

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Friday, April 15, 1988 10:00 a.m.**
Date: 88/04/15

[The House met at 10 a.m.]

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

Our divine Father, as we conclude for this week our work in this Assembly, we renew our thanks and ask that we may continue our work under Your guidance.

Amen.

head: INTRODUCTION OF BILLS**Bill 21****Employment Standards Code****Bill 22****Labour Relations Code**

DR. REID: Mr. Speaker, I request leave to introduce Bill 21, the Employment Standards Code. I further request leave to introduce Bill 22, the Labour Relations Code.

Mr. Speaker, these two Bills represent the end point of an almost unbelievable consultation process between Albertans. The intent is that we will be introducing the concept of fairness and equity in the relationship between employees and employers, and it will be to the benefit of all Albertans. [interjections]

MR. SPEAKER: Hon. members, it is not the custom of the House to be making interruptions at the Introduction of Bills.

[Leave granted; Bills 21 and 22 read a first time]

head: TABLING RETURNS AND REPORTS

MR. TAYLOR: Mr. Speaker, I'd like to table a document prepared by the Amalgamated Transit Union local 569 of Edmonton and local 583 of Calgary.

The transit union is making a case, Mr. Speaker, for amending seat belt legislation to exempt city bus drivers from wearing lap belts. This would be in keeping with legislation in other provinces. The document is supported by over 1,300 signatures of members of these unions.

MR. SPEAKER: The Chair will examine whether it's a tabling or a petition. Thank you.

MISS McCOY: Mr. Speaker, I take pleasure in tabling today the first annual report of the Alberta Advisory Council on Women's Issues, covering the period from November 13, 1986, to March 31, 1987.

head: INTRODUCTION OF SPECIAL GUESTS

MR. GETTY: Mr. Speaker, I'm extremely pleased today to introduce to you and through you to the House, Mr. Gary McPherson. He's in the members' gallery.

Gary has accepted my offer to be the first chairman of the Premier's Council on the Status of Persons with Disabilities. Gary's a leader among disabled in Alberta, and he's a leader among Albertans because of the person that he is. Gary chaired the Rick Hansen Man in Motion tour in our province. He was with me when I made the commitment and promise to Rick Hansen that we would have a Premier's council on persons with disabilities in this province. As you know, Mr. Speaker, we introduced that Bill as Bill 1 in this session. We're extremely fortunate as a province to have a person like Gary who would take on the chairmanship of this council. I would ask all members to join with me in acknowledging his commitment and welcoming him here in the Legislature.

MR. SPEAKER: Member for Edmonton-Belmont, followed by Calgary-Fish Creek.

MR. SIGURDSON: Thank you, Mr. Speaker. It's a pleasure today to introduce to you and through you, some 25 grade 5 students from St. Vladimir school from Edmonton-Belmont. They are accompanied today by their teacher Dr. Cathy Garvey and school aide Mrs. Crystal Kaluzniak. They're seated in the public gallery; I would ask that they rise and receive the traditional welcome of the Assembly.

MR. SPEAKER: Calgary-Fish Creek, followed by Stony Plain.

MR. PAYNE: Thank you, Mr. Speaker. With us today in the public gallery is a group of young men from the 142nd Boy Scout troop. These young men reside in the Bonavista and Queensland communities in the Calgary-Fish Creek constituency. They're accompanied today by their leaders Mike Lee and Dean Selk, and I'd ask them now to stand and receive the traditional welcome of the Assembly.

MR. HERON: Thank you, Mr. Speaker. I'd like to introduce to you and through you to the hon. members of this Assembly, 74 bright and cheery grade 6 students from the Spruce Grove Brookwood elementary school. They are accompanied by their teachers Mrs. Darlene Arnold, Mrs. Beth Willet, Mr. Ray Shapka, and parents Mrs. Duncan, Mrs. Andres, and Mrs. Phelps. I ask that they stand and receive the warmest welcome of this Assembly.

MS MJOLNESS: Mr. Speaker, it is my pleasure this morning to introduce 26 grade 8 students from the Sir John Thompson school in the constituency of Edmonton-Calder. They are accompanied by their teacher Mr. Bob Krzak. They are seated in the public gallery, and I would ask that they stand and receive the warm welcome of the Assembly.

head: ORAL QUESTION PERIOD**Monetary Policy**

MR. MARTIN: Yes, Mr. Speaker, to the Treasurer. The Mulroney government in Ottawa is following a policy, of course, which is further integrating the economics of Canada and the

United States, and as we move to interlock our economies, it will be inevitable under the Mulroney trade deal that our Canadian dollar will rise closer to the American dollar. One result is that our currency is rising even this morning, as the Treasurer is well aware, closer to the U.S. dollar. My question, though, to the Treasurer is this: what action has the Alberta government taken to impress upon the federal government the need for an independent fiscal and monetary policy, especially in view of the threat to Alberta of high monetary rates?

MR. JOHNSTON: Mr. Speaker, I think the general tone of this question to some extent was in part responded to, and I appreciate the opportunity for further stating Alberta's position with respect to the Canadian dollar cross currency rate, in particular with the United States dollar.

The question of monetary policy in Canada is, as the member points out, always one of continuing refinement and definition. I must say that from time to time, going back to, I guess, the early 1980s, the province of Alberta has taken an aggressive position in attempting to persuade the central government and the Minister of Finance that in fact the Canadian dollar should maintain a relatively low position against the United States dollar.

Of course, the contrast and the obvious problem that the central bank must face is one of protecting Canadians generally against inflation. I understand the problem they're facing with respect to that balance; that is, a balance which drives the long-term treasuries up to a high yield, as you now see in Canada, which attracts dollars into Canada and protects the dollar but at the same time takes on the question of inflation. From the province's point of view, Mr. Speaker, we have indicated clearly that we would like to maintain the kind of ratio between the Canadian dollar and the U.S. dollar that we saw, say, in 1987. That obviously provides and affords Canadians, and Alberta in particular, an opportunity to trade fairly aggressively with our export commodities into the United States.

Now, whether or not the free trade arrangement will impact on the Canadian dollar to the extent that the hon. member suggests, I would draw his attention to the recent study by the Conference Board which indicates on balance that you may see a 2 or 3 cent increase in the Canadian dollar against the U.S. dollar over the next few years as, in fact, the economies come into competitive harmony with one and each other. That is to say that . . .

MR. SPEAKER: Thank you. We look forward to the supplementary.

MR. MARTIN: Well, Mr. Speaker, 2 to 3 cents -- I might point out that even today, as I'm sure the Treasurer's aware, it's over 81 cents. To the Treasurer, and I want to just follow up: is the Treasurer saying that as we interlock our economies, the Mulroney trade deal is not going to have an impact on the dollar, that that dollar will not rise more than 2 or 3 cents? Is that what the Treasurer is telling this Assembly?

MR. JOHNSTON: Well, Mr. Speaker, again, we are forecasting here what will happen. As I tried to point out last time this question was raised, when you get into the free trade arrangements, the battle of the treasuries between the provinces will end. That means that the subsidies which are now in place, particularly in agricultural products, will likely be removed over that period. That means that each commodity and each province

becomes competitively strong and we start to focus in on those areas where we can maintain our position in foreign markets. That's the heart and the substance of the free trade arrangement.

That gives Alberta a great opportunity to compete in those world markets. As I said before, this is our agenda. We want this to happen because we need the markets for agricultural exports, for hydrocarbons -- oil and gas in particular -- for petrochemicals. We believe that over a period of time we will be able to bring into this province a way of diversification, building on the strengths that are here a great opportunity for us to be competitive in those U.S. markets. That's the intention and that's the outcome.

With respect to the currency, Mr. Speaker, I can only give the most recent information that I have, and that's a study done by an independent group that suggests to us that perhaps the dollar may increase, in their assessment and their model, by 2 or 3 cents. Now, it's a matter of judgment whether that would change the competitive advantage which Alberta now has. Personally, I don't think it will. However, in the meantime, as the Premier and Mr. Bourassa have pointed out, we will continue to bring pressure against the central bank to let the dollar float down, to let the interest rates move down as well so that we can have a lower Canadian dollar in the meantime, relative to the U.S. dollar.

In the 4X markets, I agree that today, because of the two facts that happened in the U.S. economy yesterday -- the trade account was \$13.2 billion, and in fact today the fundamental production shows a touch of inflation -- that's why the market has been off, and that's why the long-term treasuries are up. American bellwether treasuries are at their second highest level. But the market has fallen -- the fifth-largest drop in the market. This is an uncertain period. When that sorts out . . .

MR. SPEAKER: Thank you, hon. member.

MR. MARTIN: Mr. Speaker, what we have here is a lot of wishful and selective thinking. The point is that the pressures are on to move the dollar up. The Premier and Bourassa can talk about it all they want, but today it's up to over 81 cents. My question is another aspect to it. The Treasurer has admitted that it hurts our provincial revenues. Does he agree also that the rise in the Canadian dollar will severely negatively affect our capital projects in this province?

MR. JOHNSTON: I would have to think about -- I presume you're talking about capital investments, Mr. Speaker. I don't think the Canadian dollar will be negatively impacted by the marginal changes. That is to say, the capital investment decisions will be marginally affected by the current rate of the Canadian dollar. I think what would happen if the interest rates go high and higher as a result of inflation or as a result of a central bank policy is that that might to some extent defer some major capital investment decisions. Yet the ones that are significant to Alberta -- the massive investment in forestry, the continuing investment in the oil and gas sector -- are probably being driven by items other than the interest rate. In fact, those decisions have been made, the financing is in place, and those projects will proceed. Where you do find the difficulty and where we have the sense of sympathy ourselves is in the new construction of homes, because of course the new construction of homes is in fact driven to a great extent by the mortgage rate.

But let's be sure, Mr. Speaker. I don't think any one of us here really feels any better or any worse as a result of the

Canadian dollar moving from 80.3 cents to 80.78 cents. I mean, it's not that kind of a dramatic change. Should the dollar break through the 81-cent level for a sustainable period, I think you'll see the Premier knocking on the door of Mr. Bouey and giving him some good advice.

MR. MARTIN: I'm sure Mr. Bouey's in trepidation.

To come back, though, Mr. Speaker. The Treasurer is surely aware that Imperial Oil has cited the higher Canadian dollar as a reason for not expanding their \$60 million in the Cold Lake program. They've given that as a reason. My question to the Treasurer, flowing from that: is the Treasurer standing, as he did in the last question, and saying that oil and gas projects or any capital investment like this is not affected by a rising Canadian dollar? Is that what he's trying to tell us?

MR. JOHNSTON: Mr. Speaker, what I'm trying to tell the member, and I think what the Minister of Energy told him yesterday, is that in his view the investment in oil and gas in this province will increase, in his estimate, up to 20 percent. Now, that's a very strong investment profile for this province, and we can pick one or two items where there have been new considerations given to investment decisions. That's how the private sector works, by the way. They look at the investment; they make their calculations based on the rate of return.

But we can say without any fear at all that given the royalty regime, given the sustained price of oil and gas in this province, and given the fact that the Western Sedimentary Basin, essentially located in Alberta, is the best play in the world, you'll see the oil and gas sector strong and buoyant and, as the minister said, new investment coming into this province.

MR. SPEAKER: Calgary-North West, followed by Westlock-Sturgeon.

DR. CASSIN: Yes, Mr. Speaker, to the Treasurer. I think we're all aware of the impact of the American dollar/Canadian dollar on our raw products, but I was wondering if the Treasurer would comment on the impact of the protectionist measures and our labour costs in our finished product going into that U.S. market that consumes 85 percent of our exports?

MR. JOHNSTON: That's right. Now, there is an astute question, Mr. Speaker. There's a question which reflects the long-term benefits to Alberta, because of course when you remove the subsidies and the protectionist spirit which has existed in the United States to some extent, then our products will not suffer the same kind of restrictions we have seen over the past two years -- pork, for example, lumber more specifically. Those have been difficult areas for us. When we get these barriers removed, we'll be able to compete aggressively, expand our markets, and more jobs here. What has happened is that the Member for Edmonton-Norwood does not want to have new jobs generated in this province. He wants them downstream somewhere, in Ontario perhaps.

MR. TAYLOR: Mr. Speaker, a supplementary to the Treasurer. The immediate past Premier, Mr. Lougheed, has been quoted as saying that if the dollar continues to rise, we'd have to stop the free trade deal. Has he set a number in his mind to which the Canadian dollar will rise when he would turn around and recommend to his Premier, instead of talking hooey to Mr. Bouey, that they would cancel the free trade agreement?

MR. JOHNSTON: Well, Mr. Speaker, first of all, I made the mistake. The Governor of the Bank of Canada is Mr. Crow. We lived under the Bouey regime for quite a considerable period so that he tends to become synonymous with a strong central bank policy.

Mr. Speaker, I can't agree that our former Premier, Mr. Lougheed, made any comment of that order. I think it would be inappropriate to suggest that is his view. We are all concerned, as I've tried to display, that in fact the cross currency rate with the United States, in the short term at least, is a major problem for us. We are attempting to deal with it. We have a strong policy with respect to advising Mr. Wilson, advising the Prime Minister on behalf of the Premier, and dealing with Mr. Crow, as I have done personally, that interest rates are a significant impact on our economy. Let the dollar trend down to a lower level so we can compete in the world markets in the midpoint: that's the essential framework of the policy which we are sustaining.

MR. SPEAKER: All right; thank you.

Second main question, Leader of the Opposition.

MR. MARTIN: Yes, Mr. Speaker. I'd like to designate my second question to the Member for Edmonton-Mill Woods.

Employment Initiatives

MR. GIBEAULT: Mr. Speaker, my question today is to the minister for immigration and career development. At their 1986 annual convention the Alberta Cultural Heritage Council called for government action to further the employment and advancement opportunities of visible minorities in the province in the public service of Alberta and in the private sector. My question to the minister is: since almost two years now have gone by without a serious response from the government to this resolution, will the minister commit himself today to implementing some kind of a program that will identify and reduce the employment obstacles that are faced by visible minority group members in this province?

MR. ORMAN: Well, Mr. Speaker, I'm well aware of the resolution, and as I indicated to the individuals presenting the resolution at the time, if there are impediments to advancement in the civil service within the province of Alberta for visible minorities, I would hope that they would take it up through the Individual's Rights Protection Act.

