

Customs Tariff

He said these kinds of agreements are generally based upon a prior agreement covering the nature of competition; in particular, the standardization of social policy.

What we have before us is the agreement first and then a process whereby we and the U.S. will come to terms over the next five to seven years with respect to standardization, not only or even necessarily, of social policy, but health standards and various other non-tariff concerns on which there is an expressed intention to harmonize, hopefully over the next five years, but if not, over the next seven. We are doing exactly the opposite of what other countries which have reached this kind of agreement with each other have done in the past. They have agreed on all the non-tariff issues, first, if you like, so that when they enter into the elimination of tariffs in a true free trade agreement, they are not exposed to the shenanigans, if you like, or the policies of the other with respect to non-tariffs. What the Government proposes is to do it just the opposite way around.

It is clear, if you take Mr. Saul's argument seriously in this respect, that standardization of social policy is something which should precede any kind of agreement.

● (1620)

The present relationship between Canada and the United States is certainly not one of standardization of social policy. Indeed, I think that all Canadians would agree that not only is there no standardization of social policy, but it is generally agreed by Canadians that our social policies are superior to American social policies. The worry is that if we enter into this agreement, there will be pressure for standardization, but that the pressure will be for Canada's social policies to become more like American social policies.

I know when this is stated it generally irritates proponents of the agreement, but it is a fact that was recognized even by proponents and supporters of the agreement in the course of our hearings throughout western Canada last week. A member of the British Columbia business community appeared before the committee, a Mr. Matkin, and during the course of a discussion with me on social policy, he admitted that this would eventually come to be one of the things that would be calculated, as to who seemed to have a competitive advantage over another country, in this case between Canada and the United States.

The origin of that discussion was when he stated in his testimony that one of the reasons he was not worried about investment leaving Canada was that one of the advantages we had was that investors liked to locate plants here because they did not have to deal with all the social security, health, and other hassles involved in being an American employer. The reason that some companies locate here is because of our social programs, medicare, unemployment insurance, and others.

In response to that evidence I said to him, if that is the reason why people locate here and not elsewhere, is it not conceivable that some day, particularly when we are entering

into this five to seven year debate about which non-tariff policies of each country could be construed as giving one country a competitive advantage over the other, the Americans might argue that our social policies give Canada a competitive advantage over the Americans and, therefore, we ought to change them. He stated he would have to admit that, although in his opinion, entering into this agreement would tend to protect us from that type of argument. We disagreed there, but the point is that both of us agreed that social programs and social policy are part of the calculus in this type of negotiating. It could happen in a number of other ways.

Depending upon the circumstances, Canadian companies could argue that they were being made uncompetitive because they had to pay the higher taxes required to pay for medicare, or that they were having to pay unemployment insurance premiums that their American competitors did not have to pay. There are a number of ways in which our social programs could enter the debate.

This is what we have meant all along, Mr. Speaker, when we have stated that there is a threat here to our social programs. It will not happen overnight, or the day after the agreement is signed, perhaps not even a number of years after the agreement is signed, but over time. This is a legitimate argument.

I see that the Minister of National Health and Welfare (Mr. Epp) is present, and I think that this is an argument that the Government has to take seriously, particularly if it is going to proceed, and particularly if it is going to be the tough negotiator that we wish it to be in that five to seven year period, if the agreement goes ahead.

I see that you are expressing that I am out of time, Mr. Speaker. In winding up, I wish to make a few comments. Time passes so fast when you are having fun!

Mr. Epp (Provencher): Speak for yourself.

Mr. Blaikie: I can understand why the Minister of health is not enjoying this.

I wish to close with a further quote from Mr. Saul, and then I will sit down.

We often hear comparisons between what has been done in Europe and what is being done here. In a manner that should enlighten us all, Mr. Saul states:

The key to Europe's success, for example, and the explanation for its slow, careful evolution, has been a determination to force a raising of standards toward those of the more advanced countries, not a lowering toward the more backward. No European nation could succeed in open competition against Korea or Thailand, both of which maintain nineteenth-century labour conditions. The European Community therefore limits that competition to its own definition of the word. To do otherwise would be to lose an unequal combat and, in losing, to subsidize and encourage an unjust social system. To accept the Asian definition of "competition" would be to destroy European society.

There is a second socially undeveloped industrial zone, and that is the southern part of the United States. It is precisely by accepting the notion of competition which exists in that part of