

*Government Orders*

I have to conclude with two observations. The first observation is that Mr. Reisman walked out of the negotiations at a very late stage. It was never entirely clear and he never entirely indicated why he had walked out of those negotiations. I wonder if it was because something which he had said would not be on the table suddenly became crucial in the latter stages of that negotiation. I wonder if that is the case.

Finally, I think we have to conclude that Mr. Wilson's comments that this is not something to consider seriously, what Mr. Sinclair Stevens suggested last Sunday, because it took place well before the trade negotiations started and because it was based on conversations with someone who was not even in those negotiations, that that denial in fact itself holds no water. We can see from these comments that I have quoted to the House today that after that time, in fact after the negotiations had started with the United States, senior figures on the United States side, who were in charge of those negotiations, such as Peter Murphy and James Baker, did in fact talk directly and in terms of joining the question of the value of our dollar with whether or not the free trade deal would be accepted. Given the fact that they spoke in those terms, is there in fact any reason to reject the suggestions which Mr. Stevens made this past Sunday?

• (1720)

I think there may not be a clear smoking gun here, but there certainly is a great deal of evidence from the period when negotiations were taking place, from people who were part of those negotiations that in fact the United States saw the value of our dollar as a key component with respect to the free trade deal.

**The Acting Speaker (Mr. Paproski):** I regret the hon. member's time has expired. Questions or comments.

**Mr. Robert E. Skelly (Comox—Alberni):** Mr. Speaker, I very much appreciate the contribution that the member from Windsor has made to this debate.

There is no question in my mind that the exchange rates between Canada and the United States were a key component throughout the trade discussions between Canada and the United States. I wonder how a so-called free trade agreement can possibly exist, unless there are arrangements made to stabilize the relationships between currencies.

As I recall from the discussions we had in British Columbia around the softwood lumber problem and the threat of American trade retaliation against our softwood lumber, the currency was the major issue.

Even though the Americans used the excuse of the stumpage rates in a number of Canadian provinces, American senators and congressmen whom I met when the Gibbons committee travelled to Vancouver indicated to us that, when they saw Canadian lumber coming into places like Little Rock, Arkansas and selling at a price, because of the value of the Canadian dollar, far below what Arkansas lumber fetched in the Little Rock market, their sawmills shut down.

Their lumber workers were out of work, and they, as U.S. congressmen and senators, were going to take any action necessary, legal or otherwise, in order to reverse the situation.

The specific problem that they identified was the decline in Canadian currency relative to the American currency. That precipitated a retaliation by the American softwood lumber industry against Canada.

I cannot see how it is possible that free trade discussions took place between Canada and the U.S. without some currency pegging arrangements being made, whether it was an insistence by the Americans that the government in Canada raised interest rates in order to keep the value of our dollar propped, or whether some other arrangements were made behind the curtain between the Conservative government's negotiators and the American negotiators.

I just cannot understand a free trade arrangement existing without some currency pegging arrangements existing at the same time. I would appreciate if the member would respond to that.

**Mr. Langdon:** Mr. Speaker, I think that the member is quite right in pointing to the fact that the exchange rate was the common issue which American politicians, in discussing trade issues with Canada throughout that whole period, emphasized in their discussions.

We certainly found that to be the case. For example, when a delegation of American congressmen came here to talk about grain issues, it was the low value of the Canadian dollar at that stage which was of particular concern to them.