

Canada-U.S. Free Trade Agreement

American companies. The first thing that will happen after this thing gets under way is that there will be a Canadian firm saying: "Look, I have to compete with these American companies. They have a lower price than I have because they do not have the same social costs. They do not have medicare or marketing boards. They do not have this social program. They do not have the same environmental programs. Therefore, if we are to compete you will have to cut back on those programs so I can compete with the American companies, or I will move to the United States". This is a threat that we heard in committee. It is something which is very easy to do. I think that is why a great many of our Canadian businesses favour this agreement. Capital moves very easily, especially when one is setting up a new firm or when one is modernizing, when one has to do something about an outdated plant or factory.

What does one do if one cannot compete properly in Canada? One moves one's Canadian firm south of the border and then sells into Canada. Warehouse and sales personnel could be left up here in order to sell into Canada.

Madam Speaker, I see that my time has expired. I wish to say this in closing. If this agreement is implemented, as is the plan of the Government to do, it will be the beginning of the end of Canada as we have known it.

The Acting Speaker (Mrs. Champagne): Are there questions or comments? The Chair recognizes the Hon. Member for Guelph.

Mr. Winegard: Madam Speaker, what the Hon. Member has said is reminiscent of what was said in 1965 about the Auto Pact. At that time people said that the Auto Pact would destroy the country. All those people who wanted to be real protectionists ran for cover and said that the Auto Pact would be the destruction of the country. They said that because companies here in Canada would not be able to compete all automobile production would move south of the border. That has not happened. There is still a good deal of it going on here—a great deal more than before.

Which way does the Hon. Member really want it? He has told us tonight that Canadian firms would have difficulty competing under this new regime and that they will want to get rid of our social programs or move to the south.

Mr. James: He doesn't believe that.

Mr. Winegard: I do not think that he believes that either. I have also heard members of the Party of the Hon. Member say: "You know what will happen? All those big multinational corporations are going to move away". Which way do they want it? Members of his Party also say: "They will come up here. All those big multinational corporations will come up here to buy out all our Canadian industry".

Members of the Hon. Member's Party fear that everyone will come up here to buy us out. They also fear that all the multinationals will move south because it will be cheaper there. I say to my hon. colleague, as I have said to him before

on more than one occasion, he really cannot have it both ways. Which way does he want it? Will the Hon. Member tell the Canadian people now one way or the other what he thinks will happen so that 20 years from now when the country is enjoying great prosperity, when all the protectionists have run for cover and forgotten that they ever made such statements we will know what the Hon. Member thought?

Mr. Allmand: Madam Speaker, it is obvious that the Hon. Member has not read the Auto Pact. It was the Liberal Party that brought in the Auto Pact in 1965. At no time did Liberals say that the Auto Pact threatened Canada.

The point I was trying to make at the beginning of my remarks is that the Auto Pact is not similar in any way whatsoever to this bilateral comprehensive agreement with the United States. The Auto Pact obliges the three American automobile companies—there were four at the time—to invest in jobs and in manufacturing in Canada. Under the agreement they are obliged to invest as much in the manufacturing of automobiles and automobile parts in Canada as they sell in Canada. The purpose of the agreement is to make sure that they do not return all the manufacturing to the United States. As I have said, people who categorize such agreements refer to it as a managed trade agreement, not a free trade agreement.

At no time did Liberals say that it threatened our country. As a matter of fact, we said that it did not do that. The results speak for themselves. There has been a great increase in automobile production in Canada since the Auto Pact was signed in 1965. The agreement obliges the American firms to manufacture in Canada. The agreement before us withdraws the safeguards to that. Under the Auto Pact if American production in Canada drops below a certain level then the tariffs apply, whereas they do not apply as long as the Americans produce over that limit in Canada.

With respect to the harmonization and the Hon. Member saying that we are trying to play it both ways, we are not trying to play it both ways. I submit, and I submit very strongly, that by tying ourselves, a country of 25 million, into the market economy of the United States, which is a more open market economy than is ours, there will be strong competitive pressures. I am not saying that we will kill immediately all our industry. We believe more than the United States in the creation of Crown corporations and in the intervention of the Government to make things work. I said that this system threatens our manufacturing industry and puts it at risk. In the long run it will either be pressuring for lower taxes and lower social programs in order to compete with American firms. If that is not obtained then the way will be open to go to the United States, manufacture just over the border and sell back into Canada because there will be no tariffs.

I wish to quote a statement made by the former head of worldwide loans for the Dresden Bank in Germany. He said: "I know that it is not a friendly argument, but it seems to be the truth. If large European firms are given the option of