

Ltd. also predicts higher real wages, primarily as a result of lower consumer prices.

Studies also show Ontario as the largest winner of all provinces, both in terms in economic growth and employment, due to its position as the heartland of the Canadian manufacturing and services sector.

You may be aware that the Government of Ontario has come up with figures to the effect that 281 thousand Canadian jobs would be threatened by a new trade deal with the United States. Yet the study those figures were supposedly based on indicates something quite different. The study in question was a compilation of industries that were sensitive to imports and exports, and it found that 31% of Ontario's manufacturing jobs are "highly sensitive". Now look at the tables again. They also show that these sensitive industries historically improve their performance when trade barriers are lowered. In other words, they would benefit -- not suffer -- from a freer trade arrangement with the States. They would employ more people, not less.

So let me repeat. All the evidence, both theoretical and empirical, indicates that erosion of our manufacturing sector and closures of U.S. plants is the least likely result of trade liberalization. Rather, the combination of greater firm specialization, more efficiency, greater exports and lower consumer prices arising from freer trade will increase the size of the economy and create more jobs.

There may be temporary labour dislocations for a comparatively short period of time. But these can be minimized by phasing the implementation of a new agreement in gradually, allowing plenty of time for government

retraining and other adjustment programs.

But I repeat again, the overall effect will be positive, not negative. And it could be very positive indeed. Simulations performed by the Ontario Economic Council indicate that with trade liberalization, trade flows between Canada and the U.S. would almost double. And a study by Infometrica Ltd. indicates trade liberalization with the States could create a quarter of a million jobs in Canada.

Question: All right, but what about our cultural sovereignty? What about our social programs? How can they survive a new trade deal with the Americans?

Answer: In my opinion, they will not only survive, they will thrive as never before.

You are aware of what Canada's position will be at the negotiating table. If you're not, the Americans certainly are. Our position is this: Our cultural sovereignty is not negotiable. Our social programs are not negotiable. They are our business, and nobody else's.

But let me take the issue further. In this country, our cultural sovereignty and social programs depend on our capacity to sustain economic growth. This is directly linked to our ability to trade, because trade increases our wealth. Only a strong economy can guarantee the cultural institutions that give us our unique Canadian identity. Only a strong economy will allow us to support our health care, our unemployment insurance programs, our regional equalization payments. If our economy were weak, our social programs would surely suffer and our cultural sovereignty would be less resilient. It is hard to main-