

Customs Tariff

economic relationships with Mexico. However, I feel we should do that on a direct basis, on a shared basis or possibly on a trilateral or multilateral basis, and not under a situation in which goods created at very low labour rates in Mexico will come into Canada surreptitiously and be labelled as American goods.

American manufacturers are already taking advantage of this. One of the consequences when industry fled the northern tier of states in the United States to go south, has been a rate of economic growth in those states bordering Canada a great deal lower than the economic growth in Canada over the course of the last 8 or 10 years. Some of those industries have not gone to Houston or Alabama, they have gone to Mexico. I have to ask myself, if we enter into an agreement which puts our industries on the same basis as those in the northern tier of the U.S., whether we are not going to suffer that same fate.

● (1130)

I ask myself, indeed all Canadians, do we really want American social services? Do we really want an economy with a 28 per cent growth rate over seven or eight years, such as that enjoyed by the border states, which of course have full free trade with the rest of the U.S., compared to the 48 per cent that we enjoy in Canada? The Government considers that this should be the case.

However, with respect to this particular Bill, if Canada wishes to make special arrangements with Mexico, it should do so directly. We have provisions in our tariff schedule, and they are included in this Bill, which allow Canada to charge lower rates all the way down to zero on goods coming from developing countries, less developed countries and least developed countries. If we want to make that arrangement with the Mexicans, then let us do so, but let us do it directly. I do not believe we should be put in a position where, because of a special trading relationship which now exists between the U.S. and Mexico, these goods are bootlegged into Canada as though they were American goods.

That is an example of the kind of problems I believe we are getting into because of the situation we face on free trade. We are essentially being given a deal on the basis, as the *Montreal Gazette* indicated yesterday, where the salesman says: "Buy now, you will never get another chance, and don't bother to look at the fine print". I believe that in this, as in many other respects, we ought to be looking very carefully at the fine print.

I would welcome some assurances from the Minister on this point. I see the Minister of State for Privatization (Mrs. McDougall) is here as well. I hope they both indicate exactly what the situation is. I know that when the Minister worked on Bay Street, she would not have dreamed of counselling a client to whom she was giving financial advice to buy a business without taking a thorough look at the details, the financial statements, the balance sheet, legal encumbrances and so on.

Mrs. McDougall: Did you read the text of the Kennedy round?

Mr. Cassidy: I am sure that when he was teaching at the University of Western Ontario, the Minister of State for Finance (Mr. Hockin), if approached by an academic colleague who said he wanted to buy a house at the better end of town even though it is a bit expensive, would have advised him to look at his own financial status. Can he afford it? He would advise him to look at his goals and objectives and review the contract very carefully to make sure there is no urea formaldehyde insulation in the house, or mortgage problems, or things like that. If the Minister would give that advice to someone buying a house, and the Minister of State for Privatization would give that advice to someone buying a company, why is this Parliament asking Canadians to buy, sight unseen, a deal which may mean Canadian jobs being lost in favour of jobs in Mexico?

Mrs. McDougall: Hogwash.

Mr. Cassidy: I hear the Minister saying "no, no". Then she should get up and say exactly what this means and why we do not need to close the loophole? If she agrees there is a loophole, then let her agree to the amendment and let us pass it.

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I, for one, want to rise and support the amendment put forward by the Hon. Member for Ottawa Centre (Mr. Cassidy).

Mr. Hockin: I cannot believe that.

Mr. Tobin: It seems to me to be almost impossible to entertain the notion that this amendment would not be supported by members of the Government. While I am not in the habit of heaping praise upon members of the perennial third Party—although you never know, they could end up in second spot the next time around if the Government keeps going the way it is going—I have to compliment the Hon. Member for identifying what could be a major problem for Canada.

Let us talk about more than just the potential nature of this problem. If anyone were to take even a cursory glance at trade between Canada and Mexico today, they would discover a very startling statistic. Mexico sells more auto parts to Canada today than the value of all of the products Canada sells to Mexico. In addition, we are running a trade deficit with Mexico of about three to one. Yet traditionally our trade has been fairly evenly balanced over the last decade. The deficit we are now experiencing, a deficit which is growing, is attributable almost entirely to the rather dramatic increase in the export of Mexican auto parts to this country.

How did that happen? The single major initiative of the Government of Mexico, quite understandable from their point of view after the collapse of oil prices and the subsequent loss of income from their oil company Pemex, was to establish new