

*Canada-U.S. Free Trade Agreement*

In regard to regional development in the FTA, arguments have been put forward in the House, and on the campaign trail to the effect that through the Free Trade Agreement we have somehow given up our right to utilize regional development programs. Now, no responsible government, especially not this one of which I am proud to be a part, is going to give up or jeopardize its ability to promote and sustain regional development in any way, shape or form.

Quite the contrary, Mr. Speaker, this Government has put in place regionally based economic development and diversification agencies, backed them with a budgetary clout and resources to deliver effective programs and services. They are working, and they are working very well, so well that the Right Hon. Leader of the Opposition (Mr. Turner) said during the campaign that he would retain them, albeit in a somewhat altered state. He recognized the potential of the Western Diversification Agency of FEDNOR, of the Atlantic Canada Opportunities Agency and of the Canada—Quebec Economic Regional Entente. Perhaps he also recognized that given the problematic history of regional development in Canada such program initiatives must be sustained over a prolonged period in order to be effective. Short-term fixes do not work in this game. We believe the answer lies in sustained regionally based and delivered programming within the regions.

There is nothing in the Free Trade Agreement, nothing, that limits our abilities in this regard. The FTA does not limit Canada's rights to use subsidies in the promotion of regional development.

As we have explained so many times in this place and elsewhere, regional development programs are not mentioned in the agreement and do not come under the rules of the GATT. It is in accordance with GATT that both we and the U.S. retain the ability to take action against unfair subsidies of another nation if such subsidies arm competing industries in the other nation. That is how it was before the FTA. That is how it will be during the FTA and that is how it would have been had the deal not proceeded. So nothing has changed. We will continue to be able to put forth responsible regional economic development programs. None of this prevents us from making available to our businesses both big and small regional development programs, regional tax breaks, and industry-specific initiatives so long as they are generally available and consistently applied.

I would now like to say a few words about another topic that has come up time and time again, that of adjustment. I wish to start off on the question of

adjustment by making a very fundamental point, a point that is often overlooked in this House and certainly more often than not overlooked by our colleagues opposite when they are out of this House.

There are two sides to the adjustment coin. Obviously there may be some downside adjustments, and there are downside adjustments in this economy every year and have been for decades. There are programs to deal with those. Those programs have generally proven to be quite efficient. But as we look beyond the end of this decade, as we look to the next decade and into the next century, as we look to the Free Trade Agreement, what we must look at without forgetting the potential for downward adjustment, is the potential for upward adjustment. We have opened a very wide door. We have opened for ourselves a door to a market of 250 million people. We have opened for our people, our young people, for our business people, small and big, opportunities that have never existed before. We have given them the chance to become more productive, more competitive, more globally oriented, and to participate fully in a rapidly expanding world economy.

• (1640)

What are we going to do to help them cross that door? I would like to quote very briefly from the terms of reference of the Advisory Council on Adjustment, the de Grandpré Commission. Its terms of reference were to point out the extent to which we believe Government can play a role in upward adjustment as well as in all other adjustments that may be required. The first item in the terms of reference reads as follows: "The Council's terms of reference include the following: one, examining the possibilities for Canadian businesses and workers to position themselves to benefit from the agreement".

That is a very positive statement which clearly indicates the will of the Government to assist Canadians from coast to coast to seize this opportunity to cross that door and become the type of world citizens they really are, and to benefit fully from the opportunities that lie in a market-place of 250 million to 275 million people.

[*Translation*]

On the topic of adjustments, Mr. Speaker, I would like to talk about another adjustment mechanism that the current Government has set up to prepare employers and employees and enable them to benefit fully from the many opportunities that will be provided by the new Free Trade Agreement with the United States. I refer here to the new Department of Industry, Science and