

*Canada-U.S. Free Trade Agreement*

First, the reduction of the capital cost allowance for Canadian films and television programs. In June, 1987, the Government announced a major reduction in the special capital cost allowance for investment in the production of Canadian films and television programs. While that reduction was announced in the context of tax reform, it reduced substantially an irritant in Canada-U.S. relations, since the capital cost allowance had always been regarded in the United States as an unfair stimulus to Canadian production. Coming at a crucial stage in the Canada-U.S. trade negotiations, this decision can only have been seen as reassuring by the United States. The second example is the revision of the Film Products Importation Act.

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The third example is the rejection of the Investment Canada guidelines for film distribution proposed by the 1985 film industry task force. Fourth, a backing away from the 1985 "Baie Comeau" policy on Canadian ownership in book publishing and distribution, which has never been put into effect. Five, the rejection of key recommendations made by the House of Commons Standing Committee on Communications and Culture in the recently announced broadcasting policy and the proposed new broadcasting Bill—

**The Acting Speaker (Mr. Paproski):** I regret that the Hon. Member's time is more than expired. The Hon. Member for Hamilton Mountain (Ms. Dewar).

**Ms. Marion Dewar (Hamilton Mountain):** Mr. Speaker, I suppose I should say I am pleased to rise to speak in support of these amendments, but I am also sad to think that we are having this kind of debate and the Government has gone so far as to sell out this country the way it has.

We have heard a lot about the Auto Pact. The Government talks about the Auto Pact as free trade. Anyone who knows anything about trade knows it is very managed trade. In the Auto Pact what we have discussed is the ability to have Canadian content. The Government has eroded that, and the threat to the auto industry is very serious.

We did have a free trade agreement in 1944. It was with the agricultural manufacturing industry entered into with the United States of America. It resulted in a huge deficit in trade and farm machinery. Canada is one of the world's greatest agricultural countries yet we do not manufacture any of our own tractors. That is a specific example of the industrial end of Canada in the future.

More important, I would like to take a few moments to speak about the social policies which the Government is so anxious to say are not in the agreement and have not been touched. We have to look very seriously at the implications. We know that the Government would not get into any kind of discussions about what subsidies are. I am mortified to think that Canadians have negotiated an agreement which leaves everything until later on, later on, later on. I would not want

the negotiators negotiating anything else for me because they have not defined what a subsidy is. They say we will get around to it in the next five to seven years. If the United States will have the kind of clout with the government negotiators in the future, we will not have very much say. When we look at what it is costing us in Canada as far as delivering our comprehensive health care system is concerned, which has all sorts of warts in it which need to be improved, we must realize that it happens to be one of the best health systems in the western world and is something of which we should be proud.

The biggest cost per car of General Motors in Detroit is not the steel costs nor the labour costs but the cost of Blue Shield and Blue Cross. It costs General Motors \$650 per car in health care delivery.

We know in this country that our labour unit costs have been low because health care costs are built into what it is to be a Canadian and to live in this country. Certainly there is absolutely no reason that cannot be identified as a subsidy when we are talking to industries in the next five to seven years. The insidious part of this is that it is not clear. It is left ambiguous so that we are left as victims with no guarantee about our social policies.

What happens to our unemployment insurance, Mr. Speaker? This is something we thought was a reasonably good program. Again it has its problems. It needs improvements and constantly in this House we review it and try to make it better. We know that people are kept at work and not allowed time off because companies keep trained staff on call while cutting payroll costs. In Canada, 80 per cent of unemployed workers receive unemployment insurance up to 60 per cent of their wages. In the United States only one-quarter of the unemployed receive such benefits, generally at less than 40 per cent of their earnings. Those are the kinds of comparisons we are talking about.

For the Government to say that our social policies are not involved is a lot of nonsense. It says very clearly that we have to harmonize our programs and harmonization means to make things the same. If we are going to make them the same, we have to look at what that means. The greatest treasure we have in Canada is our children. When we talk about their future we have to think about their education. It is very clear that we in Canada have chosen to spend more on elementary and secondary school education per child than in the United States. Is that considered a subsidy?

**Mr. McDermid:** No.

**Ms. Dewar:** It is not defined. You do not know. The Parliamentary Secretary seems to think he knows but at the same time he has been unable to write that into the agreement. The Tories are not honest enough to let the Canadian people know how they are eroding the whole society. It would not be bad if it were just their own lives they are hurting, but they are