

*Canada-U.S. Free Trade Agreement*

Thus in fact the purpose of this measure is not to establish conditions of fair competition.

At least the next clause is honest. It states that we will liberalize significantly conditions for investment in that free trade area. I say to Hon. Members, watch here, too, that we are not talking just about trade. We are not talking just about tariffs, as the Government likes to pretend. We are talking here about investment, investment which not we but the Conservative Government felt in its Investment Canada Act had to be protected from takeover by American companies. Any Canadian company which has assets over \$5 million has to go through a review process. In that review process it can be asked to make a commitment to the community in which it is taking over a company.

I warn Conservative back-benchers what they will face. What will happen under this trade deal is what has begun to happen already in various towns and cities which are starting to gear up for the trade deal. Canadian companies will be taken over. They will be shut down. Jobs will be lost. We in Canada will be served as a market by the United States parent company which will buy out the Canadian firm and shut it down. It has begun to happen already. It will happen on a far broader basis in the future. The consequence for Canadians will be catastrophic.

Finally, there is the suggestion that this measure will lay the foundation for multilateral co-operation to expand and enhance the benefits of the agreement. I have to say to Members of the House that those people to whom I talked at the start of this GATT round in Punta del Este, Uruguay, in 1986 were, without exception when they could speak off the record, terrified of what was happening in North America. They were terrified by the fact that we are leading ourselves in the direction of yet another powerful trade bloc which would discriminate against the rest of the world.

I think that the motion on purposes should be rejected. I think, too, that the motion with respect to the unilateral right of the federal Government to take action to enforce its commitment to the agreement on the provinces should be eliminated, otherwise we will not have a federal system. We will have a system in which the provinces and the federal Government will have a fair share in this country of ours.

**Hon. Chas. L. Caccia (Davenport):** Mr. Speaker, in speaking to Motion No. 6 which would delete Clause 4 one is guided by a number of observations and conclusions that have been made in the course of the last few months, particularly those made in committee. In choosing between the wealth of analyses and studies that have been conducted, very few documents have struck me so much for their relevance and precision as well as their objective source as the document which I will use in the next few minutes. I refer to the one produced by the Attorney General for Ontario dated May, 1988. It is entitled: "The Impact of the Canada-U.S. Trade Agreement, a Legal Analysis". This is the kind of document which will require a thorough study also on the part of the

Tory back-benchers as they approach the next election because they will have to do some pretty hard homework to defend this agreement when they are on the hustings throughout Ontario.

This is what in essence and in very short terms the analysis states. I read from this paper. This paper was not prepared by a member of the Opposition. It was prepared by one of the 10 provincial Governments of Canada, evidently one that has its industrial and economic future at heart, as it should.

It states that under the agreement the United States becomes a third party at the constitutional bargaining table empowered to influence a wide range of vital public policies. This point was made earlier by the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) when he said that there is a third party, a comment which was ridiculed by a member opposite. This is a very important observation that comes from a government body. Thus we will have now a third party at the constitutional table from the moment this agreement comes into effect.

Second, the analysis goes on to state that the new role of the United States in the making of Canadian public policy threatens the traditional patterns of compromise that have characterized Canadian federalism. This point does not need to be elaborated upon. We all know what has been the nature until now of federal-provincial relations and how it will be affected from now on after this agreement comes into effect. We will see its impact in future federal-provincial gatherings.

Third, the analysis concludes that the agreement will significantly alter the ability of the provinces to shape their economic and social policies. This is a corner-stone point because it affects not just Ontario but every province in the country. It is central to the nature and the evolution of the country until now. After the agreement comes into effect this alteration and the ability of the provinces to shape their economic and social policies will be felt. We do not know yet to what extent and in what way but we certainly know that it is coming.

Fourth, the analysis observes that the impairment of the policy flexibility of the provinces is so profound that it gives the agreement a constitutional dimension. This is the assessment that was made by the Attorney General for Ontario in May of this year.

Fifth, this analysis observes that provincial matters can be subjected to review and ultimately to United States retaliation without any certain right under the agreement for provinces or private sector interests to be heard or to participate in any way. This also explains why in recent weeks and months we have heard what was originally a very weak and feeble voice. We have heard more and more the voice of small business. This explains why we have heard that voice becoming stronger. It is because somehow the word has gone around. Somehow small business has realized that the agreement has a potential impact on their capacity to continue to survive.