

Facts

- Since 1947, there have been:
  - (i) significant reductions of trade barriers between Canada and the U.S.;
  - (ii) an increase (in real terms) of more than 1200% in our exports to the U.S.; and
  - (iii) the establishment of Canada's network of social programs.
- Why is it then that lowering remaining trade barriers (notably tariffs) will reverse the pattern of more than 40 years? How will this undermine our social programs? The answer is, it will not. Rather by increasing the nation's wealth, Free Trade will make it possible for governments in Canada to maintain and expand social programs, as we have done recently with the Child Care initiative.

Myth #3

- John Turner and Ed Broadbent say that the U.S. will attack Canada's social programs as an unfair subsidy in the five to seven year negotiations on the rules of countervail.

Facts

- Under the preceding myth, social programs were an unbearable burden for Canadian business. In this myth, the unbearable burden is transformed into an unfair subsidy. How can it be both?
- In any case, as my American counterpart, Clayton Yeutter, said on May 1 of this year,

"[The question of subsidies and social programs] has never arisen in our conversation here, never, and I don't see it happening in the future ... What we will have to do on subsidies must fit within the parameters of what people will agree to on an international basis."

Mr. Yeutter was probably referring to the GATT Subsidies Code which, as interpreted internationally, makes clear that social programs are not countervailable.

- If the Americans were to suggest, some time over the next five to seven years, some distorted approach to these issues, we would say no. It's that simple.