

*Canada-U.S. Free Trade Agreement*

creating a manufacturing plant in either Canada or the United States, they will almost by definition choose the United States. That is because of such factors as transportation costs, taxation rates, market size and labour laws". This was not said by a Liberal, or by Warren Allmand, the Hon. Member from NDG. This is what an economist from Germany has said. He has stated if they cannot get the competitive factors in Canada which are favourable to them, then they will move to the United States. They would do that more likely in a situation where they are building a new plant, or modernizing an old plant. Obviously, if they have a plant in existence now they will let that continue and not move it. However, the pressures are there. They are dangerous for Canada and for our independence and sovereignty.

● (2050)

**Mr. Reimer:** If I may, I would like to ask the Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) a couple of questions. The Member was speaking about the fact that since shortly after World War II the average tariff between Canada and the United States was approximately 30 per cent, and now it is approximately 5 per cent on average. The Hon. Member was saying how we had moved from 30 per cent down to 5 per cent before we got into the trade negotiation and now the agreement before us. Nowhere did he say, during that phasing from 30 per cent down to 5 per cent that there was any loss of sovereignty, or that Canada was in any way restricted in any of its policy choice. Why is it, when the tariff moved from 30 per cent down to 5 per cent, there was no loss whatsoever, but as soon as the tariff moved from 5 per cent down to zero, all of a sudden all the sovereignty is lost? Could the Hon. Member explain that?

My second question concerns social programs. I am sure the Hon. Member received the booklet entitled *Evaluating the Free Trade Deal* from the C.D. Howe Institute. On the question dealing with social programs the booklet states:

First, 71 countries—including all the advanced industrial countries except Japan and Canada—are currently in regional trade-liberalizing arrangements. None has complained of lost policy independence. For example, the Netherlands maintains an expensive set of social policies, yet it has been in a free trade area with low-spending Belgium for 50 years. Sweden also has many high-cost social policies—indeed many more than does Canada—yet this little country of 8 million people trades tariff free with such economic heavyweights as West Germany and France. Throughout history, rich countries have traded profitably with poor countries, and high-spending countries have traded profitably with low-spending countries. The evidence from other countries is clear: *free trade is not the enemy of diversity in social policy.*

I ask the Hon. Member, where is the evidence? If the evidence of 71 countries involved in these arrangements proves to the contrary, where is the evidence?

**Mr. Allmand:** I will deal with the last question of the Hon. Member first. He is falling into the trap I mentioned at the beginning of my speech in which he compares countries in the Common Market and their arrangement, which is a multilateral arrangement between many countries balancing off each other, with this proposed agreement between Canada and the

United States which is 250 million to 25 million with, for the most part, common language.

There is a considerable difference in the Common Market. As far as cultural matters are concerned, not only does Holland have its own language, but it is able to counterbalance. There is no overwhelming partner in that arrangement. If Germany and France decide to gang up on Holland—

**Mr. McDermid:** Germany is not overwhelming? What are you telling me?

**Mr. Allmand:** The Hon. Member has nothing to say when he is on his feet making a speech, yet he continuously shouts from his seat.

There is a serious difference between that arrangement where countries can balance each other off in their negotiations, this arrangement where there is a country which is the strongest economic power in the world, with basically the same language as Canada, except for Quebec and parts of other provinces, but the threat to our sovereignty and independence is much more serious.

**Mr. McDermid:** What bunk!

**Mr. Allmand:** The Hon. Member says that is bunk. Whenever someone says something opposed to the point of view of the Hon. Member, it is bunk. In that sense he belongs to the same school of thought as the Minister whom he represents, because that is all the Minister can do. When the Minister has no argument, he calls his opponents names.

I wish to point out to the Hon. Member who seriously asked me that question, the reason the people in the outer seven, Austria, Switzerland, Sweden, and Finland, did not join the Common Market, is that they did not think those arrangements were suitable for their countries. Yet they have set up a free trade arrangement which is different from the Common Market, and they are free traders in a different way.

While we oppose that free trade agreement that has been put forward with the United States, we point out that since the end of the Second World War, on a step by step basis dealing with tariffs only, and not dealing with access to energy, agriculture, cultural industries, service industries, financial services, and the restricted use of Crown corporations, without dealing with all those things, we were able to achieve this type of freer trade with the United States, and we would support that. We are not opposed to the lowering of tariffs with the United States. What we are opposed to are the many other things that are in this agreement.

**The Acting Speaker (Mrs. Champagne):** The period for questions and comments has now expired. Resuming debate with the Hon. the Solicitor General (Mr. Kelleher).

**Hon. James Kelleher (Solicitor General of Canada):** Madam Speaker, it gives me great pleasure to be able to speak today on one of the most important achievements of this