

Canada-U.S. Free Trade Agreement

and scientists became world class. Now it can go into the market.

If one believes that could ever happen again under this agreement, forget it. It is gone.

Mr. McDermid: Tell us where that is not allowed in the agreement. Give us the chapter.

Mr. Malone: Give the evidence. How can you say that? You make me sick.

Mr. Axworthy: The Hon. Member for Crowfoot (Mr. Malone) says he is getting sick. It is an example of how one's stomach's stability is related to the inability to consume the truth.

Let us talk about regional development. The Government says that nothing in the agreement touches regional development. Joe Ghiz, Premier of Prince Edward Island, said in a speech:

Last week, the Director of Agriculture Canada in the Maritimes told an audience in Nova Scotia that a new agreement between the Province and the Federal Government must be tailored to avoid complaints from the United States.

Before the agreement is even in place, grants under our regional development programs are being conditioned in order to "avoid the countervails" on the basis of the new definition of subsidy implemented by the American legislation. We are already tailoring our cloth to fit the agreement.

Recently, I read an interesting study of the Canadian mineral industry by Professor Anderson of the Centre for Resource Studies, Queen's University, Kingston, Ontario. In his study on mineral resources, Professor Anderson said:

It can be asserted that the forthcoming attempt to develop common rules for countervail and anti-dumping action under the agreement places the Canadian regional development programs at risk. Given the strong U.S. objections to these programs, Canadian negotiators may face significant pressure to curb such activities.

It is the same thing as Premier Ghiz is saying. He went on to say:

Although the evidence is less tangible, it is also possible to argue that the Canadian minerals and metals industry could suffer in the international marketplace as a result of the free trade agreement. This statement rests on the premise that if Canadians tax and subsidy schemes slowly change or mirror U.S. policy, then Canadian firms may end up being less competitive than they are now in offshore markets.

Professor Anderson is saying that we will no longer be able to provide the kind of support we did to modernize the forest industry or to provide infrastructure support for minerals and mining. That is a key element of our regional development program.

Because of our resource base, we have used those kinds of government investments to aid the regions.

One can say the same thing about agriculture and the cultural industries. A strait-jacket has been put on the ability of the Government of Canada to make decisions on behalf of

its citizens according to its judgment, or to have that judgment based upon the kind of normal democratic activities that take place in a society where there is freedom of action. But if we sign away those freedoms, if we give away that right to make decisions in the international agreement, we do not get them back again. Aside from those parts of the agreement, I think it is important to recognize the argument about harmonization.

• (1630)

The Minister for International Trade took great pains this morning to challenge the assertions made by our Leader with respect to the impact of harmonization, which is a very simple concept. It simply means that by having, over time, to harmonize standards, and also facing competitive pressures, Canadian businesses will put their own pressure on Canadian Governments to start limiting standards, to cut back taxes and programs. If you are faced with competition in the manufacture of furniture from a southern state that has a small minimum wage and no occupational health standards, and its costs are 5 per cent, 10 per cent or 15 per cent less, how do you compete? You start asking the federal and provincial Governments to reduce your costs accordingly.

The Minister for International Trade quoted Laurent Thibault, the President of the Canadian Manufacturers Association, with great authority this morning. He looked across the Chamber at me and said: "The Member for Winnipeg—Fort Garry (Mr. Axworthy) should listen to this gentleman". Well, here we go. Laurent Thibault, the President of CMA, said: "It is simply a fact that as we ask our industries to compete toe to toe with American industries, we in Canada are obviously forced to create the same conditions in Canada that exist in the United States whether it is unemployment insurance, workmen's compensation, the cost of Government, the level of taxation or whatever". Tom Stanfield, President of Stanfields, says: "It is the cost of Government, the cost of human resources, which will allow us to compete and therefore we will have to slowly adopt the American way with very few modifications". Why is it that manufacturing is largely located in the southern United States instead of in the northern states, which are more comparable to Canada when it comes to cost structures and way of life? They are going where they have lower costs. That is the answer.

With respect to the question of regional development, I live in a city just north of the states of North and South Dakota which are going through their own depression because they cannot compete with the sunbelt states which have much lower costs, much lower social programs. Does the Government think that pressure for harmonization will not occur over time? It is beginning to appear already. If we throw into the mix the kind of curious, eccentric arrangement called the Maquiladora process, where United States manufacturers can take component parts, send them to a little strip along the Mexican border, have them assembled by labour which is paid 60 cents an hour, bring them back up and stamp them "Made in U.S.A."