MR. GIBEAULT: Is that the department that had an 8 percent cut this year, Mr. Speaker?

Second question, maybe to the minister involved: he's identified in previous other programs employment obstacles that need addressing by native groups, women, and others. Why is the minister stalling in this particular area? He knows there are problems facing visible minorities in terms of employment access in the public service and elsewhere. Why don't you address that particular area of difficulty, Mr. Minister?

MR. ORMAN: Mr. Speaker, I am addressing the issue. On an ongoing basis we do address the issue, and certainly the Minister of Labour, who's responsible for the Public Service Commission, may wish to respond.

But I should point out to the hon. member that on a regular basis we are reviewing the needs and concerns of the ethnic

communities in the province of Alberta. The member will recall that in my estimates last year I referred to the Immigration and Settlement Services Advisory Committee, that is made up of 10 Albertans from across Alberta, basically representing visible minorities in this province, to advise me on matters that are particular to immigration but relate in general to the ethnic community in the province of Alberta. Also, I might point out that the Premier has appointed an individual from the ethnic community to liaise directly with him to deal with the concerns of ethnic minorities finding their way through government.

MR. GIBEAULT: Mr. Speaker, since the federal government has introduced the visible minority employment program and the city of Calgary has done similar action, can the minister tell the ethnocultural communities of this province how much longer they're going to have to put up with foot-dragging from the province in this area?

MR. ORMAN: Mr. Speaker, if the hon. member is in touch with the ethnic communities in this province, he'll know that neither I nor members of this government are foot-dragging on any issues that materially affect them.

MR. GIBEAULT: As a very minimum, can the minister assure visible minority groups of the province of Alberta that he will undertake some sort of a survey to identify just exactly what extent of difficulty of access they are facing in the province of Alberta, particularly with the public sector but as well with the wider private sector?

MR. ORMAN: Mr. Speaker, as I indicated, if there are individuals who feel there are impediments to advancement, whether it be in the private sector or the public sector, there are a number of vehicles available to them. As I indicated, the Individual's Rights Protection Act is one, the Ombudsman is another, and direct appeals to ministers in departments is a third. I certainly will take the member's advice under consideration, but not in the sense that it would be admitting that there is not ongoing action to deal with this issue.

It's not only visible minorities, Mr. Speaker, or people from the ethnic community; it has to do with women and other issues. I believe there are a number of programs and a number of ministers who are dealing with this issue on an ongoing basis, but I must say I appreciate the hon. member bringing the matter to the attention of the government. I'm pleased to see that he has a like concern.

MR. SPEAKER: Thank you.

Calgary-Buffalo, supplementary.

MR. CHUMIR: We hear of perpetual reviews of this issue by the government, and I am wondering whether the minister will undertake to implement some program similar to that of the employment equity program that the federal government has had in place for over a year now, so that we can have some indication that the government is going to do something about the problem.

MR. ORMAN: Mr. Speaker, I can also tell the Member for Calgary-Buffalo that I have had many discussions with people from the ethnic community on this issue, and I must say there is not unanimity within the communities that this is the way to deal with the issue, that somehow a program is established to advance them through the civil service and through the business

community. You can't force this type of issue in a manner that deals with programs. You have to deal with it. You have to educate individuals. It's a very significant education process that must take place.

With regard to that education process, Mr. Speaker, we are in the department undertaking a direction. Certainly I will be consulting with my Immigration and Settlement Services Advisory Committee, who have just completed a provincewide review of all of the settlement agencies and who on a regular basis communicate with the ethnic communities of this province.

I would just like to reiterate, Mr. Speaker: if there is a particular instance that is of concern to one of the individuals who raise it and individuals are impeded in their advancement through the civil service as a result of their race or religion, I think it would be a very responsible act for them to bring it to the attention of the minister responsible.

MR. SPEAKER: Thank you.

Minister for Westlock-Sturgeon, main question.

Agricultural Assistance

MR. TAYLOR: Mr. Speaker, the question today is to the Premier. It's not since the 1930s that our farm population has been so decimated by a combination of drought, low prices, and most of all, possibly, the rapacious moneylenders, not of the 1930s but now the government is the most rapacious moneylender. Although the government has made some band-aid approaches in a way of talking about possibly reducing payments by the farmers commensurate with their income and also a certain amount of lease-backs, these are still very small for the emergency that is out there.

The first question to the Premier, Mr. Speaker, is with regard to the question of the debt review board that has been reinstituted by this government, but it is a toothless tiger. Would the Premier agree now to give the same powers to this debt review board that the debt review board had back in the 1930s, just restore that kind of power to the debt review board?

MR. SPEAKER: Thank you. That's about eight sentences.

MR. TAYLOR: It is like hell.

MR. SPEAKER: I beg your pardon, hon. member?

MR. TAYLOR: Mr. Speaker, on a point of order. If you listen to *Hansard*, you'll find that I carefully crafted that.

MR. GETTY: Mr. Speaker, I guess I shouldn't comment on the rudeness of the member, the way he addressed the Chair. If anybody thinks they're going to address the Chair in this Legislature in a rude way, they are going to have to fight with me. Just remember that. You can't bring your disgraceful manners . . .

MR. TAYLOR: Mr. Speaker, I will take back the point of saying, "It is like hell," and leave it to your reading of *Hansard*, but I would like the question answered.

MR. GETTY: Mr. Speaker, first of all, I reject completely the hon. member's analogy that the current conditions in Alberta in the rural areas are the same as the 1930s. I travel throughout Alberta; I speak to our farmers and ranchers. They feel very

good about the assistance they are receiving. They feel very good about the tremendous lowering of input costs: the lowering of input costs on money, the lowering of input costs on energy, the price of gasoline, the lowering of input costs on fertilizer, the lowering of input costs on insurance and stabilization programs.

They're very pleased with the strength in the meat sector of our agricultural community. They really are looking forward with great anticipation to the new free trade agreement with the United States. Our fanners are not negative like the hon. member. Our farmers are ready to compete. They appreciate the support they're getting, and they're going to compete. Agriculture is strengthening. Our grain sector is strengthening every day, the meat sector is strong, and we're going to help them to be a very strong part of this province's growth in the future.

MR. TAYLOR: Mr. Speaker, in view of the fact that all these privileges are no good to a farmer who's forced off the land, what is the Premier going to do to stop the wholesale forcing off the land by the different financial institutions, including his own Agricultural Development Corporation?

MR. GETTY: Mr. Speaker, there isn't a wholesale forcing off of the land. Again, that's the kind of negative type of thing that the hon. member wants to introduce in this Legislature. If he wants to hurt agriculture and if he wants to scare people out of lending money in agriculture, it's to continue to paint such a negative image of Alberta's agriculture. That's the way to stop people lending money in this province, and it's his type of stories and the type of stories we hear from the other party in the opposition. If they're positive and if we're working with our agriculture people and we're working with the financial institutions -- and in our ADC we are making sure they treat every borrower with extreme flexibility. We're going to continue to work with farmers and ranchers to build this sector of our economy.

MR. TAYLOR: Mr. Speaker, the flexibility consists of whether you get off the land tomorrow or next month. The question is here: will not the Premier at least look at this Act that was drafted in the 1930s? It worked in Alberta and Saskatchewan. Will he not at least look at that Act and see if he can't reinstitute it today?

MR. GETTY: As I said earlier, Mr. Speaker, this is not the 1930s. And one thing for sure that's going to be happening with people all over the world who are wanting to come and invest in Alberta or lend money in Alberta is that they will have a very negative thought about doing that if we keep hearing this crying from the opposition and putting down Alberta's farmers and ranchers the way they do. Because our farmers and ranchers are adapting; they are strengthening and they're growing.

Now, the fact of the matter is that the Associate Minister of Agriculture is looking at every option to help our farmers and ranchers. Some do have problems, obviously, in the debt area. But let's remember this too: in every business in our country there will always be some who will move out of that business or that sector of our economy. Government cannot provide everything to keep everybody always in the things they're doing. Some will leave.

MR. TAYLOR: In view of the fact that governments are elected to protect their citizens from acts of nature and acts be-

yond their capacity -- in this case, drought and poor world prices -- would the Premier not show some of the leadership he showed in the area of disabled, for instance, and call in a conference of the people, call in a conference of farm leaders, with he as Chair, and listen to them and what they would have to say about the debt catastrophe we have striking our farms today?

MR. GETTY: Again, Mr. Speaker, we are meeting with farm leaders every day. The Minister of Agriculture and the Associate Minister of Agriculture are meeting with farm leaders every day. In my responsibility as chairman of the agriculture and rural economy committee of cabinet I am meeting with farm leaders. We are working with them, and they do appreciate it. We're going to make it happen that this agriculture industry is not just stabilized but is strengthening in the future. I refuse to accept the hon. leader of the Liberal Party's position that Alberta's farmers and ranchers cannot compete and that they can't handle the problems they're facing right now, with the assistance of the government.

MR. SPEAKER: Stony Plain and Vegreville.

MR. HERON: Thank you. I would like to ask a supplementary question to the Associate Minister of Agriculture, to let some sunshine through that socialist overcast of doom and gloom.

Given that some seven out of 100 Alberta farmers who deal with ADC are financially stressed, would the Associate Minister of Agriculture please confirm reports that some 3,000 ADC borrowers are prepaid, which exceeds the number of ADC borrowers who are in arrears?

MRS. CRIPPS: Mr. Speaker, I'd be pleased to confirm that there are over 3,000 borrowers who have prepaid in the amount of over \$5 million. I'd also like to indicate to the Member for Westlock-Sturgeon that the debt review board has been working very well. The farmers that I've . . .

MR. TAYLOR: There's no teeth.

MRS. CRIPPS: Baloney.

You know, communication is the key to working out a lot of these difficult financial situations, not legislation. It took us 30 years after the '30s to get the lending community back into agriculture because of the harm that that debt legislation you're talking about caused to agriculture.

Mr. Speaker, one of the things we have to be very, very careful to do in assessing the options and opportunities that we're having in dealing with the stressed accounts in agriculture is to ensure that we don't dry up the operating capital that the other 83 out of 100 farmers in this province have access to.

MR. FOX: With respect, Mr. Speaker, negativity doesn't help, but neither does pretending to be Pollyanna when dealing with some very serious situations. The government's own statistics indicate that 92,000 rural Albertans will be gone by the year 2001. I'm wondering if the Premier is not prepared, recognizing the seriousness of that statistic, to initiate some new, innovative, and immediate action to address the debt crisis in rural Alberta.

MR. GETTY: We are, Mr. Speaker.

MR. R. SPEAKER: Mr. Speaker, my question is to the associate minister. As of the last few days the minister has indicated

in the House that some new policy with regards to ADC in terms of flexibility would be announced. Also, I understand that possibly out of the House some announcements were made. Could the minister indicate the timing of the next announcement?

MRS. CRIPPS: Mr. Speaker, we're doing reviews of the agricultural situation on an ongoing basis. We've looked at 38 different options and policies. Frankly, there has been no announcement either in the House or out of the House at this point in time, because we're still reviewing those in terms of flexibility and in terms of really trying to meet the needs of the farm that still may have some viability.

Law Reform Recommendations

MR. R. SPEAKER: Mr. Speaker, my question is to the Attorney General. It refers to the latest report, the 50th report, of the Institute of Law Research and Reform. Out of the last 15 reports since 1982 the government has only accepted part of the recommendations. My question is: could the minister indicate why that has happened and what the minister intends to do with the current report?

MR. HORSMAN: Mr. Speaker, the Institute of Law Research and Reform has performed some valuable studies. In the last session of the Legislature two of their reports had implementation of some of the recommendations that were contained in them. We take them under advisement. We are hopeful that some legislation will come forward during the course of the current legislation which will reflect some of the recommendations in the report. The hon. member will have to just wait and see which pieces of legislation will be forthcoming. Obviously, we can't accept all of the recommendations, but we do appreciate the work they have done, and we'll continue to consider those carefully.

MR. R. SPEAKER: Mr. Speaker, possibly could the minister indicate in terms of this recent report which ones of the recommendations will be brought to the House, some indication of which ones will receive his priority?

MR. HORSMAN: The legislation is currently under consideration with respect to certain of those recommendations, and when the time is right for the legislation to be filed, I will be notifying the Assembly of those decisions.

MR. R. SPEAKER: Mr. Speaker, could the Attorney General indicate whether the report will be referred to the Law and Regulations Committee? I understand that is part of the process. Will that occur in this instance?

MR. HORSMAN: Mr. Speaker, that particular course of action was undertaken within the last Legislature, and that report was made available to me when I became Attorney General. I have considered that report and the recommendations of that particular committee of the Assembly in terms of forming priorities for legislation that might be receiving government approval. I have not yet concluded that it would be useful to repeat that exercise.

MR. SPEAKER: Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I wonder if the

minister could tell us whether he is considering implementing reforms to the legal aid system, allowing for greater funding and greater choice of lawyers.

MR. HORSMAN: Well, the hon. member will appreciate that the estimates of the Department of the Attorney General have been before the Assembly and have showed an increase in the funding for legal aid in this year's budget, to make sure that the funding requests as requested by the Legal Aid Society of Alberta are provided for. We think that's appropriate at this stage. In view of the current situation there's been a substantial increase in the budgeted funds, and we will continue to meet carefully with the Legal Aid Society.

We do approve, I must say, of the current makeup of the Legal Aid Society and the volunteer role that's played by lawyers in this province in providing those services to the public.

MR. SPEAKER: Supplementary, Edmonton-Strathcona.

MR. WRIGHT: Thank you, Mr. Speaker. In the mandate for the use of the extra legal aid funds will the Attorney General undertake that on civil legal aid there be more flexibility in the way of contribution so that the legal aid can creep up to those who are above the threshold in assets but cannot foot the whole bill?

MR. HORSMAN: Well, I appreciate the concern of the hon. Member for Edmonton-Strathcona on that issue. I would want to consult very carefully with the officials of the Legal Aid Society relative to that particular question. It really comes down to the question of access to the legal system in Canada. As I indicated during the course of my estimates, that is a matter which we intend to address in a very serious way not just here in Alberta but in Canada as a result of discussions that are taking place amongst all provinces and the federal government.

