

operate my own business. Whereas my company was normally a very large importer of American products, the change in the Canadian exchange rate wiped out that advantage and our buying was basically concentrated on Canadian mills. With the Canadian dollar at 83 cents, that situation has changed quite dramatically. American agents are swarming into Canada—and into the Canadian economy. They are booking orders by becoming very competitive. What I am saying to my colleagues is that the greatest non-tariff barrier or advantage, whichever way you want to look at it, is the exchange rate.

● (1650)

I have asked some of our senior people about this and they have told me not to worry, that the situation will adjust itself, but, as I read it, some economists feel that because of a weakness in the American dollar in the world market the Canadian dollar will do as it already has, to the surprise of many, and continue to rise. If we get up to a 90-cent or a 95-cent Canadian dollar, which has traditionally been the relationship of our currencies, the very same companies that paid out contributions of hundreds of thousands of dollars to chambers of commerce during this last election campaign to advertise the benefits of free trade to Canadians will be knocking on the doors of the Minister of Trade and Commerce and others saying, "Please do something to protect us." They will use the very same reason for demanding tariffs that they used in the early days of Canadian industry.

It is very tricky to try to relate that exchange rate if the government turns around and says, "Through a variety of means, including the Bank of Canada, we will make sure that we have a dollar well below the American dollar, which gives us an advantage of up to 20, 25 or 30 per cent." That is a major advantage in terms of a free trade deal, but, if we lose that, I predict that there will be calamity in many industries of this country.

I look at, for example, free trade in terms of the farm machinery business. Virtually, we have had free trade in that business since 1944. We used to have here in Canada one of the greatest farm machinery manufacturing industries in the whole world. Massey Ferguson was one of the great examples. With the introduction of free trade there was a fairly steady, gradual erosion of that industry until, today, there is not one major manufacturer of farm machinery in this whole country. It is true that there are some small manufacturers producing specialized items, and that might help in terms of free trade, but our great farm machinery industry, which provided thousands of jobs across this country, has disappeared. There are some who say that a contributing factor to that disappearance was the Free Trade Agreement.

After that agreement, we were told how farmers would get the very lowest prices in the world because we had free trade with the Americans on farm machinery. I would ask any one of my agricultural friends whether they think they have low-price farm equipment in comparison to other parts of the world. Again, I pass this on to my colleagues to indicate some of the problems we should look at in this respect.

[Senator Buckwold.]

We have seven years to harmonize our various programs, such as our social programs, our cultural programs and our subsidy programs. The word "harmonize" is defined in the agreement as "making identical". Honourable senators, "making identical" is a very difficult thing to do. It reminds me somewhat of the story of the fellow who married a girl who had an identical twin. To the surprise of everyone, the sister-in-law moved in with the newly-married couple. Shortly afterwards one of his friends asked, "With your sister-in-law, the identical twin, living with you, how can you tell who is your wife and who is your sister-in-law?" To that he replied, "To tell you the truth, I can't, but that is their problem."

Some Hon. Senators: Oh, oh!

Senator Buckwold: Honourable senators, I suggest to you that this so-called "making identical" will create a problem, and not just for the sister-in-law but for all Canadians, when we try to harmonize the kind of programs that have made Canada what it is today.

Honourable senators, I acknowledge the mandate the government has been given. Our responsibility now is to make sure that this agreement works as well as it possibly can. I heartily endorse the recommendation of our leader, Senator MacEachen, that a Senate committee should have an ongoing responsibility to monitor what goes on and to see that what we do is in complete "harmonization"—if you will allow me that word again—with what has been said and with what is in the agreement.

I forecast that it will be a difficult task to complete the so-called "harmonization" of all the subsidies and other programs in this country with those of the U.S. to make them completely identical over the next seven years, and it is my hope that senators, through a special committee, will have a commitment to make a contribution in that regard.

Having said that, may I extend my best wishes to fellow senators for a happy New Year. I hope the years ahead will be as happy for the government as this one has been, but I would suggest that, if they think they had problems in the past, when they come to negotiate with our American friends in terms of a so-called "harmonization" they will look back on 1988 as a vintage year.

Some Hon. Senators: Hear, hear!

Hon. Willie Adams: Honourable senators, although I do not know too much about the subject, I should like to say a few words about free trade.

Only 15 or 20 minutes ago Senator MacDonald asked Senator Austin how many people voted in favour of free trade during this last election. I would remind Senator MacDonald that in the Northwest Territories 100 per cent of the electorate voted against free trade, since both of our elected representatives are Liberal.

Some Hon. Senators: Hear, hear!

Senator Adams: Although the north is not as densely populated as the rest of Canada, the land mass forms approximately half of the total land mass of Canada, and our aboriginal