

lifted so early Canada would have been under great pressure to stick to its original position.

Mr. Sharp: I don't accept that interpretation at all. We, of course, objected to the surcharge as such because we said we are not guilty of the "crimes" that the President had mentioned namely that our currency was undervalued or that we had arbitrary restrictions against imports from the United States. On neither count could the United States find any evidence. So we said, "Why are you applying the surcharge to us?" And it was after that that the United States then said, "Yes, but your situation has improved and therefore you must do something". But we didn't think that it was a crime for our situation to improve. So we never accepted the 10% surcharge as having any relevance to Canada-United States trade. Now the United States said they couldn't discriminate. Well, that's fine, but we still maintain the position from the beginning that the reason the United States imposed the surcharge did not apply to Canadian-American trade. Those difficulties did not arise. So we always considered the 10% surcharge as being inappropriate. We were very happy when it was lifted. But it would have made no difference to our attitude on these other questions.

Reporter: It's easily understood that Canada cannot make some of the concessions that the United States would like it to make because Canada would give the impression of knuckling under. But there seems to be certain other things that Canada could do that would also help Canada, such as more liberal allowances for tourists, which would be a popular item. Has Canada tied itself so much to being conscious of not knuckling under the United States that it cannot take steps that would be beneficial to Canadians as well?

Mr. Sharp: No, I don't think so. This is why I've said very early in this interview that there has only been one serious problem between us and that has been the automobile agreement. If it hadn't been for that we would have had no difficulties.

Reporter: But the other steps would be related, too?

Mr. Sharp: No not necessarily. That's where I take a different view than, say, Mr. Connally. The automobile agreement is an agreement per se - a bilateral agreement between Canada and the United States. It had nothing to do with the 10% surcharge.

Reporter: Well, that's my question. Why can't these other steps be taken?