As I indicated in my estimates, I will be taking part in a very important conference in June of this year in Toronto on the subject of access for Canadians to the legal system. We hope that we will have coming from that conference several new initiatives to deal with not just the issue raised by the hon. Member for Edmonton-Strathcona today but the many other impediments that exist now to Canadians having the opportunity to go not just before the courts but before administrative tribunals and so on.

I know that goes beyond the concern raised in the supplementary, but I want to assure the House that that is a very real concern of this government.

MR. SPEAKER: Member for Lloydminster, followed by Edmonton-Calder, followed by Edmonton-Gold Bar, Taber-Warner, Edmonton-Strathcona, Vermilion-Viking, Edmonton-Avonmore.

Husky Oil Upgrader

MR. CHERRY: Thank you, Mr. Speaker. My question is to the Premier. The Husky upgrader has been in the news one way or another over the past four years. My question is: have there been any recent discussions with the federal and Saskatchewan governments plus Husky regarding the go-ahead of this very important project?

MR. GETTY: Yes, Mr. Speaker, I have been discussing on a daily basis, along with my colleague the Minister of Energy.

I've been discussing it with the Premier of Saskatchewan, the other Premiers -- support the other day from Premier Bourassa, but I've been talking also with the Prime Minister, to the Deputy Prime Minister, to the chairman of the board of Husky, other companies that might participate in this upgrader. We are doing everything possible to make it a reality.

I think it is so important to this province that that huge heavy oil resource which we have has the additional flexibility not just to be sold as heavy oil, perhaps, but also upgraded into light oil so that it can command a market anywhere in the world. That's a tremendous resource. We are diversifying this economy, and we are also bringing the economy back, strengthening it.

But I think it's extremely important, Mr. Speaker, and I'm going to fight every minute of every day to get an upgrader in this area of Lloydminster so that we can have that resource upgraded. I'm determined to see that project go ahead.

MR. CHERRY: Supplementary, Mr. Speaker. I understand with the news that has been coming out in the past year that Husky also must go to the private sector, Mr. Premier. I would like to know if they have a partner with them at this time or if they are negotiating with the private sector.

MR. GETTY: Well, Mr. Speaker, Husky represent a large private-sector corporation, of course: themselves. But in my discussions with them I am aware that they are talking with other companies to participate in this project. I have been as well. Because of the importance of this project, as I've outlined to the House in my previous answer, we are doing everything possible to have it proceed, and our government is prepared, either through loans or guarantees or equity participation in this project, to see that it goes ahead. We are confident of the resource, and we're confident of the future of this province, and we're prepared to use all the financial muscle available to us to see that this project goes.

MR. CHERRY: A supplementary. Mr. Premier, is there a time line at this time where we might have a start-up time, or is that jumping the gun a little bit?

MR. GETTY: Mr. Speaker, I appreciate the interest of the hon. member, and I acknowledge here in the House to his colleagues that he has been working very hard on behalf of his constituency to see that this project proceeds. We've been working as well with the MLA and ministers from Saskatchewan and the Premier of Saskatchewan.

I must say, as the member pointed out, that this has been talked about for some period of time, and we do not want to have any more talk; we want now to have a decision. We want to be able to get everybody together, if we have to lock them in a room and come out with a decision to have this project go ahead. I'm going to in the next several days and weeks force people into the same room and try and get a decision on this, a positive decision. We want this project to go.

MR. PASHAK: Mr. Speaker, I'm really pleased to hear that the Premier considers this project to be very important and that the province is prepared to put up loan and perhaps even equity guarantees to support the project.

I wondered if he can tell us what his federal cousins are prepared to do by way of providing either loans or equity capital to make sure that this project goes ahead.

MR. GETTY: Well, Mr. Speaker, I don't speak for the federal government obviously. But there is no question that in my discussions with the federal government and with the Saskatchewan government they're prepared, along with us, to assist this project. I have to say in the Legislature here that I'm extremely pleased by the position of the Deputy Prime Minister, Don Mazankowski, the commitment he is making to this project and the work he's doing. I'm extremely pleased that the Prime Minister, in my discussions with him, is taking an active role as well.

Now, if we have the Premier of Saskatchewan, the Prime Minister, the Deputy Prime Minister, the Premier of Alberta, and the chairmen of boards of companies and we want to do this, if we can get together and work on this decision, I'll be extremely disappointed if we can't make it happen. Our government is determined to make it happen.

MR. TAYLOR: Mr. Speaker, because I share the view of many that this may become technologically obsolescent, like our ethylene plants, could the Premier take one last look at the economics of the idea of one huge upgrader instead of many small upgraders, which are now taking the scene around the world? Possibly we are dancing to a tune that quit playing in 1980. Would the Premier take one more look at the economics and if he's not trying to force water to run uphill here?

MR. GETTY: I might say, Mr. Speaker, that the hon. member continues to express his negative views, and now against the upgrader as well. Frankly, I don't share his negative views, and this won't be the only upgrader that will be built in this province. With our kind of confidence in the future of this province and the future of that resource, there will be this upgrader. It's not a small upgrader, and there will be other upgraders. We're going to continue to work to have them happen in this province and in the Lloydminster area. The one we're talking about is in the Lloydminster area and just on the other side of the border, but it impacts on our Lloydminster area and throughout Alberta.

I must say, Mr. Speaker, that we're not going to allow other people to build upgraders and ship the heavy oil to those upgraders in some other part of the world, in the United States or in eastern Canada. We are going to make those jobs happen here; we're not shipping jobs down the pipeline the way he might

Child Care Worker Standards

MS MJOLSNESS: Mr. Speaker, my questions are to the Minister of Social Services. This province has the lowest standards in Canada in not requiring training for its child care workers. The minister has indicated for the last two years that the matter is under advisement and discussion. The Alberta Advisory Council on Women's Issues called for training standards as their first recommendation in their recent report. Question to the minister can the minister tell this Assembly when she will take action and require child care workers in this province to be trained?

MRS. OSTERMAN: Mr. Speaker, this question has been addressed in the House on several occasions. I appreciated the debate of the Bill that the hon. Member for Edmonton-Strathcona brought forth yesterday; it gave an opportunity for many members to express an opinion. But as I have indicated publicly, first of all, I was waiting for the federal government to

come down with their position with respect to child care policy overall. That position had been delayed for more than a year, and unfortunately so was ours. As I have said publicly, I will be in a position early this summer to communicate Alberta's view in terms of the specific regulations governing Alberta policy.

MS MJOLSNESS: Well, Mr. Speaker, the other provinces haven't waited for the federal government.

Supplementary: would the minister explain to this Assembly why we require training for workers working with children over four and a half years old but not working with children under four and a half years old, in view of the fact that this is their most crucial time of development?

MRS. OSTERMAN: Mr. Speaker, I think that historically there have been several different views with respect to the type of care and nurturing for children under the age that the hon. member mentions. This has been a matter of discussion for a great period of time.

With respect to waiting for the federal government and the hon. member's comment about other provinces: indeed, on many occasions Alberta has a different view from other provinces, and that doesn't mean that we don't take into consideration what they are doing. But it is also important for families, parents, and the day care operators themselves to have an understanding of what overall policy would be. I don't think it's fair to them to present a number of things that will impact on them several months apart. It had been my hope that we would be able to present an overall policy.

MS MJOLSNESS: Well, supplementary to the minister in view of the fact that trained child care workers are made aware of many issues, including the merits of various methods of discipline, how can the minister ensure that untrained child care workers are not resorting to corporal punishment due to their lack of knowledge about alternatives?

MRS. OSTERMAN: Mr. Speaker, it has certainly come to my attention on a number of occasions where day care operators have communicated with me about the vigilance -- and in their view the overvigilance -- with respect to those who monitor the day care situations on behalf of the department, leaving aside the very good work done by the Social Care Facilities Review Committee. A number of operators have indicated that their methods of discipline, if that's a good choice of words here in terms of handling what may be inappropriate conduct by little people, aren't always agreed with. As a matter of fact, I think the hon. member would find that the monitoring done by the department is very vigilant in that regard.

MR. SPEAKER: The time for question period has expired. Might we have unanimous consent to complete this series of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Edmonton-Calder, final supplementary.

MS MJOLSNESS: Thank you, Mr. Speaker. To the minister once again: as this province will be the big winner under the new federal day care program -- which you've already mentioned -- because it will provide funding for commercial day

care centres, will the minister make a commitment, then, to use that extra money to subsidize wages for trained child care workers in nonprofit centres?

MRS. OSTERMAN: Mr. Speaker, it is not our intention to set the wages for, well, child care workers. That certainly is an area . . . The fee charged to families for child care is open for the operators to set, and based on that, certainly they should be able to pay their workers a decent wage. That is up to the operators, absolutely.

MR. HYLAND: Supplementary question, Mr. Speaker. I wonder if the minister would consider using the funds that would be saved to assist those who don't have access to day care, either in the rural areas or in small towns, who have to pay for child care, or others who stay home and look after their children.

MRS. OSTERMAN: That's a very timely question, Mr. Speaker, because certainly we get many representations from families who are raising their own children and feel that they have a very heavy obligation by way of their taxes in subsidizing people regardless of the income they have. I think it's important to note that first of all, whatever funds flow from the federal government -- and we don't have an indication at this time how much they will be -- they are still Albertan taxpayers' funds. It is not as if there is a magic pot of money somewhere else coming from other people that is going into child care. So it's important for us to take the funds, whatever is made available, and share them as fairly as possible.

MR. MITCHELL: Mr. Speaker, to the minister. Has the minister undertaken an evaluation of current day care worker training programs available through postsecondary education institutions to determine the applicability of the curriculum to current-day requirements for day care workers and also to assess the accessibility of these programs for workers already employed and not earning a great deal of money to afford these programs?

MRS. OSTERMAN: Yes, Mr. Speaker, we have done that.

ORDERS OF THE DAY

MR. YOUNG: If I may, Mr. Speaker, with the consent of members I'd like to indicate business for the forthcoming number of days. I would like to advise hon. members that on Monday afternoon next the estimates for Forestry, Lands and Wildlife will be before the Committee of Supply. The Legislature will not sit Monday evening. On Tuesday evening the estimates for the Department of the Environment will be called. Wednesday afternoon, as we know, is an opposition possibility for designation. Thursday evening the Legislature will not be sitting.

MR. SPEAKER: Having called Orders of the Day, might we revert first to the introduction of returns and tablings? Could we have unanimous consent upon that?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

head: **TABLING RETURNS AND REPORTS**
(*reversion*)

MR. HORSMAN: Mr. Speaker, I wish to table Order for a Return 169.

MR. SPEAKER: Thank you. Might we also have unanimous consent to revert to the Introduction of Special Guests? Those in favour?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

head: **INTRODUCTION OF SPECIAL GUESTS**
(*reversion*)

MR. JOHNSTON: Mr. Speaker, today marks an important day in the Legislature, with the introduction of two important pieces of labour legislation. But for a member from Lethbridge it is also an important day because today in the members' gallery are visitors from the city of Lethbridge. A grade 8 class from Gilbert Paterson school is here to watch our government in action, to observe how the opposition operates. They are led by their teachers Paul Stevenson, Wayne Rusling, and Debbie Morgan. I would ask them to rise in the members' gallery to accept the warm recognition from this Assembly, and I look forward to seeing them after the Assembly adjourns.

MR. STEWART: Mr. Speaker, it my great pleasure to introduce to you and through you to all members of the Assembly, 94 grades 4 and 5 students from Banff Trail school in Calgary-North Hill. I haven't had the opportunity of meeting with them yet, but I am looking forward to that shortly. They are accompanied by their teachers Mademoiselle Veilleux, Madame Neish, and Mrs. Nyhof, and a number of parents. They're wearing their Calgary Flames shirts, and rightly so. I would ask all members to greet them as they rise in the galleries.

Thank you very much.

MRS. CRIPPS: Mr. Speaker, it's my privilege to introduce on behalf of the Hon. Don Sparrow, the MLA for Wetaskiwin-Leduc, nine students from the Clear Vista school alternate school program in Wetaskiwin. They are accompanied by their teacher Betty Westfall and bus driver Hennig Helgren. I'd ask them to rise and receive the warm welcome of the Assembly.

MS BARRETT: Mr. Speaker, I rise on a point of order.

MR. SPEAKER: A point of order?

MS BARRETT: Yes, Mr. Speaker. Although I regret that there is no formal citation for this point of order, it was raised yesterday by the Government House Leader. Subsequent to leaving the House, he and I had a conversation in which we finally agreed that we disagree. My interpretation of *Beauchesne* and *Erskine May* is that technically I have not violated any of the rules governing the parliamentary tradition here in Alberta or in parliamentary countries. On the other hand, Mr. Speaker, I acknowledge willingly that while I might believe anything about any other member of this Assembly, yourself included, I certainly cannot prove that anybody is motivated by any particular desire, yourself included. Therefore, I willingly and happily

withdraw the imputation that your rulings are governed by a particular bias.

MR. SPEAKER: Thank you, hon. member. Could I have it recorded in the *Hansard*. Thank you, hon. member.

head: **COMMITTEE OF SUPPLY**

[Mr. Gogo in the Chair]

MR. CHAIRMAN: The Committee of Supply will please come to order to consider estimates brought forth by the government.

Estimates today are the Department of Federal and Intergovernmental Affairs on page 201 of the government estimates book. The responsibilities of the ministry are on page 201. Authorities for the programs are on page 202. Would members wishing to put questions, comments, or amendments to the department please indicate.

Before we call on the minister, the Chair sees we have many visitors in the gallery. Perhaps it would be in order to explain to our visitors what this is all about. Each year when the Provincial Treasurer brings a message from Her Honour, representing the Queen, to this Assembly authorizing expenditures on behalf of Albertans for the fiscal year commencing April 1, he at the same time has a motion passed authorizing the formation of this committee which deals with all expenditures of the House. Each minister of the Crown, and only the minister of the Crown, has the authority to present expenditure plans on behalf of Albertans to the Assembly. No member of the Assembly may authorize the expenditure of any money other than a member of the Executive Council. That's by virtue of the fact they take a special oath to Her Majesty the Queen.

