

Interprovincial Trade

There is one thing which we should have learned from that experience, that is, why do we have this mosaic of different rules and regulations that provides preferences or allows differences from province to province? In large part they have emerged historically as a result of economic necessity and imperative. If the economy of a particular province is dependent upon a certain resource, whether it be the fruits and vegetables of the interior of British Columbia, or similar products in Nova Scotia, then it is important for those producers either to find a way of maintaining a market against all the odds of transportation, and sometimes geography, or going out of business.

The peculiar Canadian genus which has developed over the years has been a willingness to pay slightly more in order to maintain this curious amalgam of regions called Canada. It has been to say that we are not a derivative of the Adam Smith textbook, that in Canada, in some ways, we fly against the logic of the economic theorists, whether they be the 18th century Adam Smith or the 20th century Donald Macdonald. The fact of the matter is we fly against that logic and maintain ourselves accordingly.

The reason I say that those are important factors is because if the objectives set forward by the Hon. Member to reduce provincial barriers is to be taken legitimately, then we must recognize that the problem has been compounded geometrically by the initiation of the negotiations with the United States. Not only has that placed an initial burden on each of the provinces to try to reconcile its differences with its neighbours, they must now reconcile their differences with their American competitors. We saw such an example of that raised in the House today. There were members of the New Democratic Party, the Liberal Party and the Conservative Party who stood up to try to protect the interests of the Christmas tree producers in the Province of Nova Scotia. Why? Because they recognize that it is an important industry in that province and that it needs to be represented. However, what we know as a result of dealing with the free trade negotiations is that there are a couple of central issues at stake.

The first issue is that the major American objective is to have a good go at our subsidy programs. That was certainly the case when I met with a senior trade negotiator two weeks ago in Washington. He very clearly told me that the issue comes down to one thing. We have been told by the Americans: "We do not like the way you subsidize your industries. We want you to get rid of those subsidies." That means freight rates in the Maritimes and the marketing boards in British Columbia. It means procurement policies in Manitoba. We are told that we have to wipe those out. We have been told by the Americans: "If you want to change our countervailing policies and laws, if you want greater access to our markets, then you will have to be prepared to accept the elimination or reduction in the type of programs and policies that ensure or have maintained the regional vitality of Canada". We have been told that we cannot have a maritime freight rate or a vegetable or fruit marketing board in British Columbia under the

concept of free trade with the United States. The Americans are insisting upon the principle of national treatment.

By the way, this is a principle that has been accepted by the Prime Minister of Canada (Mr. Mulroney) in two of his major official statements on free trade. Once that is accepted as a principle then it must be said: "You cannot discriminate against the activities or entrepreneurs in the United States by giving preference to someone in Nova Scotia, Ontario, Quebec or British Columbia". So we have thrown a real curve ball at the fruit and vegetable producers of British Columbia, the brewery workers of Nova Scotia and the corn producers of southern Ontario by saying that they can no longer have any form of preference, advantage or discrimination in terms of local industry.

In presenting his resolution promoting a national economic union, the Hon. Member must do so with the immense overarching knowledge that that union is very much threatened by the integration into a continental market. That continental market carries with it certain fundamental principles which basically eliminate, or have the potential to eliminate, the 120 some-odd years of development that have allowed us to maintain a regional balance in Canada.

I see the new Member for Pembina (Mr. Van de Walle) is here in the House. I know that he is interested in the question of the use of Alberta coal in Ontario Hydro proposals. It makes a great deal of economic sense for British Columbia and Alberta to move clean coal into southern Ontario for hydro purposes. But it cannot be done under the free trade negotiations. I say that because the Americans say: "How can you provide a preferential rail rate to move western coal to Ontario and discriminate against the movement of coal from Ohio, Indiana or West Virginia?" It is forbidden. It cannot take place.

If the Hon. Member is sincerely interested in pursuing the very difficult but necessary objective of trying to reduce the barriers between provinces, then I say to him: Why add on to that the incredible weight of having to cope with the elimination of all our regional programs and initiatives by negotiating an economic integration in the entire North American continent? I have nothing against dealing with the United States on trade issues. As a Minister I was part of those negotiations. I negotiated the new air pact—

Mr. Forrestall: You ignored it for years.

Mr. Axworthy: I did not. I was responsible for breaking through the negotiation on new air routes to the benefit of the province from which the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) hails in terms of opening up routes into Boston and the New England markets. But we did it on a one-by-one basis. We did not make the kind of commitments to the principle of national treatment that placed at threat the Maritime Freight Rates Subsidization Program, the marketing boards and the specific procurement policies that allow this country to give certain incentives to our own industries on a regional basis.