain has in the United States.

So our systems are very different, and there's no economic justification for us removing our import licence restrictions for

wheat, oats, and barley. There are no new market opportunities there, but it's certainly going to start to erode what has over time been a very good system.

I mentioned in question period parts of this Mulroney trade deal which very clearly discriminate against the development of an ethanol fuels industry in our province and in western Canada. That's an issue we'll be debating when the House next convenes, Mr. Speaker, in the spring. It's an important issue that has substantial benefit, not only for producers but for our long-term supply of energy and the environment and things like that. But there are clauses in here that clearly discriminate against the development of an ethanol fuels industry, because it agrees to remove tariffs on shipments of grain and grain products over 10 years, while doing the same for oil and oil-based products in five years. There is a product called methyl tertiary butyl ether that can be used as an octane enhancer instead of ethanol in fuel, and the opportunities are going to be for MTBE instead of ethanol. All I'm asking for here is a level playing field. Let the two products be treated equally under this deal, and give ethanol a chance.

The other part that ought to be of concern to everyone who's involved in the production of grain, Mr. Speaker, is the continued action by the Americans under their export enhancement program. One of the things this agreement was supposed to do, and I'll read the clause again:

Each Party has agreed . . .

That's past tense.

. . . to take into account the export interests of the other Party in the use of any export subsidy on agricultural goods exported to third countries, recognizing that such subsidies may have prejudicial effects on the export interests of the other Party.

What that means, clearly, is that neither country is supposed to use export subsidies to steal markets from each other. And what do we have two days after the agreement is signed? Our friends the Americans crank up their export enhancement program in a deliberate attempt to steal markets away from Alberta grain producers in China, the Soviet Union, India, places like that.

The Minister of Federal and Intergovernmental Affairs says, "Well, you know, that's why we need this agreement." But there is a standstill clause in this agreement. I'll read it again for members who missed it the other day. It's on page 32. This is to cover the interim, Member for Red Deer-North. It says:

Both parties understand the need to exercise their discretion in the period prior to entry into force so as not to jeopardize the approval process or undermine the spirit and mutual benefits of the Free Trade Agreement.

Well, you know, the negotiation process was supposed to put an end to the subsidy competition between our countries. It didn't. The standstill clause was supposed to do that, and it didn't. And I submit that as far as the Americans are concerned, this deal obviously isn't worth the paper it's printed on.

There are other programs that are of benefit to grain producers -- some somewhat controversial -- the Crow benefit payment, for example, which some people would like to have paid to the producers. Whether it's paid to the producers or railways, it's certainly jeopardized by this agreement, as are other sections of the Western Grain Transportation Act.

Shall we deal briefly with poultry? Because one of the assurances that the Premier, the hon. minister, and a whole bunch of other people have . . .

Point of order, Mr. Speaker. Do we have 30 minutes to speak on this motion? [interjections] One of the members opposite will give way, and I'll go for another 30 minutes here.

In terms of poultry, Mr. Speaker, the opportunities of poultry

producers are clearly compromised by this agreement. By allowing an increase in imports from the United States, it's going to combine the supplementary import quotas with the global import quotas, make them into one, and still allow for future supplemental import quotas. It clearly affects poultry producers. For the minister to pretend that eliminating tariffs on dairy products -- you know, that it won't affect the operations of the Canadian Dairy Commission is terribly naive, Mr. Speaker. I can elaborate at some point in the future on how this agreement is going to affect fruit and vegetable producers, dairy producers, poultry producers. All of these producers are really going to be impacted in a negative way in this agreement. And it was all supposed to be worthwhile because we had guaranteed access. We clearly don't.

I'll tell you, Mr. Speaker, another thing that is of real concern to me is the tenor of this debate. Because there are people, and Peter Lougheed is one of them, who have tried to paint this as an east versus west debate. I heard him say on television, and I quote: Just because it's good for Alberta, Ontario doesn't want it. It's going to be a street fight.

Now that's a vicious and insulting kind of comment, Mr. Speaker. It's incumbent on people in Ontario to examine that agreement and decide for themselves, and it's incumbent on people in Alberta to do the same and decide whether or not this agreement is good for Alberta. I submit that upon careful examination it is not, and it's going to do some long-term harm to the industries that we cherish. It's going to offer very little in the way of opportunity for this province, and I think we've got to continue examining it. I hope this debate goes on at length tonight and again tomorrow and probably next week so that all members can get involved in the debate. And I hope, Mr. Speaker, that the Mulroney government has the courage to go to the people and present the details, present their case, go on television, debate with Ed Broadbent and see if his arguments can withstand the light of day, see if it can be subject to scrutiny because I don't think that it can.