Today we're dealing with one of those, and Mr. Horsman, our Minister of Federal and Intergovernmental Affairs, is requesting this Assembly of all members to concur with his spending estimates; that is, the number of dollars, almost \$10 million, for the coming year. Mr. Horsman will make comments to the committee in terms of why they should support his estimates, and then members of the committee will put questions and ultimately, subsequently, and hopefully approve what Mr. Horsman requests.

**Department of
Federal and Intergovernmental Affairs**

MR. CHAIRMAN: Hon. minister, Mr. Horsman, do you care to make opening comments?

MR. HORSMAN: Yes. Thank you, Mr. Chairman. To begin my estimates remarks, let me say that the 1987-88 fiscal year was a very busy year for myself and my department and a year of progress. In a time of fiscal restraint the Department of Federal and Intergovernmental Affairs managed its resources and worked effectively with other government departments. It also worked with the private sector, other provinces, the federal government and foreign governments in co-ordinating and promoting Alberta's interests and activities.

Perhaps our major success was in further enhancing the degree of co-operation that exists between our government and the federal government. Of paramount concern to my department and all Albertans were the issues of the Canada/U.S. free trade agreement; the negotiations currently proceeding under the GATT, which is the General Agreement on Tariffs and Trade;

and, of course, the Meech Lake Constitutional Accord, particularly as that accord relates to Senate reform. In these areas, and in many of our other dealings with the federal government, there existed a degree of co-operation and consultation which surpassed any we have had before.

Our Ottawa office has worked closely with our federal counterparts to ensure that Alberta's priorities are addressed. That our province was able to play such a significant role in matters of great importance to all Canadians was remarkable, and we look forward to further enhancing this role over the course of the current fiscal year.

[Mr. R. Moore in the Chair]

With respect to the free trade agreement, I have been very active with my staff in informing Albertans of the great opportunities that will exist after the agreement is implemented. Since January 2, when the agreement was signed, I have given 40 presentations on the topic of free trade in almost as many communities. In addition, my staff, in co-operation with representatives from the departments of Agriculture, Energy, and Economic Development and Trade, have been involved in dozens of presentations and briefings all over the province. I can say that the response we have received from our audiences with respect to the very broad spectrum of our population has been very positive. Albertans are looking forward to the challenges and benefits this historic agreement will bring to us. It is very important to this government that we all become well informed with respect to the elements of the agreement, and we will continue to travel throughout the province during the coming year to provide more briefings and presentations to Albertans.

My department has also been working closely with other provinces, the private sector, and the federal government in providing the free trade agreement. I have met with the Hon. Pat Carney, former Minister of International Trade, on a number of occasions and look forward to meeting with her successor, the Hon. John Crosbie, in co-ordinating our province's efforts with those of the federal government to ensure the ratification and implementation of the agreement. These efforts will include supporting the federal government in addressing American audiences as well as Canadian audiences with respect to the importance of this agreement.

In addition, over the last several months I have met with a number of premiers -- from Saskatchewan, British Columbia, and just last week, of course, Premier Bourassa from the province of Quebec and his Minister of Intergovernmental Affairs -- as well as with trade ministers from almost all provinces in Canada in promoting our position and co-ordinating interprovincial efforts with respect to free trade.

Finally, my department has been active in monitoring the developments in the U.S. with respect to the agreement. I have spoken on this topic on several occasions to American audiences, most notably the National Conference of State Legislatures last January in New Orleans, in which I continued my position as co-chairman of that conference from the Canadian side, and I visited a number of cities on the west coast last fall to bring the message to those audiences. Those audiences heard the same message, and that, of course, was that trade with Canada is important to the Americans as well as to Canadians and that protectionism is harmful to both countries.

I hope I've provided an overview of my department's activities in relation to what will be the largest two-country trade

agreement in the history of the world. I can assure you that I and my department will continue these activities over the next several months through the ratification process, both in Parliament and the American Senate and House of Representatives.

With respect to the GATT, the General Agreement on Tariffs and Trade, our government has enjoyed a high degree of involvement in the current round, the Uruguay round, of discussions. This is in marked contrast to the absence of any provincial role during the Tokyo round of the 1970s. Of course, those were in the Trudeau years we all remember so well. A vast difference exists today in terms of our participation. And as hon. members know, I was invited by the federal government to the launch of the round in Punta del Este, Uruguay, and have subsequently visited GATT headquarters in Geneva for yearly meetings in order to monitor the progress of these very important discussions. On my last visit to Geneva in January of this year, I spent a day in Brussels meeting with the European Economic Community and their officials to discuss the role and position with respect to the current GATT round. In fact Willi Leclercq, who is the commissioner for external relations of the 12-nation European Economic Community, will be visiting Edmonton next week, and I will have an opportunity to review with him again the European community's position, particularly as it relates to agriculture.

As you are aware, agriculture has been put fully on the table for multilateral negotiations for the very first time, and the cessation of the current agricultural subsidy war is a major Albertan and Canadian objective. While we recognize the difficulties in negotiating substantial changes to the subsidy systems in place under the European community's common agricultural policy and the United States farm Bill, we strongly support the federal government's efforts to ensure that real progress on the issue and what they call an early harvest will be announced at the midterm review of the current round, which will take place this December in Montreal in Canada.

Another important element of my department's role in federal and intergovernmental relations is in preparing for and co-ordinating Alberta's participation in the annual Western Premiers', the Premiers', and the First Ministers' conferences. The first of these, the Western Premiers' Conference, will take place in Parksville, British Columbia, from May 18 to 20, and will deal with those issues of particular importance to western Canadians. My department will also be involved in preparing for the Premiers' Conference to be held in Saskatoon, Saskatchewan, this August and the First Ministers' Conference on the Economy, which will take place in November in Calgary. We are very pleased to be able to host our country's First Ministers, and my staff and the staff from other departments and offices will be working very hard to ensure the conference is a great success.

I should point out that the time of the Western Premiers' Conference and annual Premiers' Conference provides provinces with the opportunities to provide significant input into the agenda on the First Ministers' Conference. I should also point out that all three of these conferences this year for the first time in many years are taking place in western Canada. My department will be working very hard to ensure that Alberta has a strong and meaningful presence in each.

In addition to these meetings, my department is preparing for a First Ministers' conference on Senate reform which, as noted in our Speech from the Throne, is expected to take place before the end of this year, 1988. Senate reform is the primary constitutional issue facing our government today. My department

will be working closely with the governments of other provinces and the federal government to ensure that the process facilitating meaningful Senate reform, a process outlined in the Meech Lake accord, is begun, regardless of whether or not all 10 provinces have ratified the 1987 Constitutional Accord by the end of this year. Indeed, in the Meech Lake accord, our Premier received a commitment from all First Ministers to give Senate reform the highest priority. Just yesterday I met with Senator Lowell Murray, the federal minister responsible for Federal/Provincial Relations, and I can report that I made our priority well known to him and the federal government.

As you know, our government has taken a strong position in favour of the Triple E Senate: equal, elected, and effective. We would like to see strong provincial representation in our national decision-making process, representation we do not now have under the current makeup of the federal Parliament, which, as you know, consists of the Queen, the Senate, and the House of Commons. We know that this Legislative Assembly unanimously endorsed the concept of the Triple E Senate in 1985 and again just over a year ago on March 10, 1987. We look forward to pursuing this issue vigorously under the leadership of our Premier at these forthcoming conferences.

The Department of Federal and Intergovernment Affairs is responsible for the policy issues of two other programs involving federal/provincial co-operation: the Western Diversification Office and the economic and regional development agreement. Now, Albertans were encouraged when the Prime Minister announced the creation of the Western Diversification Office in August of last year. Our department has taken steps to establish an effective working relationship between our department and the Department of Economic Development and Trade and other interested governmental departments and this new federal office, and we have seen the results. To date the federal government has committed assistance to two major projects: the Centre for Frontier Engineering Research and the recently announced Daishowa pulp mill in the Peace River area. We are satisfied that this new federal department has been given an effective mandate and will be in a position to pursue western concerns within Ottawa as they relate to our diversification strategy. We intend to capitalize on this strong mandate, and over the coming year we'll work with other provincial departments in communicating Alberta's diversification priorities to the Western Diversification Office.

My department also is responsible for initiating programs under the economic and regional development agreement. Four subsidiary agreements exist in the areas of agricultural processing, forestry, tourism, and northern development. The agreement complements the western diversification initiative, and I have indicated to the Hon. Bill McKnight that Alberta places a high priority on the agreement as an essential intergovernmental instrument, because through it we can harmonize programs to businesses and communities, and for these reasons Alberta will be seeking to increase the number of subsidiary agreements.

I would also like to touch on two other important activities that the Department of Federal and Intergovernmental Affairs is involved in: firstly, Alberta's special relationship program, and secondly, the operation of our six foreign offices. My department is currently involved in three highly successful sister province programs with Heilongjiang in the People's Republic of China, Hokkaido prefecture in Japan, and Kangwon province in the Republic of Korea. These special relationships, considered the most active of their kind anywhere, are based on the striking similarities of our climate, geography, and resources within

these provinces, all of which are located in the Asia-Pacific region, an extremely important and growing market for Alberta. These relationships have resulted in the development of numerous exchange programs and international co-operation involving thousands of Albertans in areas such as science and technology, trade, education, culture, athletic training, agriculture, and medical research. Highlights of this activity in the past year alone, for example, included the second meeting in Alberta of the Hokkaido/Alberta commercial exchange committee in which 15 Hokkaido-based companies spent a week in Calgary and Edmonton discussing new trade and investment prospects and signing new contracts in areas such as agriculture, forest products, and winter apparel.

An international authority on skin cancer from Hokkaido joined the staff at the University of Alberta to initiate research and treatment of this ailment. Alberta, still the first and only Canadian province with the linkage in Japan, hosted a conference of 68 representatives of Canadian municipalities twinned with Japanese cities and towns to discuss the benefits and opportunities of this relationship. I had the opportunity of attending the closing luncheon of that particular conference, and it is remarkable that we had mayors from Halifax to Victoria in Alberta to discuss this twinning relationship concept. It was quite a remarkable occasion. Sponsored jointly by our government and the Embassy of Japan in Ottawa, supported by the Consul General from Japan to Alberta, it was a great success.

[Mr. Gogo in the Chair]

Now, preliminary sales of Alberta beef to Hokkaido and of our proven oil and gas technology and equipment to Heilongjiang have resulted in major sales into the major markets of Japan and China in 1987. In 1988 we look forward as a government to co-hosting the International Symposium on Cold Regions Development to be held this August in Heilongjiang, where Albertans will showcase our unique capabilities in cold weather equipment construction, and technology to over 50 participating nations. October will see a return mission of Alberta exporters and businesses to Hokkaido to follow up on trade, investment, and joint venture opportunities.

Alberta cardiac surgeons will establish a sophisticated cardiac treatment centre in the new Hallym medical university in Kangwon. Numerous Alberta faculty and students will visit all three provinces on lecture and study tours. All of the national governments involved have recognized the value and importance of these linkages in the development of bilateral relationships. We hope to continue in the growth and successes experienced thus far.

Mr. Chairman, as the current estimates indicate, the overall budget for my department has increased 26.4 percent over the previous fiscal year. Virtually all this increase will be used to maintain and enhance Alberta's operation of the six foreign offices located in London, Tokyo, Hong Kong and New York, Los Angeles, and Houston in the United States. These offices play a vital role in promoting the province's international interests. The offices work in conjunction with Alberta's private sector, government departments, and Canadian embassies and consulates on a wide range of projects and activities.

While each office has a somewhat different mandate, all six share a few primary objectives. First each office works together with Albertans promoting the sale of Alberta products and services in their regions. In addition, our foreign offices work to encourage and secure investment and, where ap-

propriate, business, immigration that will contribute to Alberta's economic development, diversification, and employment. They also provide intelligence and information on developments and competitors in their respective region. This information contributes significantly to the formulation of Alberta's trade and investment strategies. Finally, these offices enhance the awareness and understanding of Alberta and thereby help to market Alberta in the broadest sense. Most of the offices also have an active and important role in promoting Alberta as a tourism destination, identifying high-technology products and services that could be of potential benefit to Alberta and assisting with cultural and educational activities.

As my outline of their activities indicates, the role of our foreign offices in expanding our markets and enhancing our existing markets is vital. This government recognizes the need to increase this role, and as a result we will be hiring additional staff, particularly in Tokyo and Hong Kong, to meet the needs of these offices. The budget increases for our foreign offices are also a response to fluctuations in currency exchange rates. In 1985 our dollar was worth approximately 175 Japanese yen. Today, however, our dollar is worth only 100 yen, less than 60 percent of its value three years ago. With respect to the British pound, our dollar has also weakened over the past few years. Today it is worth only 80 percent of its value in 1985. In Hong Kong, while the fluctuation in the currency has been fairly minimal, inflation in that city is much higher than in Canada, and this has driven up substantially the costs of maintaining our office there. But despite these rising costs, we feel the operation of these offices is essential to expanding our foreign markets, particularly in the Pacific Rim.

As I have indicated in providing a background of the initiatives my department will be involved in over the coming year, my role as minister often requires active participation in various conferences, meetings, and presentations, and therefore I will continue to travel extensively within the province, to other parts of Canada, and internationally as required to best serve the interests of Alberta. I will continue, in other words, to do my job as given to me by the Premier in asking me to assume the responsibilities I have in this portfolio.

In summary, the activities of the Department of Federal and Intergovernmental Affairs over the next fiscal year will have a central theme, and that theme is diversification: diversification of our economy through our efforts in the free trade agreement under the General Agreement on Tariffs and Trade, the economic and regional development agreements, the Western Diversification Office, and the operation of our six foreign offices, not to mention the office in Ottawa, Mr. Chairman, which we of course do not categorize as a foreign office but nonetheless is an important office for the benefit of Albertans; diversification in culture, education, and technology through our special relationships, our various other exchanges, and new initiatives that will be announced over the next several months; and finally, diversification of our provincial role in the Canadian Confederation and around the world through our foreign offices, our involvement in other organizations like the National Conference of State Legislatures, and our participation in the interprovincial and federal/provincial conferences that will take place over the course of the year, and in our efforts to assist in seeing, as our Assembly has already done, the entrenchment of the Meech Lake Constitutional Accord to further strengthen our relationship with the federal government to make the Triple E Senate a reality, and to serve as a vital element in the building of the Canadian nation.

