

- a significant reduction in trade barriers between Canada and the U.S.;
- an increase (in real terms) of more than 1200% in Canada's merchandise exports to the U.S.; and
- the establishment and maintenance of Canada's network of social programs.

Thus, more open competition with the U.S. over the past 40 years has given rise to increased prosperity in Canada. That increased prosperity, arising from more open competition, has been critical as a source of government revenue to support social programs.

And, even if the raising of revenue to support social programs made the general cost of doing business in Canada higher than in the U.S., this would simply work its way out through a compensating change in the exchange rate.

John Turner says that the Americans will seek to eliminate Canada's social programs in the negotiations over five to seven years on subsidies and the rules of countervail. Here's what my American counterpart, Clayton Yeutter, said on May 1, 1988:

"[The question of subsidies and social programs] has never arisen in our conversations here, never, and I don't see that happening in the future ... What we will have to do on subsidies must fit within the parameters of what people will agree to on an international basis."

Mr. Yeutter was probably referring to the GATT Subsidies Code, under which it is clear that our social programs are not countervailable. And, if the Americans were to suggest at some time over the next five to seven years some distorted approach to these issues, we would say no. It's that simple.

Ed Broadbent says that Canada's public health care system will be threatened by American-style corporate hospitals. He is wrong.

Chapter 14 of the Free Trade Agreement deals with services. It lists services that are covered by the obligations in the Agreement. If the service is not on the list, then it is not covered. Neither our publicly provided health care system, nor other services provided by government is covered. (For that matter, privately provided health care is not on the list either.)

The services chapter of the Free Trade Agreement does cover commercially-provided health care management services.