No, Mr. Speaker, Albertans can compete. We're very effective people here, we work hard, we manage well, and we're very creative. But there are certain things that have to be considered. We live in a country with only 25 million people, the second largest country in the world. There are substantial difficulties that we've had to overcome over these last number of years to develop the kind of prosperity and country that we do have.

I really think that one of the motives that the Conservatives are using to sell this agreement is hoping that there are enough people in Alberta who dislike Ontario or are so concerned with ...

[The hon. member's speaking time expired]

MR. DEPUTY SPEAKER: Order please. I believe the hon. Minister of Agriculture caught the Chair's eye.

MR. ELZINGA: Thank you very much, Mr. Speaker.

Mr. Speaker, I'm delighted to have the opportunity to participate very briefly in this debate also and to follow a number of excellent speakers. Regrettably so, I can't label the last one as such, because I must share with you ... He went on to indicate that we had been calling a number of people names and then dedicated 10 minutes of his speech to call us names. Then he indicated he wanted to deal with some details, and all he did was criticize some of the positive aspects of the agreement and didn't advocate one solution, Mr. Speaker, didn't advocate one

solution.

What we're going to do, Mr. Speaker, with your consent, is -- and I hope I don't take the 30 minutes. After listening to the drivel opposite, I think it's important that we do adjourn this debate if they have nothing more to contribute than what he's just contributed. What I want to ...

MR. FOX: Point of order.

MR. DEPUTY SPEAKER: Point of order, Vegreville.

MR. FOX: I'll debate this minister anywhere, anytime on the merits of free trade.

MR. DEPUTY SPEAKER: Order please. Disagreement as to facts or understanding is not a point of order. Hon. Minister of Agriculture.

MR. ELZINGA: Mr. Speaker, I'm hopeful that won't be deducted from my time, because as you've indicated, it wasn't a point of order. That's what this process is about. If the hon. member doesn't know that this is a debating Chamber, he better not stay here. That's what we're doing right now, and I'm happy to debate him. That's why I'm here right now: so I can dispute his distortion of the facts. He's deliberately distorting the facts, and we want to deal with them.

What I want to do, Mr. Speaker, is first indicate to the Chamber, to those members who were not here -- and reading the excellent presentation by the hon. Mr. Horsman and by my colleague Mr. Shaben, whereby they went through in such an excellent way the importance that this agreement is going to have to so many sectors within our Alberta way of life, if I could just underscore what was said by them as it relates to the vision that we hold for this province and the people of this province whereby we're confident of what we can contribute not only to our province but to the world. We're not going to be shy or reticent about what we can't contribute and crawl into a hole and isolate ourselves, as is being advocated by the hon. members opposite. Because we believe ... I'm going to close off my statements with a quotation from my father, who immigrated to this country because it was the country of hope and opportunity, and I want to contribute in a small way to make sure that that hope and opportunity is maintained for my children. If this group here ever got in, that hope would disappear overnight.

But, Mr. Speaker, we in politics are viewed with skepticism at times, and at times one has to admit that there is justification in that because we are willing to use, as has just been exhibited by the hon. Member for Vegreville, examples that are somewhat distorted. So what I'm going to do is use examples from the individual commodity groups themselves who support this agreement, recognizing the importance that it does play to their individual sectors. I know the hon. minister of intergovernmental affairs went through an extensive list. I want to personalize that list somewhat.

[Mr. Speaker in the Chair]

I noticed, too, the hon. Member for Vegreville didn't touch with any groups that supported his position. I don't know whether there are any groups that support his position, but he didn't indicate any groups that did. I want to indicate, Mr. Speaker, a number of them that do support an enhanced trade opportunity for this great country and for this great province.

MR. FOX: How about this agreement?

MR. ELZINGA: I start . . . For this agreement? Individual groups that have endorsed this agreement? Well, I'm delighted to get into it. Yes, who has endorsed this agreement? Here, surprisingly enough, the president of the Dairy Farmers of Canada. The hon. member says what harm it's going to cause to the dairy farmers of this province and of this country. The Dairy Farmers of Canada endorse this agreement, Mr. Speaker. A quotation from Jim Waardenburg, president, Dairy Farmers of Canada:

The Dairy farmers organization supports the proposed free-trade deal because it guarantees the Canadian government the right to include any dairy products on an import control list.

I attempted to tell that to the hon. member.

Mr. Speaker, the Canadian Chicken Marketing Agency. Let me read a quotation from them whereby again, Nelson Coyle, the communications manager of this agency, supports this trade agreement.

Mr. Speaker, Ron Drohomereski -- I hope I pronounced that correctly. He's got a name something like mine; it's not that easy to get your tongue around. But he's the chairman of the Canadian Broiler Hatching Egg Marketing Agency, who goes on record supporting this, recognizing that this government and the federal government protected our supply-managed sectors, as we promised we would.

I'll just read a short quotation, Mr. Speaker.

We would like to applaud the Canadian government for the manner in which the Agreement has dealt with supply-managed commodities.