This responsibility is unique and challenging in our government and I welcome the opportunity of answering questions posed by members of the committee.

MR. CHAIRMAN: Thank you, hon. minister. The hon. Member for Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Chairman. I similarly welcome the opportunity to make those comments and pose those questions to the minister in consideration of his estimates.

I would like to focus for my opening comments, Mr. Chairman, on the Mulroney trade agreement, given the place it now occupies within the minister's responsibilities and his expressed desire to promote it and ensure its implementation. I maintain a certain thesis here with respect to the free trade agreement so called, and that is that it is both more and less than Canadians expected. And it is not exclusively a free trade deal; it is much more than that. It's also less than free trade. For instance, it doesn't remove the American power to impose trade remedy laws -- for instance, countervail used against our softwood lumber. Canada didn't get guaranteed access to the American markets even though all tariffs will be removed.

On the other hand, the deal goes far beyond the issues of trade and infringes on many areas of Canadian sovereignty, I submit. This deal removes Canada's ability to restrict foreign ownership or to ensure that foreign-owned companies act in Canada's interest. That is a massive departure from what would ordinarily be assumed to be incorporated under a specific trade deal or a broad-ranging trade deal. This deal allows Americans unrestricted access to Canadian energy supplies and prohibits the use of our energy resources to diversify our economy.

Furthermore, the United States will have the right to establish in Canada private firms operating in such areas -- such people areas, I might say -- as hospitals, homes for the physically handicapped, ambulance services, blood-bank laboratories, agricultural and forestry services just to mention a few. Now, the concern that I have in this context is not mainly to do with the trade or the tariff barriers being reduced, Mr. Chairman. As you know, Canadians and Americans enjoy about an 80 percent tariff-free trade relationship as it is. But I don't think we should be confused by the numbers that the minister so happily refers to when he talks about the volume of the trading relationship between the United States and Canada. Those figures can be misleading, inasmuch as \$170 billion a year sounds like an awful lot especially compared to the size of the Canadian economy. But one must keep in mind that that includes transfers between United States companies and their branch plants in Canada. So the actual trading figures are distorted by the way they're reported.

Moreover, Mr. Chairman, one has to come to understand foreign investment in terms of what it means in terms of foreign control. First of all, 95 percent of foreign investment coming into Canada in the last three years has been actually in the form of takeovers; that is, takeovers of existing companies, whether they were already U.S. controlled or not. But the point is that these takeovers do not create jobs; they create paper transfers which may or may not although more often than not putatively increase the value of a company or a series of companies, but they are not responsible for job creation endeavours. Everybody knows that it's the indigenous Canadian sector, particularly the small and medium business sector, that does the bulk of the creation of jobs in Canada, most of which is engendered by indigenous Canadian businesses.

Secondly, Mr. Chairman, I note that right now Canada entertains about \$110 billion of direct investment from foreign sources. That's an awful lot of money. If we looked at the overall scheme of foreign ownership in Canada, what you would see internationally is that no industrialized country in the world -- not a single one -- even comes close to having the amount of foreign ownership as does Canada. Now, there are other countries in the industrialized world that have high levels of foreign ownership, but it's controlled foreign ownership, and I would cite specifically Sweden and West Germany in those regards.

Let me give you an example, Mr. Chairman, of just how serious this issue is. In 1983, the last year for which Statistics Canada figures are available, American investors -- this doesn't talk about anybody else; just American investors -- owned 35 percent of our food products industry, 58.8 percent of our petroleum and coal product industry, 60 percent of our chemical and chemical product industry, and 75 percent of our rubber products industry. That's a fairly high amount of foreign ownership, particularly when one considers that these are sectors that are heavily resource-based. It's not like these sectors are going to go on ad infinitum, particularly when it comes to the nonrenewable natural resource sector.

So what do you suppose is going to happen as a consequence of the depletion of those particular resources? I can assure you that the foreign owners will feel no allegiance to transfer their ownership of Canadian enterprise into other areas, particularly into renewable resource areas or tertiary and manufacturing levels of production.

On the matter of foreign ownership, I would like to make one other point, Mr. Chairman, and that is that Canada has actually over four times the foreign ownership than the country with the next highest level, Switzerland, and more than 15 times the level of the third highest country, Sweden. The United States, Britain, and Japan have foreign ownership levels of between 1 and 3 percent. So one gets the picture that, in fact, we're in a very vulnerable state to begin with, even prior to contemplation of the Mulroney trade agreement.

Now, let's look at what happens when you've got a high rate of foreign ownership where you don't control the profits generated therefrom. In Canada it is estimated that about \$22 billion a year in interest payments, dividends, and so on leaves Canada to be repatriated by the foreign owners. That comes to, on my calculator at least, \$2.3 million an hour. That's a fair amount of money, Mr. Chairman, money that, if it were controlled by Canadians, may stay in Canada -- in fact, given the rate at which Canadians run out every year to buy Canada Savings Bonds, I feel quite certain would stay in Canada, to be reinvested in Canadian industries and Canadian jobs.

Then I look at the partner with which we are now engaging in this deal, and the United States economic picture, which, I declare, is quite bleak. The net U.S. foreign debt stands at \$286 billion. That's a lot of money. What that shows you is that the United States is probably much more desperate to accomplish this deal than is Canada, in terms of pure objective economic criteria. They have a serious need to reduce that trade deficit Mr. Chairman. Their trade deficit stands at \$176 billion. That's just their trade deficit. They've got a serious problem.

I contend that one of the greatest problems that the United States economy has is the maintenance of what can only be described as a permanent black hole in their economy; that is, this bottomless pit of demand and supply given to that demand for the production of the means of destruction. It's a system which is truly out of control. Even the Soviet Union has come to real-

ize that they can't afford to continue to produce armaments at the level they have been, because there is no end to that sort of demand. But the United States, for some reason -- perhaps it has something to do with their political leaders -- has not yet discovered that no economy, whether capitalist, communist, or somewhere in between, can be sustained on that basis. That has nothing to do with the moral issue of whether or not we should be engaging in such levels of arms production while so much of the world goes hungry and while so many people remain unemployed.

Finally, Mr. Chairman, I have a look at the employment trends in the United States over the last few years, and I believe that this reflects the state of their economy internally. Nearly 60 percent of the so-called new jobs in the United States pay less than \$7,000 a year. Now, that's an average figure that's calculated for between 1980 and 1986. Average earnings in the United States overall have dropped 13 percent since 1973.

Now, in Canada things aren't much better. I don't know that I appreciate the veracity, I suppose, of the Prime Minister's continual statements that, by God, he's created so many jobs. You know, you'd think this man was out there single-handedly opening up businesses the way he takes credit for having created jobs. That is not to say that one is not happy that the unemployment rate in Canada and Alberta has declined over the last few years, however modestly. But if one looks closer at the facts, as the Canadian Labour Congress has done, one discovers that between 1981 and 1985, of all the jobs created, nearly 30 percent of them were created at an earning income level of less than \$10,000 a year, and nearly 70 percent of them were created at an earning income level of less than \$20,000 a year. That leaves between 1 and 2 percent, Mr. Chairman, of all of the jobs that were created, whether net or gross, earning more than \$20,000 a year. That is not the sign of a massive improvement in the economic profile of Canada. But I would contend, weaknesses though it may have, it is still better than the economic performance of the United States and the income accruing to those new jobs.

I wonder why it is that we would want to be tied more and more to the declining U.S. economy. I look back and I see some quotes from various political authorities. I could quote ad infinitum from the Prime Minister and his current cabinet prior to the last election, when they indicated that they had no stock whatsoever with pursuing a free trade deal. Of course, their tune changed almost the minute the 1984 federal election concluded. But let's have a look at what the front liners were saying, Mr. Chairman. I'd like to quote from Simon Reisman, November 12, 1986. He said:

I would never recommend an agreement to the Canadian government that didn't make substantial progress . . . in limiting and constraining the United States' unilateral right to use these measures.

Of course, the measures he was referring to were trade remedy laws. After the preliminary agreement was signed in October 1987, Reisman changed his tune, and he said:

You've got to be just plain dumb to think we could have gotten guaranteed access to the American market.

Well, I read a lot into that quote, Mr. Chairman. I mean, here's the front line negotiator for Canada admitting that, in fact not only did we not but we could never have gotten guaranteed access to the United States market. I believe he was telling the truth.

The Americans confirmed this in the same month in the same year with a quote from the U.S. trade representative's office, which says:

Both partners have agreed to retain existing national laws and procedures dealing with subsidies and dumping . . . hence U.S. petitioners will retain all their rights under existing U.S. law.

Now that gets to the heart of the matter, Mr. Chairman. What he is saying is, "You may think you got a good deal -- you may think you got any sort of a deal -- but, in fact, you can't prevent us from erecting further barriers at our whim to imports you may want us to accept," which, from the Canadian perspective, would be exports.

I'd like to return for a moment to the issue of foreign ownership in Canada, Mr. Chairman, because I think it's so vitally important, especially here in Alberta. Half of Canada's resource and manufacturing industries are already foreign owned. As I've said before, no industrialized country in the world could make that sort of claim, not that they would want to, if they had any brains or wits about them.

Under the terms of this deal neither the federal nor provincial governments will be able to regulate U.S. firms to ensure that they purchase supplies in Canada -- a Canada-first procurement policy is the common phrase for that -- or undertake research and development in Canada. There are no such requirements under this deal, Mr. Chairman. Moreover, and this is what I don't understand: if it was simply a trade deal -- my preference obviously is that it be conducted on a sector-by-sector basis. Nonetheless, if it dealt purely with trade, my objections and the objections of the New Democrats throughout Canada might not be quite so vociferous.

The problem is that in order to get this so-called trade deal, Canada has basically opened itself up to even greater amounts of foreign ownership. Now, let's not confuse the words here. People say "foreign investment," but what they don't understand, Mr. Chairman, is that that constitutes foreign ownership, which is implicitly -- and one has only to look at history to understand this -- control over the very sovereignty of a nation entertaining greater and greater foreign ownership.

Under the terms of this deal, only acquisitions, direct acquisitions, of companies valued at over \$150 million will give rise to the investment review agency, now known as Investment Canada, to bat an eye. That's unbelievable when you look at the number of companies in Canada that are over that level, which are relatively few. What we're saying is that Canada is basically open for direct acquisition: come on in. Now, the current level that would trigger the mechanism for a review is a \$0.5 million acquisition. The leap here is phenomenal.

Now, to make the point about why it is important that Canadians own Canadian industries, I would like to point out that U.S. companies import almost four times as much as Canadian-owned companies, and they export less -- that is, U.S. companies in Canada. Canadian jobs are exported in that process, Mr. Chairman: if you're not buying Canadian, then you're not buying Canadian jobs.

[Mr. Musgreave in the Chair]

I would quote Harvey Bale, the assistant U.S. trade representative, who said in 1981:

We believe that U.S. foreign direct investment has also made a contribution to employment in the United States through the link between exports and investment. Much of our trade with foreign countries originates with orders placed by the subsidiaries of U.S. companies located overseas. For example 75 percent of our exports to the 300 largest companies in Canada originates from the subsidiaries of U.S. firms.

So I have no contention with the factual observation here. What

the man is saying is that the American economy has a net benefit in terms of jobs by having their branch plants in Canada. I'm not convinced that some of those branch plants are going to survive this deal, but I'll get to that, I suppose, in a few minutes' time.

Now, under the energy component of this deal, Mr. Chairman, I feel that we have really lost control over our nation. The reason I argue this is because we have, first of all, given up our right under the continental energy deal. And let's not kid ourselves; that's what it is. Canada has given up the right to use minimum export or import prices under article 902 and export taxes under article 903, or export quotas as an instrument of energy policy.

Now, I know that the Conservatives in Alberta argue that, well, you know, let the free market govern everything. But what they don't understand is that the Alberta oil and petrochemical industries would not have been developed to the extent that they were in the 1970s were it not for the fact that we had the power to engage some of these mechanisms so that, first of all, Albertans got what was due them for the depletion of natural resources in terms of royalty revenues and jobs created, et cetera, and secondly, enjoyed the benefits of the related industries -- the multiplier-effect industries is what they amount to. Now I believe that Canadians will be subsidizing U.S. consumers by selling off our more accessible reserves -- those are the ones that are easier to tap -- of nonrenewable hydrocarbons at prices dictated by market conditions in the United States, and then later on replacing them with more expensive resources from Canada's frontiers.

Well, I think that's a serious mistake, Mr. Chairman. But more than that, I think it is an unbelievable error in judgment that Prime Minister Mulroney, evidently with sanction from the Federal and Intergovernmental Affairs minister of Alberta, agreed that if some instance of shortage occurs in the United States whereby they need greater access of our depleting natural resources, or if Canadians determine, for instance, that we're running out of easily accessible supplies, if unusual circumstances come to dictate -- other than war, which I acknowledge has been protected -- we must now here in Alberta and in Canada continue to export to the United States consumers the level of oil and gas that we had been exporting for the prior three years. We have no authority, in fact, to change the volume of our exports, nor will we have the authority to ask the American politicians to conduct themselves or ask their public to conduct themselves in any sort of conservationist fashion, if we find that we are suddenly facing shortages, to suit our own needs. That, I think, is a serious problem, and indicates a massive precedent upon upon which other similar arrangements might eventually be hammered out. I don't think that Canadians are sufficiently well aware of that component of the agreement, Mr. Chairman.

Now, when it comes to agriculture -- and I admit I'm an urban kid here; I didn't grow up on the farm. I've learned an awful lot about what I do know about agriculture in Alberta in only the last five or six years. But what . . .

MR. TAYLOR: You're looking at 'em, though.

MS BARRETT: Yeah, right. The hon. Member for Westlock-Sturgeon says I am looking at them, and indeed it's true. I do look across at the government members. On the other hand . . .

MR. DINNING: And that's the way it's going to stay.

