

• (1230)

Mr. Clark (Yellowhead): Certainly it makes sense to me, Mr. Speaker, that that issue should be raised and be pursued. It has been our assumption throughout that an approach of that kind would be taken. What worries me in the formulation of the question of the Leader of the New Democratic Party is that he said something to the effect that if this is not secured when it is raised early in the negotiations then we should not proceed with negotiations.

Mr. Broadbent: On free trade. Not on other matters.

Mr. Clark (Yellowhead): The Hon. Member is using the words "on free trade". Do I understand him to say that he thinks there should be progress on other trading arrangements between the negotiators of Canada and the United States, whether or not we have early success on some variant of the proposal he is making? Is that his proposal?

Mr. Broadbent: Mr. Speaker, it was not quite clear what the Minister had in mind in his last question, but I will try to clarify what I am saying. I am saying on behalf of my Party that, first, we should have dealt with the bilateral issues and got them out of the way. Yes, second, that discussions between the two countries should go on as they have in the past to try to improve trading arrangements between our two countries so they are mutually beneficial. Third, if you like, that as a *carte blanche* approach, for historic reasons we reject free trade as applicable across the board, for a lot of the reasons I indicated in my speech, and as I have indicated previously. Fourth, we are saying that in those areas where discussions are aiming at a free trade arrangement in certain sectors that what has to be achieved prior to wasting time on that, it seems to me, is an acceptance on both sides of a mechanism that would put an end to the unilateral countervailing authority in those sectors. If we do not get that agreement, then, as I argued in my speech, we are doing a great disservice to our countrymen. If that kind of unilateral authority would remain with the U.S., for example, and we get a free trade arrangement in our sectors, then the Americans could just swamp us at any given time with that authority. Does the Secretary of State for External Affairs think that that is crucial before we begin talking about free trade in a whole range of sectors?

Mr. Clark (Yellowhead): I think I understand what is being proposed now, Mr. Speaker. My answer is that we think it crucial that these matters be discussed, that we try to have some change as a consequence of the trade negotiations in some of the instruments that are available to the United States now, just as they would be seeking some in ours. I would not make agreement on that complex question a condition precedent to proceeding to the negotiations.

Mr. Johnston: Mr. Speaker, my question relates to the action taken yesterday by imposing tariffs on specific items. I have been trying to understand the strategy that underlies this gesture. I would presume from what I have been able to read and from the Minister's statement that it is an attempt to stop,

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if you like, harassment; it is to attract the Americans' attention to the Quebec declaration as the Minister said and it is to sort of send the message: "Look, fellows, this is a two-way game and there should not be any of this, obviously because we can hurt you and you can hurt us."

In the course of doing that, as the Minister recognizes, we impose additional costs on Canadians, we create a retaliatory posture which, personally, I do not think is conducive to any kind of negotiations. This act was taken presumably instead of some other gesture. The one that appealed to me was direct negotiations with the Americans—the Prime Minister (Mr. Mulroney) to the President saying: "Look, you have put on this 35 per cent tariff. No harassment. Stand still if you like on these issues, all issues, on both sides while negotiations are ongoing." Why would that not have been a preferable approach to imposing these tariffs which are costing us, as Canadian consumers, dollars out of our pockets and which tend, I suggest, to poison the relationship rather than making it more healthy at this critical point?

Mr. Clark (Yellowhead): Mr. Speaker, first, there is no question that the actions that were taken by the Minister of Finance yesterday are going to cost, just as the actions taken by the United States President Thursday a week ago are going to cost. Protectionism costs. It costs consumers on both sides of the border. It is not an approach we should be following. We had thought there was agreement on that at Quebec. We certainly want to use every instrument we have to bring the Americans back to the spirit of that agreement.

The Member asks whether we had considered other options. He spoke specifically of direct representations to the American administration. There has been a range of direct representations to the American administration over the last 10 days since all this began. I have spoken twice and met once with Secretary of State, Mr. Shultz. There has been contact between the Prime Minister and the President. Officials have been meeting.

The reality is—we looked at it very carefully taking a steady, strong approach to response—that there are constraints in American politics and constraints in American law that make it extraordinarily unlikely that there would be any chance of the President turning back the measures he brought in, in the circumstances. For a variety of reasons, the most intelligent measure for the Government of Canada to take was to follow through with an economic response.

One other thing I should underline, to reveal an open secret, is that it is always difficult for Canada on any issue at any time to attract the same level of attention in the United States that would be attracted by the Americans actions here. That is part of the relationship. When they do something that hurts us, and this tariff imposition clearly hurt us, they do it probably because they underestimated the reaction of Canada to their action, so it is particularly important that Canada's response be strong enough to ensure that it will not happen again.