

Canada-U.S. Free Trade Agreement

House of Commons. They intend to be there all through the summer. I pay tribute to them. They are small Canadians, too.

Some Hon. Members: Right on.

Mr. Cassidy: I do not believe that the Government should demean average Canadians, the majority of Canadians who say: "We have doubts". Some say: "I am not sure why I have doubts, but I think this is just too far too fast". Some say: "Good fences make good neighbours. To tear down all of the fences between this country and our good neighbours to the south, the United States, is just going too quickly".

I heard the Government suggest that this country lacks self-confidence if people like myself, as financial critic for our Party, suggest that the trade agreement is not an appropriate agreement and goes too far.

I look at a country which is full of self-confidence, and that includes my Party and the people, the 31 per cent or 32 per cent of Canadians who now are supporting the New Democratic Party. We have not lost confidence in this country. We are not trying to erect protectionist walls. We have been supporters of liberalized world trade over the course of the last 30 or 40 years, and we will continue to be so. In the course of saying that, should we as a country be on the forefront in an agreement which is the first international agreement in the world that entirely removes barriers to trade in the service sector, without looking at what the implications should be? Should we expect that Canada with a tenth of the population and the economy of the United States, would generally be working on a level playing field with our friends in the United States? Do we need to make this move all at once?

People say that there are huge protectionist barriers. What are they? The fact is that close to 90 per cent of our trade with the United States—and it is the largest two-way trade flow in the world—is tariff-free right now.

I saw some figures the other day on the trade between West Germany and the Soviet Union. The trade between those two countries is not even 10 per cent of the current flow of two-way trade between Canada and the United States. This country is one of the major trading nations. We have one of the highest percentages of exports in our Gross National Product of any country in the world. Who says Canadians are not confident? Who says Canadians are not effective world traders right now?

• (1850)

An Hon. Member: The Tories do.

Mr. Cassidy: Who says that the economy of this country is now on its knees in order to have the trade agreement today? In fact, it is the contrary. The Conservatives will go into the election talking about economic growth.

We have reached the point where the Bank of Canada in monetary policy, which is supported by the Government and by the Minister of Finance (Mr. Wilson), has determined that any time there is any increase in jobs in central Canada and

southern Ontario it will jack up interest rates and jack up the exchange rate in order to nullify that increase in jobs. If we had the trade agreement today, before the optimistic predictions of its proponents were to be fulfilled, if we were starting to see new jobs created in Canada through the trade agreement, every job created through the trade agreement would be nullified by the actions of the Bank of Canada. In other words, according to the Government's current monetary policy, we have reached the limit and, therefore, we are not even in a position where we could benefit, if benefit were to be achieved, from this particular trade agreement.

On top of that, Mr. Speaker, last fall the Canadian dollar was running at around 76 cents at a time when we had these desperate last minute dramatic negotiations in Washington over the trade agreement. In the interim the Canadian dollar has gone up in value by some 10 per cent to about 82 cents or 83 cents.

Mr. Crosbie: Because we have good government in Canada.

Mr. Cassidy: The increase in the value of the Canadian dollar, which has been a part of the Canadian Conservative Government's policy, has totally nullified any gains that will be made through tariff cuts in the Canada-U.S. Free Trade Agreement over the course of the next 10 years. We have done that in one year. If we wanted to continue to have secure access to the United States markets, one thing we could have done was to ensure that the Canadian dollar would not go through the roof, that the Canadian dollar would not go to such levels. The Canadian Manufacturers' Association, the forest industry, and the Canadian Exporters' Association all say "Enough is enough. You are hurting our ability to export into the United States". I do not know how high is up. I am not sure how much further the Government intends to take the dollar, but all of this means that any benefits from the trade agreement have in fact been removed because of what is taking place right now.

Mr. Oberle: Do you want currency controls?

Mr. Cassidy: We have been concerned because the Government went into this trade deal promising to get secure access to American markets, which it failed to do, and promising to get a binding dispute resolution mechanism, which it also failed to do. What we have seen is an agreement where in the United States the U.S. Congress passes a law or has a law proposed before it, that will ensure American law supersedes the trade agreement. In Canada, we are asked to pass a law which says that the trade agreement will supersede all other Canadian laws. That is a recipe for inequality as far as I am concerned. The U.S. Congress can pass a law which would effectively nullify portions of the trade agreement, but here in Canada, any law that is found to be contravening the trade agreement will be null and void. Not only that, we have seen again and again that the Progressive Conservative Government has said "thank you" for small concessions from the Americans when their bargaining objectives fail to be achieved.