



# Free Trade deal bad for Canada

con't from p.11

people will lose. Economics cannot answer whether this redistribution is fair or desirable. And we have other social goals beyond growth in national income (even if the income is fairly distributed). Economics cannot tell us how a policy will affect our sense of national identity, nor can it tell us whether a gain in national income is worth a loss of national identity.

But what will be the effects on national identity, our ability to protect the environment, our culture, our regional development programmes and our social programmes? Proponents of the Agreement argue these are not affected at all. "Read the Agreement, point to a clause, these are not mentioned." However this argument is at best naive, and more likely disingenuous. One might just as easily ask, "where in the Agreement does it say income will grow or jobs will be created?" The predicted economic gains follow from hypotheses about how the economy will respond to this new economic contribution. The predicted changes in Canadian culture, environmental, social and regional programmes follow from hypotheses about how Canadian politics will respond to this new constitution.

Ironically, the new international trade theory cited previously recognizes this very clearly. Trade theorists are agnostic as economists about whether free trade is the

best policy, but remain pro free trade on political grounds. Because governments as often do bad things as good things theorists argue, it is better to tie their hands with a free trade policy.

Thus an Agreement, which may seem in print to be a trade deal, continuing our long post-war trend to freer trade, provokes intense and emotional debate. The Agreement is really an economic constitution which

*'Economists cannot tell us how a policy will affect our sense of national identity, nor can it tell us whether a gain in national income is worth a loss of national identity.'*

moves Canada much more toward an American model of the role of government in society and away from the European model or the Japanese model.

We must each decide what economic constitution we desire; economics can provide some but not complete guidance. For me as one of those delightfully Canadian creations — a red tory — I believe the Free Trade Agreement is bad for Canada.

## Opponents' trade fears unfounded

con't from p.10

But at the same time there will be a net creation of jobs. Presently, four million Canadians go through five million job changes a year. The dislocation arising out of tariff removal over 10 years will be minimal in relation to our normal shifting of human resources.

Further protection for our environment and social system is to be found in Chapter 12, where GATT Article XX is imported. This article provides that a country can "take action to protect public morals, human, animal or plant life, or health, conservation of natural resources . . ." Similarly, in Chapter 14, Services, Article 1402:3(a) allows for exceptions to national treatment "provided that the difference in treatment is no greater than that necessary for prudential, fiduciary, health and safety, or consumer protection reasons."

It should be clear that nothing in the FTA affects our ability to determine our own environmental standards. On the contrary, a country's right to protect its environment is emphasized throughout the agreement. This emphasis coupled with the exemption for provinces from the provisions on standard setting suggests that the concerns of environmental groups are misplaced.

Many of the references in the FTA and from GATT apply

equally well to the protection of Medicare, Unemployment Insurance, and other aspects of our "social net." But more can be said than that. The FTA is wholly consistent with GATT. It is an established GATT principle that universally available programs are not considered to be subsidies. Both what is in the FTA and in GATT principles effectively preclude an effective attack on Medicare and our other systems. American industries could try to challenge Medicare, claiming it is a subsidy to Canadian business (though interestingly enough Canadian businesses feel it is a burden upon them), but such challenges can be made now in the absence of the FTA, and with the FTA the heavy political element in American decision making will be eliminated. Many of the fears of the anti-free traders could as well be expressed with respect to the existing system and having nothing to do with free trade *per se*.