MS BARRETT: The Community and Occupational Health minister observes that that's the way it's going to stay. I suspect it's true; I'll continue to look across at Conservatives. But I'm hoping that after the next election I'll be on the other side of the House and they'll be here, sitting in the opposition benches. Well, with any luck even that might not have to happen.

Mr. Chairman, what I do know, however, about the agricultural industry in Canada and in Alberta is that it is further threatened by the terms of this deal. In the first instance -- and remember, we used to have the Crow rate operating in Canada. Well, that got disbanded, and it was going to be replaced by this "don't you worry, it'll always be untouchable" western grain transportation subsidy program. Well, the "don't you worry, it'll always be untouchable" western grain transportation subsidy program has finally been touched by the terms of this deal. Canada has agreed to give up the right to subsidize grains travelling through western ports going into the United States. I think that's a major concession, Mr. Chairman.

I am also given to understand that because of the agreement on making true free trade available between the United States and Canada on such other agricultural sectors as poultry, our poultry producers believe they're going to be completely wiped out in no time. Let me give an example of why they say that's true. In one state alone in the United States -- Kansas -- poultry producers produce more chicken in a week than Canadians consume in a year. I mean, that's a staggering amount -- right? I don't know how it is that Canadian poultry producers are going to survive under those circumstances, and the same would be true for dairy producers.

I believe that the diversification policies that have hitherto been instrumental in helping stabilize and even in some instances prompt economic growth in western Canada will be lost under the terms of this deal. Here in Alberta we're a resource-based economy with very high levels of foreign ownership, and the west is very vulnerable to decisions taken outside of our region. No one in this House would kid themselves on that. The Energy minister for years has said, whether it's the current Energy minister or previous, "I'm doing what I can, but don't blame me; I'm not OPEC." Right? Now, I think that he's going to be in a further position of feeling vulnerable and helpless when we start to hand over greater decision-making roles to people outside of Canada. It's almost like exacerbating the existing OPEC cartel.

Mr. Chairman, it's very clear that job losses are going to be a major consequence of the signing of this deal. Now, there is some quibble as to whether or not there are going to be net job losses or net job gains. I for one believe Benoît Bouchard -- I believe he's still federal employment minister; yes, he didn't get shuffled a few weeks ago -- when he said that up to half a million Canadian jobs could be lost. The Economic Council of Canada said as of two days ago that their original forecast for net job gain had to be revised downwards because in their original econometric models they had not assumed that the service sector would be incorporated into the terms of the deal. Now what they are estimating, Mr. Chairman, is that there will be no net job increase over the next 10 years as a result of this deal, that the numbers of net jobs that will be created in Canada are identical to those which they project would be created even if we did not have the deal.

MR. HORSMAN: That's not true.

MS BARRETT: The minister is saying that's not true. I guess

he'll have a chance to respond afterwards, Mr. Chairman.

MR. HORSMAN: Well, read the report.

MS BARRETT: It's true I only have the summary of their report. I don't actually have their report. But I believe that whichever way it goes, whether it's half a million jobs lost or 240,000 jobs created over a 10-year period, it is not sufficient to give up our sovereign right to develop our country in the means by which we choose as a sovereign nation, and I don't think it'd be fair for me not to propose some alternatives to this deal, Mr. Chairman.

I believe that one of the important elements of controlling a national economy is the national leverage we have over control of the interest rate. Now, we've seen in recent weeks that the Canadian dollar is increasing in value, partly in anticipation of the hammering out of this deal and perhaps the ultimate assumption that the Canadian/American currencies will be permanently harmonized, which is, of course, a distinct possibility in the medium term, Mr. Chairman, if we enter into this trade deal. If we lower our interest rate by 1 percent and keep it lowered by 1 percent, what we'll do is be able to make sure that the Canadian dollar does not rise above a level which adversely affects our ability to export to other markets. As you know, people read sensational headlines and they think that a high-value dollar is a nice thing to see and a low-value dollar is scary. But if you read further beyond the headlines, what you'll see, and is commonly known, is that a low dollar compared to the American dollar actually ensures that we'll continue to get a bigger part of the world share of market. That's very important to Canada, which does rely on exports. So if we lower those interest rates, we'll also be controlling our currency and assuring a future in world markets.

I believe also that we have the opportunity to create an investment fund for innovative Canadian industries, and we can raise the capital by making the larger corporations which currently do not pay their fair share -- and in many instances pay no share of Canadian taxes. This issue was addressed comprehensively by my colleague and friend the Member for Edmonton-Strathcona a few days ago in the deliberation of the Treasurer's estimates, and I would refer anybody interested to those comments in which he outlined the extent to which this is a serious problem. If we can capture that money that is currently not being captured, we can use it as Canadians, to help develop innovative industries right here in Canada and not be -- or at least reduce the extent to which we rely on demand as generated by the United States.

One of the most important things, though, that we have to do -- and I remember the Mulroney government just after it was first elected going after this area with a big hatchet -- is spend on research and development. If we don't spend on research and development Mr. Chairman, we ain't going to get it -- plain and simple. Even doubling Canada's research and development funding so that Canadian industry will be able to compete in rapidly changing new technologies would give us an incredible leg up on the rest of the world.

It seems to me, Mr. Chairman, that it is foolish and an unnecessary part of the so-called free trade agreement to have given away the right for Canadians to determine the level of foreign ownership in Canada, and I would argue strenuously that we reinstate the Foreign Investment Review Agency and strengthen its powers to ensure that foreign companies do adequate production and provide sufficient employment of

Canadian workers. Now, along with that, Mr. Chairman, if you have the political notion to do so -- as has been done in Sweden, which has never had an unemployment rate higher than 3.5 percent since the Second World War -- you do it in a tripartite fashion of combining business, government, and labour interests at the table to determine the strategy for sovereign economic development right here in Canada. I defy the minister to tell me why it is that we had to make Canada more open to foreign ownership in order to get this so-called free trade agreement, which is hardly that.

We need to upgrade the skills of Canadian workers through long-term training and literacy programs. Let us make no mistake, Mr. Chairman, that there is a problem with literacy in Canada and in Alberta. And for as long as our people are not able to compete intellectually, they are not able to compete in manufacturing and production and provision of services, nationally and internationally.

We have the ability to deal more comprehensively with the GATT organization and I think that we should do that. It is true historically that we have been the ham in their sandwich in many instances and for many rulings. But with the increase in membership in the GATT and with the needs of the developing world, I think Canada can and should and will have a greater say in GATT decisions, and if we don't exercise that option, it won't happen. We need to strengthen our trading ties outside of North American boundaries, Mr. Chairman. I had a look to see the increases in exports from western Canada from 1980 to '84 -- and I'll have to wait for another half hour to say them.

MR. DEPUTY CHAIRMAN: The Member for
Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. There were loud shouts of glee by the hon. member for Calgary -- oh, he's left.

I wanted to say a few words on both Meech Lake and the trade deal, which fall under the minister's administration. In some respects, Mr. Chairman, the minister's going to be very lucky, I think, that he's going to have a chance for a sober second thought on both these areas -- Meech Lake primarily, because there probably will be another Liberal Premier added to the tribe here soon, along with Mr. McKenna, the Premier of New Brunswick, which will mean Meech Lake will not go through the way it is. It may not go through the way it is even with one Premier blocking it now out of New Brunswick, but it'll almost be sure if Premier Sharon Carstairs takes over power. Consequently, one of the reasons I'd like to get across to the minister is the fact that he should be requesting his cabinet to think: what would they do if Meech Lake comes up again? It has quite a possibility of coming up again, because as Meech Lake is set in motion, Mr. Chairman -- for those that may have forgotten -- all the members of the House of Commons and the Senate and the provinces have up to three years to approve the agreement as it stands. If there's any amendment that starts the three-year clock over again. So if an amendment is agreed to by the Premiers and the Prime Minister sometime in the next couple or three years -- or who knows, there might even be a new Prime Minister -- the whole thing starts over, three years again.

Now, it does set the interesting thought afloat in your mind, especially if you've knowledge of history. You will recall the ghost ship the *Flying Dutchman*, that was destined to sail the seas of the world, never to find a harbor or a port to put into from now till the end of eternity. Now, that could well happen,

I suppose, with the Meech Lake agreement on the Constitution. It might be destined to be in three-year epochs from now till the end of eternity, and in effect that might be our Constitution, a rather floating *Flying Dutchman* out there that gets amended every three years and then because of changes in Premiers and changes in Prime Ministers they go ahead.

But I think bearing in mind that there's a good chance it'll be opened again, I would like to see the hon. minister do a little more heavy thinking on the French fact, the special status for Quebec that's in there now, and wonder whether or not that couldn't be, now that we have a little practical experience, amended in such a way that those Francophones outside Quebec and those Anglophones inside Quebec would feel a little more secure. I don't think it was the intention of the Premiers when they signed Meech Lake that the unique clause referring to Quebec would lead to the problems we have. I think that the real spirit of Meech Lake -- and I give a great deal of credit here to the general goodwill of the Premiers, even our Premier and our front bench. I don't think it was ever intended that Francophones or Anglophones should be second-class citizens in any part of Canada. I don't think it was intended to, but the agreement seems to be edging up in that direction. So I believe that is something I would like to see our minister take some time on.

The other area is the elected Senate. Now, the Triple E Senate, the elected Senate, I think, regardless of how much gloss and how much charm you try to put on the surface of the thing, we got outmanoeuvred or snookered or whatever the proper word is by the Prime Minister and our eastern Premiers and were talked into, again, the old *Flying Dutchman* clause: we can move Senate reform up to the top of the agenda, and it'll be on the agenda of every meeting. Big deal; it'll be like the Lord's Prayer. We would open every meeting since the dawn of Christianity with the Lord's Prayer and go on from that. So there's no way that a reformed Senate would come out of that.

There's another possibility I would like to mention to the hon. Attorney General, who I know has quite an addiction to look backwards, but if he just glimpses occasionally, looks forward, Meech Lake will be coming around again. When it comes around again, let's not throw away the elected Senate, the Triple E Senate. I know from my own personal discussions with some of the Premiers of eastern Canada, some of the largest provinces who happen to be of the same political faith, that a Triple E Senate would not be that hard to implement. The fact that it wasn't implemented was due more to the lack of push out west than the lack of resistance down east. [interjection] Mr. Chairman, the hon. gentleman is mumbling something over there, but at least I've caught his attention. Now, while I have it I'll hammer home a few more points, because I think there's no question that we could be much more aggressive the second time Meech Lake comes around and maybe the third, the fourth, or the fifth. But right now I'll settle for the second time.

Now, the other part that I think is almost sure to come around is the trade deal again. It was mentioned in question period today. I brought up the question whether the past Premier had said that the rising dollar would nix or put the free trade agreement to bed. I think it will; I don't think there's any question that we are caught on the horns of a dilemma here. When it comes to the dollar value -- and I've done a lot of business overseas, particularly in west Europe -- one of the things that happens if you free your currency is that you cannot stop one thing happening: if your currency drops in price, if your dollar goes down in price, you attract foreign ownership. In other words, your farms, your businesses become a good buy. A very recent

example is the Belgian franc, which it slumped, and the Italian lira, which is still up. There was a flood of Italians in to buy out Belgian business. Belgians have a regulation that keeps foreign ownership from coming in.

On the other hand, if your currency goes up, what you attract is a float of foreign money that is on the lending, not the equity, side that comes in as lending money, because they want to take advantage of your interest rates. So you're caught on both sides. If you have an absolute free economy and your dollar goes up because people are coming in to take advantage of your interest rates, that then means that your own business cannot penetrate the foreign markets. So there you are with a high currency swing and you're attracting lots of money on a debt structure rather than an equity structure, but your agriculture, your oil, your raw materials cannot penetrate the world markets because your currency is up so high and you're asking too much for it. So in effect the price of your beef, the price of your oil, and your own currency drop; your economy slows down. However, then you turn around and say: "Well, we will try to expand our beef market. We'll try to expand our petrochemical markets by cutting our interest rate and letting our dollar go down." When you do that and the dollar goes down, unless you have regulations in place -- and I know; I've been in this for years and years -- you then get a flood of foreign money coming in to buy your cheap farms, your cheap dairies, your cheap industry, your cheap ranches.

Therefore, if you are going to go into the free trade agreement, we should have at least kept out of that portion of the free trade agreement the right to control foreign investment. We haven't; we've just talked about the major corporations. So consequently, Mr. Chairman and through to the minister, you're going to get a second crack, probably, at the trade deal, because as these new provincial elections come along, as the federal election goes ahead, and if our dollar continues to climb the way it has, which we forecast in this House. If you go back and read my speeches of last summer, I said that one of the things wrong with the trade agreement was that without control on foreign investment we left ourselves loose so that if the dollar takes up because of the flood of foreign investment coming in in the way of lending -- they've got to take advantage of our interest rates -- we're going to ruin the chances of our beef producers and others to compete.

Now, that is more likely going to cause a great deal of problems there, Mr. Chairman, through to the minister. I think the trade deal will come up, whether we like it or not, about the time that the Canadian dollar hits 90 to 95 cents. If it goes as far as \$1, can he bar the door? The ranchers won't even be able to sell beef in Calgary, let alone in Great Falls or in Syracuse or in Nebraska, because the beef will come in from the U.S. then to replace our beef, and we'll have to think of countervails in certain areas.

The other thing I'd like to touch on for a minute is when we look at the so-called free trade deal, I have to give credit to the national Conservative Party and, to a lesser extent, to the provincial. They've managed to keep us in Alberta thinking about the trade portion. We have not talked about the continental energy portion, and we have not talked about the unlimited investment portion. Because if you're an American, and I think many of us do a lot of business down there, the Americans did not sign this deal for the extra market they were going to sell in Canada. It doesn't amount to that much. Certainly we're one of their best customers. But to move from supplying 80 percent of Canada duty-free to 90 percent of Canada is no big deal.

Yokohama probably buys more in a year than that little 10 percent increase. So the Americans signed the agreement for one reason and one reason only: that's an access to our raw resources, as much access as possible to our raw resources, and to ensure the long-term access to our raw resources, they got the added benefit that they do not have any controls on foreign investment, so foreign investors can come in. They'll argue, "Well, oil and gas; only a troubled company can be taken over." Well, last time I looked, nearly every company was troubled. You can always define that idea of trouble. Look at Bow Valley. It was a very strong company and somehow or another, due to its pull with the Tories, it was able to sell off part of it to British Gas and another part of it to Esso. The same way with Ocelot they were able to sell one company and then sell part to another. So the idea that only troubled companies can go under is a bunch of malar key. Somehow or another you can always prove your company is troubled.