Mr. Speaker, I can go through the Alberta pork producers, the Western Barley Growers, the Alberta Cattle Commission, Unifarm, United Grain Growers. He says the grain sector is not going to be protected. Well, here's what the Western Canadian Wheat Growers Association says, a sector that he says is going to be hurt.

MR. FOX: Who are they?

MR. ELZINGA: In a news release of October 5 . . . Who are they? [interjections] Mr. Speaker, they indicated the association believes that . . .

MR. SPEAKER: Order please.

MR. ELZINGA: He says:

The Association believes that the deal will increase prospects for grain and oilseed movement to the United States and ensure the continuation of its important domestic feed market.

Mr. Speaker, I've got pages and pages of endorsements. But I recognize that we only have 30 minutes, so what I want to do is just relay a couple of other very minor facts, and I don't do so for any other reason but to make us aware of the importance of not having an isolationist attitude in this province. It's well recognized, the importance that trade plays to the province of Alberta. I've said it in the House before, and let me repeat it. We only consume 23 percent of the beef we produce; 77 percent goes outside the province. If we're going to close our borders, three-quarters of our beef production, three-quarters of our beef farmers have to shut down. Now, if this is what the hon. member's advocating, I wish he would do so in an open way.

Pork production: 60 percent we ship outside the province. Barley production: 50 percent. Wheat production: 80 percent. Mr. Speaker, I can go through a lengthy list again of individuals

such as the United Grain Growers who sent a strong commendation of support for this agreement, because we recognize that the importance of this agreement cannot be overstated. If one just looks at the dollar figures as they relate to Alberta's agrifood exports to the U.S., they're valued at close to \$400 million. With pork and beef: Alberta live beef and processed beef amounted to some \$160 million, pork some \$90 million.

And we go through the list and the accusations that were hurled at us prior to the initialing of this agreement. The member opposite indicated to me that he was deeply concerned, if not very skeptical, that the supply-managed sectors were going to be done away with. They've been protected. Those individuals involved in these supply-managed sectors have endorsed this agreement, acknowledging the protection they have received. Our culture has been protected. Our regional development incentives have been protected. Our marketing boards have been protected. Medicare has been protected. Unemployment insurance has been protected. Mr. Speaker, we can go through the list. We've protected what is good in Canadian society, but we've also allowed our children the opportunity to expand their horizons.

Mr. Speaker, I want to deal with something that I consider very important, and forgive me if sometimes I get a bit overexuberant in this House. Having served in Ottawa for 12 years, I've developed some of the bad habits that were in the House of Commons. I don't do it on an intentional basis; I leave you with that assurance. My wife will attest to the warmhearted nature of myself. I must say, I do become distraught when we have distortions, and we report to the hon. members the distortion of their facts and do our level best to assist them in getting down that right path. They persist in pursuing those distortions of the facts, and I want to deal with a couple tonight.

Number one, the disputes mechanism system that was agreed to. It's twofold, Mr. Speaker. The parties opposite have conveniently forgotten that. They've attributed certain statements to an individual whom I have the deepest respect for within our department, Dr. Rosario, whereby they will take a segment of his statement and distort it totally, whereby he has endorsed and said that the system we have agreed to is totally fair, plus it's much, much superior to what we presently have.

Mr. Speaker, another distortion that the hon. member conveniently forgets is the two-price wheat system which he referred to again tonight. I notice he stayed away from the percentage figures tonight because I think he recognizes the error of his ways, whereby he indicates that it affects 23 percent of the wheat produced in Alberta -- or I should say that of wheat produced in Alberta, 23 percent of that wheat goes towards domestic consumption.

The hon. member is right with his figure as it relates to domestic consumption, but the two-price is only paid on domestic human consumption. I recognize that it's pooled. I recognize that it's pooled, Mr. Speaker. That's why we feel it's simple enough to impose another mechanism whereby that benefit is going to flow through. I can quote Charlie Mayer in the House of Commons whereby he indicated that that is going to flow through. They're disputing the fact that the Canadian Wheat Board is going to continue. The Canadian Wheat Board has an opportunity for enhancement of sales to the U.S. market. They're saying we wish to do away with it; another total distortion of the facts. And if one looks at why, originally in 1973 when the Two-Price Wheat Act was established, it was for the benefit of the consumers. Does the hon. member recognize that? We want to protect, though, that benefit for the agricul-

tural sector. I've said that in the House on many occasions.

