

Canada-U.S. Free Trade Agreement

strengths, to develop our competitive edge. That would mean the intelligent use of our natural resources of energy, our human skills, and potential. It would mean the intelligent and planned use of public ownership and a recognition of the value of the public sector in and of itself, not just for any incidental contribution it might be able to make to the bottom line of the GNP. In this way, the value of health, education, highways, sewage treatment, parks, recreation and cultural activities in and of themselves would be recognized.

We would expect such a Government to work internationally to raise the standards for working people all over the world, because we cannot live in a fortress Canada any more than we can live in a fortress North America. Perhaps one of the fundamental flaws of the trade agreement is the idea that we can somehow live in a fortress North America. We must work with people all over the world so that the living standards of all peoples are raised. In that regard, I think we must push very actively for a clause in GATT that would tie trade liberalization with the developing countries, to improvements in the wages and working conditions in those countries.

We would expect further development of regional programs and development of decent programs of income redistribution, fair taxes, skill training, and labour adjustment. These are the types of programs we should have been able to expect from the Government, given the kinds of forces that are facing the Canadian economy and economies all over the world. However, that is not what the Conservatives delivered. While they made some of these commitments in 1984, they have not followed through with them.

Instead, Canadians received what the Conservatives did not promise or campaign on. They got a trade agreement with the United States. Rather than trying to protect Canada and Canadians from the effect of economic forces, the Government surrendered to them. We saw that as we were leading up to the agreement, with the gutting of the national energy policy and the dismantling of the Foreign Investment Review Agency. We saw it with programs of privatization and deregulation, both of which meet the demands of large business and further help to harmonize our economy with that of the United States.

We saw it in the supine way in which the Government refused to fight the countervail tariff on softwood. First the Government said that it would fight. Then it said that it would negotiate. Then it was going to fight again. Then it was going to negotiate. It simply caved in and there was a 15 per cent tax imposed upon ourselves.

We saw the surrender with the Government's acceptance of the American pharmaceutical industry's demands that we get rid of the kind of legislation that allowed Canada to produce low cost generic drugs that were of great benefit to many Canadians. We saw the Government push through legislation that resulted in higher cost drugs for Canadians, so that it would be in closer harmony with what they have in the United States.

Mr. McDermid: With the world.

Mr. Manly: Instead of Canada leading the world in terms of a program which has decent drug prices, we are now right back, lock-step with the United States pharmaceutical corporations.

Mr. McDermid: Ask the European ones what they think of it too.

Mr. Manly: I am sure that drug companies in multinational corporations from Europe would be just as happy as American companies to fall in with this. There is no debate there.

We have seen the examples of surrender in the trade agreement. The Government did not get what it said it would achieve in the agreement. It did not get the assured access it was seeking. It did not get a proper dispute settlement mechanism.

However, it gave the United States interests a great deal of what they wanted. They got national treatment with respect to American ownership of Canadian banks. They got no review of United States takeovers of Canadian companies under \$150 million, whereas there used to be a review of everything over \$5 million. We lost the possibility of any kind of preferential pricing for energy or other resources, which meant that we lost a possibility for developing a competitive edge.

We gave Americans open access to the Canadian market for U.S. services. Free trade in services might also benefit some large Canadian corporations that want to do business in the United States. When I asked Donald Macdonald about this, he mentioned the Reichmann's as an example of one company that would profit. We have given the Americans access to Canadian resources. There is a period of five years to seven years when the United States and Canada will try to define what constitutes unfair subsidies. This will be a time when there will be further pressure on Canadian programs, for example, regional programs. In other words, we are buying a pig in a poke.

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Mr. McDermid: The Americans have more than we have.

Mr. Manly: The Americans might have more than we have, but the American programs are protected by the clause that says that security interests are outside the scope of this agreement.

Mr. McDermid: Well, they do it in all kinds of ways. Don't lay that one on us.

Mr. Manly: In addition to what we have given directly, we know the agreement will have an effect on Canadian culture, although, on the one hand, it says that Canadian cultural industries are exempt. The second part of the agreement says that the Americans can take action of the equivalent commercial effect. In other words, what is given with part of the agreement is taken away with another part.