The energy provisions of the FTA have been much misrepresented. The basic principle of the energy chapter is that we cannot charge Americans more than the market price for the energy products which we sell to them. If they are outbid by Canadian energy users, too bad; they do not get the energy. What is not allowed is any bumping up of the export price "by means of any measure such as licenses, fees, taxation and minimum price

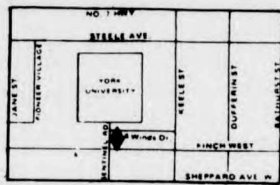
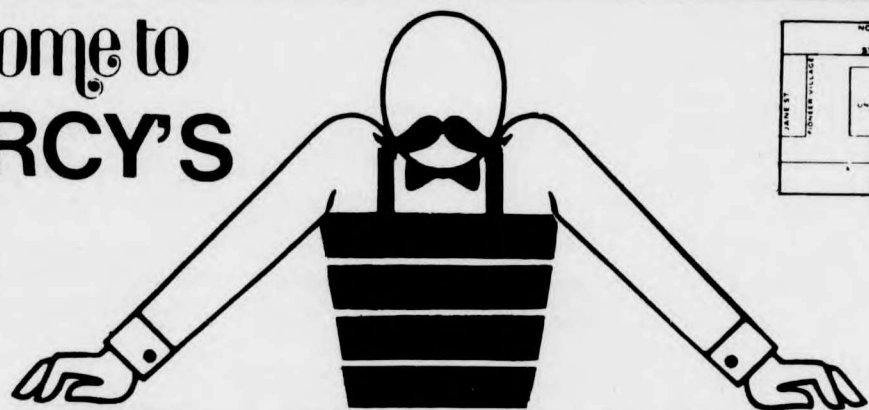
requirement." (Art.904b). Nothing, however, prohibits the Canadian authorities from charging a lower than market price to Canadian energy users! Should the Canadian government wish to offer energy price tax credits generally to Canadian companies, nothing in the agreement stops them. And where there are differences in demand for an energy good in adjacent Canadian and US markets, the Americans may end up paying a higher price.

The FTA provides that in times of shortage we cannot take a red-neck approach and "let the bastards freeze in the dark." Can anyone seriously imagine any Canadian political party in power doing that? If the Canadian authorities in a time of energy shortage order a cutback in production or sales, then there must be at most a proportionate cutback in the amount made available for Americans to bid on. Once again, they will have to pay market price for whatever they buy, and if there is a shortage-induced cutback that price is likely to be quite high. It should also be noted that the energy sharing provisions in the FTA are less onerous than those to which Canada is already subject under the International Energy Agreement previously entered into under GATT.

I have not dealt with all matters covered by the FTA, but I hope at least this will help some readers approach it in an analytical rather than an hysterical mood. Actually, the FTA is one of the clearer, better written international agreements that I have read. It is readily available. Take a look. A little light can dispel a lot of fear.

Welcome to  
**D'ARCY'S**

Supplied by  
Willett Foods  
Limited.



**MR. GROCER**

**University City Plaza 45 Four Winds Dr.**

STORE HOURS: Mon-Wed 9:00-8:00 p.m., Thurs & Fri 9:00-9:00 p.m., Sat 8:30-6:00 p.m.

SAVE **5% OFF**  
YOUR GROCERY SHOPPING  
(No Limit)

**5% COUPON**  
OFF

CASHIER WILL DEDUCT 5%  
FROM YOUR TOTAL FOOD BILL  
WHEN PRESENTED WITH THIS COUPON

(Valid only at this location)

University City Plaza 45 Four Winds Dr.



## CONTROL THE PLAY

Introducing Humber College's

### Recreation Club Management Program

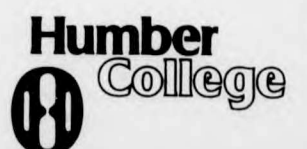
**T**his post-diploma 16-week program will qualify you for a management position in a variety of settings.

Field placement is combined with practical, academic courses to ensure that you will graduate with the knowledge and experience you need to get a job. Opportunities exist in golf and country clubs, sailing centres, fitness clubs and in private and commercial recreation clubs.

So, if you have a degree or diploma or related experience and a love for recreation, this is the time to change your game plan.

Find out more about the Recreation Club Management Program, call (416)675-5000. Make the move. Control the play.

205 Humber College Blvd.  
Etobicoke, Ontario, M9W 5L7



**Humber, careers for your lifetime.**