Mr. Speaker, he indicated that we wanted to dismantle the supply-managed sectors. The dairy industry is not going to be affected whatsoever. Contrary to what the hon. member has said, we've had endorsements, as I just read, from the dairy industry. And I must say that the hon. member, when he went to speak to the Tofield business association, gave them a bit of a different message than what he gives to us in this Legislative Assembly, whereby he endorsed a good many aspects of this trade agreement. I didn't hear one word of endorsement tonight, not one word -- and I listened very carefully for half an hour -- whereby he indicated it was a good deal for the energy sector; he said it was a good deal for the consumers; he said there was a good deal as it relates to some sectors of the agricultural economy and as it relates to access. Access: he attempts to leave the impression that we haven't improved access. Mr. Speaker, one only has to look at the terms of the agreement whereby it indicates in a very clear way -- and I can't find it in my notes, but let me indicate to the hon. member -- that neither country will have imposed upon them the other's meat import laws, guaranteeing us greater access to the U.S. market for our red meat industry.

Mr. Speaker, let me share a quote from the hon. Member for Edmonton-Norwood, whereby he indicated that governments can't control the erratic nature of the farm economy. Well, we disagree with that. We believe that we can contribute, and we have contributed, to the stabilizing effect of the agricultural economy, and we're going to continue to do so in a very active way. The only reason I use that quote is to share with you the despair of that party, whereby they can criticize but have no concrete proposals to offer themselves.

Mr. Speaker, we all recognize the importance that agriculture plays to all Albertans. We just had dinner this evening with the Alberta Food Processors, whereby again they underscored to us the importance of our food processing sector. It contributes something like \$4 billion a year to the Alberta economy, where our farmers themselves contribute about \$4 billion a year to our economy.

Mr. Speaker, we also recognize the difficulties that we have gone through as a farming community, and that's why we've been so forthcoming in our support for the agricultural sector. We've adopted a threefold approach to the agricultural community: the reduction of input costs through our worthwhile programs, the stabilizing effect through stabilization and insurance programs, and we've placed added emphasis on market and research development. The only reason I say that is because when I had the pleasure to travel under the leadership of the hon. minister of economic development to the Pacific Rim countries, it hit home to me the importance of the agreement that we're presently in the stages of reaching with the U.S., because both Japan and Korea envied us. They looked at us with envy. They would give just about anything to have an agreement with the United States such as we're going to initial.

Mr. Speaker, we're delighted and we're honoured that we have an opportunity, a once-in-a-lifetime opportunity, to contribute in such a substantial way to the improvement of our own state in life but, more importantly, the improvement of our children's state of life, because this is going to have a beneficial impact for years and years and years. And I am reminded so often of when I was going through my growing years, of what my father indicated to me as to what prompted his emigration to this country. You can laugh at our immigrants, but I support our immigrants. He came here from Holland with my mother be-

cause Alberta and Canada were a place of opportunity. We've got an obligation, we've got an opportunity, to make sure that that obligation and that avenue of hope and opportunity are ensured with this agreement, and I'm delighted that the majority of our Alberta population recognizes that this is an avenue of opportunity.

I thank my colleagues for the opportunity to participate in this debate. I was glad that I didn't have to resort, as the hon. member opposite, to name-calling, but I could get the facts and the details out. Because the calibre of the debate opposite is just somewhat low, I would move, Mr. Speaker, that the debate be now adjourned.

MR. SPEAKER: There's a motion before the House. All those in favour of the motion, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.

[Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elzinga	Payne
Ady	Fischer	Pengelly
Alger	Gogo	Reid
Anderson	Heron	Rostad
Bogle	Horsman	Schumacher
Bradley	Hyland	Shaben
Brassard	Jonson	Shrake
Cassin	Koper	Stewart
Cherry	Kowalski	Weiss
Clegg	Mirosh	West
Day	Moore, M.	Young
Downey	Moore, R.	Zarusky
Elliott	Oldring	

Against the motion:

Barrett	Hawkesworth	McEachern
Chumir	Hewes	Mitchell
Ewasiuk	Laing	Pashak
Fox	Martin	Strong
Gibeault		

Totals:	Ayes - 38	Noes - 13
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[Motion carried]

MR. YOUNG: Mr. Speaker, I move that the Assembly now adjourn, to recess in accordance with Motion 22, passed yesterday in this Assembly.

MR. SPEAKER: Having heard the motion, does the Assembly agree?

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.

[Several members rose calling for a division. The division bell was rung]

MR. SPEAKER: Order please. I understand that a part of the Assembly is overanticipating what may happen. They may be surprised and have the motion defeated, you know. [interjections]

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elliott	Oldring
Ady	Elzinga	Payne
Alger	Fischer	Pengelly
Anderson	Gogo	Reid
Bogle	Heron	Rostad

Bradley	Horsman	Schumacher
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Against the motion:

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Chumir	Hewes	Mitchell
Ewasiuk	Laing	Pashak
Fox	Martin	Strong
Gibeault		

Totals: Ayes - 39 Noes - 13

MR. SPEAKER: The motion carries. The House stands adjourned. Have a happy and safe holiday.

[The House adjourned at 9:32 p.m.]