Now, what we have is that the Americans have signed the deal, their oil and gas -- and maybe that is reasonable enough. Maybe it was okay for Mulroney to trade Alberta's oil and gas for the right to penetrate the American markets. This wouldn't be the first time that a national Prime Minister has used our oil and gas. But I would think that after having toasted the past agreement with champagne and danced along the front pages and for TV and things of this country, showing what a welcome deal the old energy pact was, once bitten, twice shy. But not this government. They come a-waltzing right back in. I wonder how many people know today that since the energy accord was signed, the federal government has excise taxes of 5 cents a litre come in at the pump. Now, 5 cents a litre, Mr. Chairman, if you know your math a certain amount, boils down to pretty close to 20 cents a gallon. Forty gallons is the standard barrel. Twenty cents times 40 gallons is \$8. Anyone in the oil and gas industry will tell you that we do not lose volumes of oil as we refine it; if anything, we gain it. So the idea -- 40 gallons of crude oil makes at least 40 gallons of product that goes out there, because through hydrofracturing and changing it, we change the specific gravity and increase the volume to sort of give the same amount

Therefore, the Canadian government today is taxing every barrel of oil that we produce in Alberta when it gets to the pump at \$8 per barrel. This is how asleep at the switch, Mr. Chairman, they have been: \$8 a barrel at the height of the NEP. PGRT, the petroleum gas revenue tax, which is a dirty word -- I know it's a four-letter word in this province; the press has sat and bandied it from pound to pound. By the way, if I can make a remark on these Tories complaining about the press in this province, there hasn't been a Liberal newspaper in this province since the Lord was a choirboy, and they're complaining about the Conservative press giving them bad press. Nevertheless, let's keep on going.

When we get down here, it's an \$8-a-barrel tax put on by the federal government since the accord was signed, which is over triple the hike that the worst of PGRT ever did. So what we've had is a PGRT slapped on our gas and oil. There's a world price for crude oil in Canada; yes, there's a world price for crude oil. It's what the Arabs say the world price is. But there sure as the dickens -- and I can't say sure as hell anymore, Mr. Chairman -- is a Canadian price at the pump. I just got news from some of my business associates in Cairo the other day; gasoline sells for 27 cents a litre. That's the world price. Not in Canada; it's 48 cents. So now to get sucked into this idea that we producers in Alberta are supposed to sell for a world price, yet the consumers of Canada pay for a Canadian price, just means once again

we're shafted. So I don't know what these people are doing that are advising the Premier, Mr. Chairman, but obviously they're just out to lunch.

The same thing happens to petrochemicals. The hon. minister will get up and say, "Well, we're going to do well in the petrochemical market because we will not have a 15 percent tariff on it anymore." He is right; he is a hundred percent right. We're going to do well on those factories that are already built, because they have already paid for themselves and been discounted economically. But will anybody in their right mind build a new petrochemical plant? One of the rules of processing in this world is that when you process a product, you try to process it as close as you can to the consumer. You don't have automobile companies out in the middle of Labrador in the iron ore pits; you take the iron to Detroit to make the automobiles. You don't put the refineries at Zama Lake. Mind you, our Premier wants to put the upgrader in Lloydminster and then try to shove gasoline all the way to Toronto and Montreal. He'd only do it with a big subsidy. But you put the refineries where they are going to be consumed. You don't put the cotton mills in the upper waters of the Nile, but you put them in England and in Germany, where they're going to be used.

So we come to petrochemicals. Even Bob Blair, that famous man that goes around looking for indigent politicians looking for free rides, has brains enough to know that he will put his next petrochemical plant down in Toronto. That's why he bought Polysar. So new petrochemical plants are going to disappear from the scene. Why would you ever want to build one in Alberta of all places? What you would want to do is try to build it where the consumption is. The hon. Member for Lloydminster is there, another man that wants to try to make economic water run uphill. You can bet that in a year, after these upgraders are in and after these refineries . . . [interjections] Don't worry, Mr. Chairman. Let them exercise their lungs; it might let some air into their brains. It could invigorate them. But the fact is here we are blessing a trade agreement where we're going to get shafted again. We're going to become hewers of wood and carriers of water.

And lastly they say, "Well, we get a secure energy market." Here's a country that now imports 40 percent of its oil and gas, it's going to 50 percent, and we're going to rush out there to get a secure market. Well, you know that's like getting a licence to feed a person dying of thirst a glass of water. I mean, they'd love it. They want to get all of it, yet even the Yankees were smart enough to write in their agreement "When we want your gas, you're damned well going to deliver it in ratio. But if we don't want it, you can stick it in your nose." So, Mr. Chairman, we don't even have agreement that when we're in surplus of oil and gas, they at least have got to take a proportion of the surplus. But if times are tough, if their Arab cousins don't like them, if you can't get the oil through Gibraltar, around the Horn, then they can come up to Canada and demand their share. But if on the other hand, the Arabs are sitting there fighting with each other or the OPEC countries are fighting with each other and willing to put cheap oil on the market, they can buy all the cheap oil they want, and we can sit there running the reservoir. So it has to be an agreement that is one of the worst things that has happened in a long time. If you came here from Mars and saw the agreement, you'd wonder at the government. But if you explained that this was the same government that signed the energy accord that is allowing the federal government to sit there and take more money out of Alberta's barrel of oil than PGRT ever did, then you'd begin to understand the type of economic

dinosaurs, the backwater we are operating in.

Go a step further. If I may talk about one other item in the minister's affairs -- and I want to make this sound right. In the minister's ambit is the question of Indian affairs. I feel that this minister has neglected his duty there, because Indian affairs is now split up between the Solicitor General when it comes to housing, I believe it is, economic affairs when it comes to business, and this minister when it comes to land claims. The natives deserve better than to be shuttled about from Tinker to Evers to Chance whenever they have to have a decision made in this government. And this is what we get.

MR. HORSMAN: A point of order. I am appearing in my estimates today as Minister of Federal and Intergovernmental Affairs. Native land claims issues are my responsibility as Attorney General, and therefore perhaps the hon. member would address himself to my responsibilities as Minister of Federal and Intergovernmental Affairs.

MR. TAYLOR: I just thought the minister might show some signs of life and come up with that. Just by accident I happen to have a news release in here. On May 26, 1986, a gentleman by the name of Mr. Don Getty -- I believe he's Premier -- announced a new 25-member provincial cabinet. Mr. Jim Horsman has responsibilities of, all lumped together, Attorney General, Minister of Federal and Intergovernmental Affairs, Deputy Government House Leader, and responsible for native affairs legal unit. That is what it says here, Mr. Chairman. If he wants to have that file, it says in brackets -- what do brackets mean to you if it's not . . .

MR. DEPUTY CHAIRMAN: The minister rose on a point of order. Mr. Minister.

MR. HORSMAN: I've already spoken on this matter. I was appointed as Attorney General and as Minister of Federal and Intergovernmental Affairs. The legal unit is in the Department of the Attorney General. I don't want to prolong; other people want to speak on the estimates of Federal and Intergovernmental Affairs. I just ask the hon. member to restrict his remarks to my responsibilities in this portfolio.

MR. TAYLOR: Okay, the portfolio clearly says "legal unit", so I'll restrict it to the Attorney General's legal work with respect to Indians, or I'm sorry, I'll restrict it to the Minister of Federal and Intergovernmental Affairs' interplay with the federal government as far as native affairs are concerned. Surely that's acceptable. All I am trying to say is that there has been a suggestion, Mr. Chairman, that Federal and Intergovernmental Affairs would help settle the Lubicon affair by putting a tribunal together. What I am interested in asking the minister is what he is doing . . .

MR. DEPUTY CHAIRMAN: Order please. I think the minister has tried to make clear that that issue comes under his responsibilities as Attorney General. Would the hon. member please stay with the discussion of the particular portfolio?

MR. TAYLOR: Mr. Chairman, I will accede to your point that we have a rather Gilbert and Sullivan type of office here: the man that polished the knobs has a hand so free that now he is the ruler of the Queen's navy. It gets a little difficult to tell whether our hon. member the Attorney General is not responsi-

ble for the Indians and Federal and Intergovernmental Affairs is not responsible for Indians. I can see now the trouble we have with the Lubicon affair if he does not think his office has anything to do with Indian affairs. [interjection] Oh, we get a little noise from somebody that's going to hold a rain dance for us here down the line.

MR. DEPUTY CHAIRMAN: Point of order, hon. member. I think the minister was making it clear that the responsibility for the native land claim issue comes under his portfolio as Attorney General, and that is not the estimate we are dealing with today.

MR. TAYLOR: Mr. Chairman, I'll file this document back with you and go on.

[Mr. Gogo in the Chair]

What I wanted to then close out with is -- may I make this point? The very fact that no one can figure out where Indian affairs lie is one of the reasons why this Minister for Federal and Intergovernment Affairs should go back to check the May 26 order and talk with his Premier to know what the heck he's supposed to be doing. No wonder Lubicons are in a bad thing when the minister here pretends that it's not part of his department.

Thank you very much.

MR. CHAIRMAN: Hon. Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Chairman. A few comments and then a question to the minister. I was interested in listening to the hon. leader of the Liberal Party. I know it was tough, but I can see that the Liberal Party's attitude has not changed. Years ago we saw a copy of a cartoon I think in the *Country Guide*, early in the '30s, showing a cow standing on the prairies, across Canada, being fed on the prairies and milked in eastern Canada. The leader says that's the way it should be: ship everything down, ship the jobs, ship the young people. I'm glad I don't belong to his party, and I'm sure that that kind of attitude really won't help him out on the election trail to be elected leader again.

Mr. Chairman, related to the free trade portion of the minister's estimates and his duties related to free trade, I made some comments in economic development estimates the other night relating to the joint border commission that I'm a member of and that met in Great Falls, Montana, some time ago. We discussed common issues related to free trade between the members of the state Legislature in Montana as well as their Senate and members of the public. We took along with us a number of public members from Alberta. This was very useful indeed to get these people together, and they were able to talk. On both sides of the border there are the people who deal in the fear tactic, saying this will happen, that will happen if you go with free trade, and they won't even stay around and talk to those members of the industry who are there from the other side.

One example I remember is a gentleman representing the wheat industry in the States saying the Crow rate transportation is a total subsidy. Their market assistance program or whatever they call it, instead of moving the grain from the farm to the coast as the Crow rate does, moves the grain from the farm to the delivery port where it's going. They consider that not a subsidy. So I think what that meeting showed was that in getting these people from industries together, they were able to get a

better understanding of what goes on in their own industry. At that meeting there was a motion passed by those present that a committee would be formed to try and solve some of these problems between Montana and Alberta so that we could maybe help and assist in trying to solve them on a national basis on both sides of the border, being as there is a lot of desire for free trade, and always has been, between Montana and Alberta.

My question to the minister would be: is he considering assisting people in going ahead with that resolution that was passed and forming that committee so that we could go ahead with discussions, not with government people but with industry people, talking to industry people, to try and solve our program?

Thank you.

MR. CHAIRMAN: Before proceeding, an hon. member would like to revert to Introduction of Special Guests. Would the committee agree?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Hon. Member for Taber-Warner.

head: **INTRODUCTION OF SPECIAL GUESTS** (*reversion*)

MR. BOGLE: Thank you very much, Mr. Chairman. It's a privilege today to introduce a number of students from the Erle Rivers high school in Milk River. They are in Edmonton today visiting various facilities, including our fine Legislative Assembly building. They are accompanied by their teacher Mr. Don Gellatly. I'd ask them to rise and receive the warm traditional welcome of the committee.

head: **COMMITTEE OF SUPPLY**

Department of Federal and Intergovernmental Affairs (*continued*)

MR. CHAIRMAN: Hon. Member for Edmonton-Avonmore.

MS LAING: Mr. Chairman, thank you. I'd like to bring to the minister's attention concerns that have been brought to me by a number of my constituents and number of Albertans in regard to our relation to the federal government in the issue of defence and working for peace.

The majority of Albertans, the majority of Canadians, and indeed the majority of my constituents oppose the continuation of the cruise missile testing over Alberta. Eight thousand Alberta students signed a petition in 1985 that supported their opposition. It was delivered to this government with the request that it would be delivered to the federal government, and it has not yet been done to my knowledge. I would ask that in fact the minister would see that it was delivered. I think I should point out that Julie Jordon and Shauna Cleveland, two of the students involved in the initiative to get that petition together, received International Youth Year awards for their work. I think it's a very important issue to the young people of our province. In fact, last year over 8,000 Albertans supported a petition to have Alberta declared a nuclear weapons free zone. So I think this is an issue that is of great concern to Albertans as well as to Canadians.

There are concerns on a number of reasons, in particular to the cruise missile testing. One of the concerns is the danger to our citizens. Twenty-five percent of tests are failures, and many of the people in my constituency say, "Let the Americans test the cruise missile over their own territory."

The other concern is that they raise concerns about our participation in the American military strategies through this kind of testing, as well as through NORAD. It needs to be very clearly understood that our testing of the cruise missile has nothing to do with our commitment to NATO but in fact is done under a specific agreement or treaty with the U.S.

The third concern that my constituents raise and that Albertans raise around the testing of the cruise missile is that it means an escalation in the arms race. The cruise missile is well nigh undetectable and is therefore not verifiable. It is a first-strike weapon. I think that when we look at the issues of the arms race, our greatest danger is not from Soviet invasion; our greatest danger is from the outbreak of nuclear war. We're in the flight path between American and Soviet nuclear missiles. If they are to be destroyed, they will be destroyed over our territory, and we will suffer the fallout. I would then ask that this minister commit himself to communicating the concerns of Albertans to his federal counterparts, to the minister of external affairs, and to the Prime Minister.

I have also had concerns raised with me regarding low-level bomber flight testing over Alberta. We again hear concerns about the impact on wild animals and, secondarily, to native peoples, as they do depend in some cases on wildlife for their livelihood. In addition, I have heard concerns raised in regard to the impact on domestic animals, including goats. Again, I would ask that the minister convey these concerns to his federal counterparts and lobby on behalf of Albertans.

