

Canada's interest? Will this government today commit itself against any free trade deal with Mexico?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there are two things I want to say. The first is that we are not discussing a free trade arrangement with Mexico or a tripartite free trade arrangement in North America. We are not doing that. We are trying to gather information about discussions that might be going on and we will then come to a judgement.

As I have said in the House on several occasions, there will be an opportunity to discuss that in standing committee. There will be consultations with the provinces, with industry, and with labour unions, if the member thinks that would be productive, about any decisions that we might take.

The other point, Sir, that is very important to make is that the New Democratic Party prides itself on being a party that takes a broad world view of events. It encourages us to be active in developing the Third World. Yet the hon. member now is pandering to anti-Mexico feelings here in the House of Commons. I think that is shameful.

Mr. Nelson A. Riis (Kamloops): Mr. Speaker, I have a supplementary question for the Deputy Prime Minister regarding the free trade agreement. He will remember that during the discussions there was much concern about the intention of selling massive amounts of Canadian water to the United States.

Just a few short months ago, the Minister for International Trade said in Montreal that all the free trade agreement provides, for the record, is the elimination of tariffs on the export of bottled water, and he went on for quite some time to talk about Perrier and sparkling water, and so on.

The Deputy Prime Minister will know from reading the press today that three Canadian firms are offering to sell massive amounts of Canadian water to Santa Barbara, California.

Is the Deputy Prime Minister concerned, in the absence of a national water policy for which we have been waiting for many months, that this will not set a precedent? Does the Government of Canada support the selling of massive amounts of Canadian water to the United States?

Oral Questions

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I am a little surprised at the hon. member's currency because it is not that this story was in the papers today. The story was in the papers three or four days ago. He is remarkably late, given his usual source of the newspapers as his basis for comment in the House.

But on the substance of the matter, the hon. member knows that any proposal to export water must be consistent with the clear federal water policy that was established in 1987. That policy clearly states the government's opposition to large scale water exports by interbasin transfer.

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[Translation]

FINANCE

Mr. Douglas Young (Gloucester): Mr. Speaker, my question is directed to the Minister of Finance.

The bank rate in Canada went up again today. Last week, the Minister of Finance told Canadians that if the Meech Lake impasse was not resolved, interest rates would remain very high. This week, the Governor of the Bank of Canada tells us that even if Meech Lake is ratified, there will be no drop in interest rates.

I would like to ask the Minister of Finance this: Can we take the minister at his word, since he testified before the Standing Committee on Finance that if Meech Lake is passed, Canadians will finally see interest rates go down in this country?

Hon. Gilles Loiseleur (Minister of State (Finance)): Mr. Speaker, I want to thank the hon. member for Gloucester for his question. This is a very important issue. Our monetary policy is aimed at creating the best possible environment for allowing interest rates to go down and stay down.

Obviously, in a market where capital can move freely, any element of instability makes investors stop and think, although we should not exaggerate the importance of certain factors either. However, at the present time, the main reason why interest rates remain high is because inflationary pressures continue to exist.

I can inform the hon. member for Gloucester, however, that we have some indication that inflation is starting to slow down. The pressure is starting to ease, and I am confident—indeed I hope for the sake of all Canadians—that we will soon be able to announce that our policy has