

commission — considered essential to the management of a free trade agreement — could be effective even if the two countries retained their current trade remedies. Mr. Rugman added that worrying about whether or not the rulings of such a commission would be binding "is a simplistic view of the process." Noting that influential US politicians had ruled out handing over any powers that would supersede US trade laws, the C.D. Howe report instead advocated a joint panel that would serve as the first forum for trade complaints. Canada would have its voice heard in the decision-making process, removing much of the political bias that had characterized recent US trade rulings, the September 23 *Globe and Mail* report said.

Canada's chief negotiator, Simon Reisman, expressed some impatience with reporters during the Washington round of talks. "The trouble with you fellows is that you don't have any respect for the truth, don't deal with things that have foundation in fact," Mr. Reisman said, adding, "I'm not discussing with you matters of substance." While the round of talks continued, the American Bar Association began to circulate its proposals for a trade dispute settling mechanism with members of the US congress. Mr. Reisman endorsed the proposals, which had been written in conjunction with the Canadian Bar Association, as acceptable, a September 23 *Globe and Mail* report said.

On September 23 Prime Minister Brian Mulroney told the Commons that free trade negotiations had been suspended because of "unacceptable" US demands in the areas of dispute settlement, culture and regional development grants. While the Prime Minister suggested that the suspension was temporary, Simon Reisman said in Ottawa the same day, "As far as I'm concerned, it's over. I terminated the negotiations today," adding, "It ain't over till it's over. . . . It's a little early to try to be answering [the question of whether or not there was hope left for an agreement]" (*Toronto Star*, September 24).

The *New York Times* reported on September 24 that some US officials saw the Canadian decision to suspend talks as "a tactical decision, made at an earlier time," and that the US negotiators still saw hope of reaching an agreement before the October 3 deadline. US Special Trade Representative Clayton Yeutter was quoted by the *New York Times* as saying, "We have made progress in some areas, and in others we remain far apart, but there are no differences that cannot be bridged." However, one Canadian official, whom the *Times* did not identify, said, "We have not been able to bring the US side to a recognition that an agreement of this breadth and character has to have a separate dispute settlement mechanism." Dan Rostenkowski, chairman of the US House Ways and Means Committee, said that the US negotiators' position on dispute settlement "accurately reflects the political consensus here in Washington as to what is an achievable agreement," and that the walkout by the Canadian delegation appeared to have been dictated "more by political problems in Canada, particularly with their own provinces." Each side in the negotiations, the *Times* report said, was suggesting that the ball was in the other's court.

House of Commons Speaker John Fraser on September 24 refused a request from both opposition parties

for an emergency Commons debate on the suspension of the free trade negotiations. Mr. Fraser told the Commons that he did not consider the situation to constitute an emergency at the time, but would be prepared to reconsider the ruling if circumstances were to change.

On September 25 Finance Minister Michael Wilson went to Washington for the annual meetings of the IMF and the World Bank, and met privately with US Treasury Secretary James Baker to discuss possible ways of reopening the free trade negotiations. Mr. Baker had said the previous day on NBC's *Today* show, "It is a very difficult negotiation . . . I don't think we've hit a dead end. I certainly hope we haven't." He had met that day with Mr. Yeutter and US President Ronald Reagan to assess the US reaction to the Canadian delegation's departure from the negotiations (*Toronto Star*, September 25).

Meanwhile, US negotiators, according to a CBC television report, were working into the night to formulate their response to the Canadian demand for a trade dispute settlement mechanism, and other conditions set by the Canadian negotiators at the suspension of the talks. The CBC report cited one US source as saying that the response package submitted by the US negotiators to the Canadians contained "very attractive proposals on the Canadian demands," while a source in the Prime Minister's office responded to the package by saying that the US was not offering enough (External Affairs transcript, September 26). In the Commons on September 25, External Affairs Minister Joe Clark said, "It is up to the US to make new proposals if they want to have the negotiations continue. Those new proposals have not been received. The ball is very much in their court."

Canada's chief negotiator Simon Reisman told CTV's *Question Period* on September 27, "Fairly early in the game we saw that the Americans were playing this kind of game — drawing you out, getting you to undress while they were sitting there looking you over to see whether they were interested and of course I wouldn't buy that. . . . They kept leading us on on a few things. . . . They believed that Canada needed an agreement very badly." Mr. Reisman also said that he had raised in roughly seventy-five face-to-face meetings with US chief negotiator Peter Murphy the issue of a binding trade dispute settlement mechanism, but that despite these efforts this had remained the major issue to stymie the talks. "There was nobody really in charge in the United States," Mr. Reisman said (External Affairs transcript, September 27).

On September 28 Finance Minister Michael Wilson and International Trade Minister Pat Carney went to Washington to meet with US Treasury Secretary James Baker and US Special Trade Representative Clayton Yeutter to explore the possibility of reviving the free trade negotiations. Bruce Phillips, the Prime Minister's director of communications, said that he remained cautious about the prospects for success in the talks, since proposals received from Washington the previous week had been "vague in a number of critical areas." A report in the September 28 *New York Times* said that Canadian officials analyzing the breakdown of the talks had said that the US appeared to