A third area of concern that has been raised with me is the experimentation, development, and production of chemical weapons and antidotes here in Alberta. We have heard that an antidote with very serious side effects was produced in my constituency and that it is being tested on mammals, including rhesus monkeys, in Suffield. Concerns have been raised in regard to the accidental release or spillage of these chemicals, the effect then on residents in the case of the HI-6, being that it was produced in a lab across the road from a residential area. When Suffield was established through a quadripartite agreement, it was in an isolated part of Alberta; it is no longer an isolated part of Alberta.

I guess the other thing that we must raise, though, is that we have just seen the use of chemical agents in Iraq against a civilian population, so we see the horrendous impact of the use of these kinds of weapons. It's important to recognize that they were used against civilian populations. Whereas these antidotes, the HI-6 antidote in particular, have a serious aftereffect on the people who receive it, the antidotes are only being produced for military personnel, even in the face of the fact that these substances are being used and developed for enemy civilian populations and for crowd control of dissidents within nation's own countries.

I think the other thing we must remember, Mr. Chairman, is that there is a fine line between research for defence and research for offence, inasmuch as one must have developed and have in one's possession the offensive materials in order to develop the antidotes for those materials. I have heard many concerns raised about what is going on at Suffield, for a number of reasons. Again, the danger to residents and the environment in case of accident and spillage: certainly we're treated to infor-

mation about accident and accidental release of these substances in other areas. More importantly we're very, very concerned about the secrecy under which these developments and experiments are being conducted.

I would ask then that the minister seek information as to the extent of production and of experimentation with chemical and biological warfare agents throughout this province and convey that information to Albertans. I believe that we have a right to know the extent of our participation in the development and production of these most hideous weapons and the danger to our own population. In addition, I would ask the minister to seek information as to the extent of the tripartite agreement -- it is now a tripartite agreement because Australia has refused to continue to participate -- that he determine what the nature of our commitment is to the United States and Great Britain and convey that information to Albertans and to Canadians.

I would also ask that the minister convey to his federal counterparts, as well as the minister of external affairs and the Prime Minister, the repugnance that many Canadians feel at our participation in the preparation for chemical and biological warfare. We would note that Canada was one of only four NATO nations to support the U.S. in their continuing development of chemical weapons. We are told that we must be prepared for weapons that the Soviet Union has by preparing antidotes for these weapons, yet we know from the information that is in the open literature that the antidotes that are being prepared are for many other kinds of weapons and substances that the Soviet Union does not have. Mr. Chairman, I would ask that the minister urge his federal counterparts and the Prime Minister to work for the outlawing of chemical and biological warfare development and to take our role as a peacemaker among nations of the world.

Thank you.

MR. HORSMAN: Mr. Chairman, I know that there are some other members who may wish to participate. I noted the concerns raised by the Member for Edmonton-Avonmore, and with respect to the issues that she has raised, these are all legitimate issues of concern that Canadians should be aware of. Canada, of course, is a peaceful nation. Its role in the last several decades has been one in which Canada has worked very diligently for maintaining peace in the world and in fact has participated in many peacekeeping roles on behalf of the United Nations. That is an important aspect of our international policy. I have discussed these issues with the federal minister of state for external affairs. I've also discussed issues relating to national defence with the Minister of National Defence.

I would point out to hon. members of this committee, to the hon. Member for Edmonton-Avonmore, that one must keep in mind that while one works for peace, the best way to ensure that peace is maintained is to maintain a healthy defence force within one's own country and if one cannot do that, then in alliance with others who share similar views in the world. We have indeed as a country aligned ourselves with the free nations of western Europe and the United States of America in NATO and with the United States of America in NORAD. Our government has made it very clear that we support the federal government initiatives both in its peacekeeping role in the world and in the representations it has made through International bodies such as the United Nations, and we also support their membership in peacekeeping alliances in the world. Canada must have a defence force. Canada must work to provide defensive mechanisms, and that does include experimentation with respect

to the possibility of these horrible biological and chemical weapons that have been developed in the world. Within Alberta, very close to my own constituency, this defence work is being carried out at the defence research establishment at Suffield.

In connection with that, I might point out as well that with two major military bases within Alberta we've entered into agreements with the United Kingdom to permit the training of defence forces: the British army training unit at Suffield and again at the Wainwright military reserve. We support those initiatives on behalf of the Canadian government because we believe that we must have those defensive capabilities.

I would also point out that in regard to the defence capabilities of this country, that results in jobs being created within Alberta. In fact, speaking from personal experience in Medicine Hat, hundreds of jobs are created for Medicine Hat and southeastern Albertans by maintaining the military presence in that part of Alberta. That is true in other parts of Alberta as well. There seems to be somewhat of a dichotomy on the part of some members of the NDP, who I recall in the recent years since the last election -- the Member for Calgary-Mountain View in particular -- castigating the government for not having done enough to ensure more defence spending in Alberta, particularly with regard to the repair and maintenance of CF-18s. Do members of the committee recall that? Well, they would like perhaps to eliminate the defence-related jobs that are associated in Medicine Hat. Perhaps that doesn't appeal to them as much to maintain those jobs there.

Of course, we do not believe in nuclear armaments being involved in Canada. The cruise missile which is tested in Canada is not an armed cruise missile. It never has been. One of the problems associated with the NDP, the New Democratic Party, is that they leave the impression that nuclear armaments have in fact been attached. They never say so directly, but they always talk about nuclear armament testing. That is not the case. We've made it perfectly clear that that's not acceptable. Canada has made it clear that it's not acceptable. While I applaud the hon. member's intentions to maintain peace in the world, I can assure her and all the members of the Assembly that this government has always supported the pursuit of peace in the world and the role that the government of Canada has taken to maintain peace in the world, but we do not believe that that can be achieved by simply lying down.

In respect to the very legitimate question asked by the hon. Member for Cypress-Redcliff relative to the relationship we have with Montana, it has been my privilege to have been the co-chairman of that Alberta/Montana Boundary Advisory Committee. I regret that I was unable to attend the most recent meeting, which was held in Great Falls. I thank other members of the Assembly and the members of the private sector from Alberta who attended that very successful two-day conference to discuss amongst other issues the impact of the free trade agreement on our province and on the state of Montana, particularly important because of the fact that Montana is of course the only border state with Alberta.

The answer to the question is yes, I do support the formation of a new private-sector/public-sector committee to meet and discuss issues that relate to the subject of trade between our two countries and between the province of Alberta and the state of Montana, and I will work together with the co-chairman on the U.S. side towards the development of such a body.

I might take this opportunity, Mr. Chairman, to say that the recently retired co-chairman of that committee, George Turman,

the former Lieutenant Governor of the state of Montana, has recently retired from that capacity and has now gone on to be a member of the northwest power commission, representing power interests in the states of Montana, Idaho, Washington, and Oregon. In that capacity he will still remain in an influential capacity with a great deal of interest in maintaining a good relationship between our two countries as well as the province and the state of Montana.

I might also say that it was a great pleasure of mine during the most recent Winter Olympics, in Calgary, to act as host to George Turman and his charming wife and to take them to a number of Olympic events and to host a dinner for them at McDougall Centre. That's the type of relationship, Mr. Chairman, that I think it is extremely important that we build upon in terms of harmonizing our relationships with our American friends. And they are our friends. I point that out to members of the Assembly because I'm somewhat discouraged to hear the negativism evidenced on the other side of the House -- one segment of it, represented by the Official Opposition, the NDP -- in reference to the free trade deal.

That leads me to the remarks that were made by the hon. Member for Edmonton-Highlands. What I heard was simply a regurgitation of all the old myths they tried to perpetrate about the free trade deal before it was signed, and it's evident that despite the fact that the free trade deal has now been signed and public for months, they have either not read it or simply do not wish to understand its implications and what is really in the free trade deal for the benefit of Albertans and Canadians. The remarks this morning, Mr. Chairman, were simply anti free trade.

One of the most incredible things that was said by the Member for Edmonton-Highlands related to the subject of the trade remedy portions of the free trade deal, the dispute resolution mechanism. Anyone who thought that we were going to eliminate through a free trade deal the U.S. trade laws or that the United States of America through the free trade deal was going to eliminate Canadian trade laws was simply deluding themselves. In order to have done that, it would have been necessary to have entered into a common market arrangement, and it was never the intention of either the government of the United States or of Canada to enter into a common market arrangement. It was quite simply the goal of both governments, supported strongly by the province of Alberta, to provide a dispute resolution mechanism that would ensure the fair application of the trade laws of both our countries. To have done otherwise would have been simply to give up our sovereignty, and we have no intention of doing that on the Canadian side of the border. So the Member for Edmonton-Highlands, in her attack on the trade remedy law aspect of the matter, simply does not understand what has been achieved.

And what has been achieved? What has been achieved in that area is quite remarkable in international trading agreements. Nothing like it exists in the GATT. Nothing like it exists in the free trade agreements that have been negotiated between such countries as the United Kingdom and Ireland or between Australia and New Zealand. Nothing like it has been achieved; it is a remarkable achievement of international trade law. What we will have is a binding dispute resolution mechanism which will ensure that we as Canadians for the first time will have a voice in ensuring that American trade laws are applied fairly as they relate to disputes on trade issues between our two countries.

Make no mistake about it, Mr. Chairman, there will always be trade disputes between two countries who have the magni-

tude of trade that Canada and the United States have. But we will no longer, under the system that has been devised, be subject solely to the application of trade laws unfairly, as we believe they were unfairly applied in the softwood lumber dispute. We are going to be able to prevent the unfair application of U.S. trade laws, and they will be able to prevent the unfair application of Canadian trade laws as well, under the panel system that has been devised. That's the remarkable and unique part of this deal.

Then, of course, the hon. Member for Edmonton-Highlands launched on what of course has become standard NDP socialist rhetoric. That is that foreign ownership is an evil thing to happen to Canada. She pointed out, quite rightly, that there is an outflow of capital and there is an outflow of income from Canada to the United States, completely failing to recognize the fact that by 1990 it is expected that there will be as much Canadian investment in the United States as there is American investment in Canada and that from that Canadian investment in the United States there is a flowback to Canada of income from the United States of America. Really, members of this committee have got to realize that's what happens in the real world. Investment, income, money flows back and forth across borders and that's what creates jobs. This notion that we can create a little economic paradise with 26 million people in a country as vast as Canada is ludicrous in the extreme. But that is what the NDP have chosen to put before the Canadian people.

I give them credit for this much: they have put an alternative out there, unlike the Liberal Party, which has presented nothing in the way of an alternative for the Canadian people to judge, except to say that they'll tear up the deal. The NDP have gone out there and said, "We have a vision of Canada, and this is what it will be." They put out a document at the federal level entitled *A Time to Choose Canada: the New Democrats' Trade Option*, published in January of this year. Every Canadian should be familiar with it, because it's a legitimate debate.

I want to take issue with the vision the NDP have put forward in that particular proposal, because even for opponents of the Canada/U.S. free trade agreement, that trade option paper must be a great disappointment. It's a careful blend, of course, of judiciously chosen quotations; some assertions that are hyperbole, to say the least; and an apparent willful disregard of the free trade agreement itself. The first two-thirds of that NDP paper is dedicated to the belief that the free trade initiative is deeply flawed in its inception, process, result, and consequence. But the final one-third: that's the interesting part. It contains the NDP trade option, and there the authors refer to an alternate strategy that combines a number of motherhood statements with vague generalities to produce an approach to Canadian economic development that is, as the paper admits in a rare moment of candour, and I quote, "frankly interventionist."

MR. WRIGHT: Hear, hear.

MS BARRETT: That's right

MR. HORSMAN: And they say "hear, hear." The hon. Member for Edmonton-Strathcona and the hon. Member for Edmonton-Highlands put the NDP position quite clearly in this Assembly in this committee this afternoon, and they say, "hear, hear" to the words "frankly interventionist."

The document goes on, and here is one of the most interesting portions of that document. [interjection] And to all Albertans . . . The hon. member said that she'd love to see

FIRA back, the Foreign Investment Review Agency, an agency which devastated western Canada and Alberta, along with the national energy program, introduced at the behest of the NDP by the Liberals, two parties that have been in bed with each other through the years. One of the things that document said is this, and I quote. [interjections] Now listen. It's very important:

Provision of non-discriminatory access to Canadian energy, which when combined with the restraints on performance requirements, means that to have lost yet another important regional development tool.

Now, what does that mean? Well, what it means is simply this: it betrays the central Canadian bias of that paper. [interjections] Oh, yes. Would Ontario want a national manufactured-products policy where Canadians get preferred access to Ontario's manufactured goods at less than they could sell them for in the United States? Would Ed Broadbent ever allow that to happen for the rest of western Canada? Hardly. Yet cheap resource products are to be made available as a regional development tool. Isn't that interesting? And these folks here in the Legislature this morning say, "Hear, hear, and yes, yes." So they are prepared to let Alberta's energy resources be used to provide a regional development tool, and they want the prices to be controlled. For the benefit of whom?

MS BARRETT: Albertans.

MR. HORSMAN: Albertans, they say. I know who they want them controlled for the benefit of: central Canada, for Ed Broadbent and Bob White and all those folks who've got their free trade deal, thank you very much. And they bring Ed Broadbent into Alberta as they did last fall, and he says: "Oh, listen. American investment is bad for you out here. Oh, it's really bad." You know? [interjections] Now, now. "It's bad." This Broadbent guy comes into Alberta and what does he say? He says, "American investment is bad for you." He comes from a constituency that has the highest level of American investment anywhere in Canada, but it's bad for Alberta. And the NDP in Alberta says, "Me too, me too."

Well, let's know what the truth of the NDP position is. They are just simply playing along with their eastern masters, ready to sell out western Canadian energy resources to maintain forever western Canadian servitude to the eastern Canadian manufacturing interests, and the NDP in this province dare to propose that. I say: shame to them.

MR. YOUNG: I move that the committee rise, report progress, and request leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Does the Assembly agree with the report and the request for leave to sit again?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

[At 1 p.m. the House adjourned to Monday at 2:30 p.m.]