

political system. I am not talking about the very serious protectionist measures that are working their way through Congress. They are well known and they contain a lot of dangerous measures for the economic future of our country. I want to set them aside, not because they are not important but because this Government has been dealing with an administration in a very naive way. The U.S. administration has been preaching free trade, and I say categorically, preaching it to our Government that has been caught up in its mythology is a nice way of further conning our Government.

While the American administration has been preaching this, what have key figures in the U.S. administration been doing? First, consider United States chairman of the Federal Reserve, Paul Volcker. Consider a seminar he attended April 16 and 17 and what he said, then we will begin to understand what the United States is doing in terms of its global policy on trade, a part of which is aimed at Canada. He spoke at length about the American imbalance of trade. He is right. We should have no illusions. The U.S. trade imbalance is \$150 billion. It is a serious matter. But what did he talk about doing? He talked about shifting trade, taking decisive American action to correct the problem. What can he do? Did he leave Canada out? Not at all, Mr. Speaker. He wants to regain \$50 billion from Japan, \$40 billion from the western European countries and \$10 billion from Canada. That is what Mr. Volcker targeted. His view is not isolated. He is one administrative figure.

There is a second I want to mention, Treasury Secretary Baker. On May 20 he said: "Very shortly you're going to find Canada our biggest problem of imbalance". He, too, a key figure in the U.S. administration, is quite aware of their game plan for trade with Canada. To understate the matter just a bit, their game plan does not have us coming out on top.

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A week ago the U.S. Ambassador to our country, Mr. Niles, made an incredible statement to justify the unjustifiable, namely, the tariff against our shake and shingle industry, a competitive non-subsidized industry. What did Mr. Niles cite as one of the justifying reasons for this action? Did he talk about unfair trade practices or subsidies? No. Central to his argument was his reference to the imbalance in trade which exists between Canada and the U.S.

Free trade or not, and fair trade or not, it is pretty clear that Mr. Niles is saying that the United States is the world's dominant economic power and that we should not misunderstand that. They did not get that way by accident and they will not remain the dominant power by being buddy-buddy with other nations including Canada. Mr. Niles is saying that whenever the United States has a trade imbalance it has a self-given right, as the dominant economic power in the world, to whack away at other countries. Canada is one country with which they want to make up their trade imbalance even if it means unfair attacks on Canadian trade.

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I could cite other administration figures. However, I think the three key ones which I have cited are sufficient to indicate the direction of the U.S. administration headed by the President himself.

It seems to me that this planned attack in terms of trade on Canada as one of the targeted regions includes the following mix of policies. First, a selection of protective measures which they have already taken on fish and pork products in the past year, on shakes and shingles last week, on steel yesterday, and on softwood tomorrow. There are a whole number of sectors which I have touched upon on which the U.S. plans to take protective measures to ensure that they will get greater economic benefit at the cost of Canada.

Second, there will be efforts made by the U.S. to open new markets in Canada. Therefore, in the talks preliminary to the trade talks they are being quite explicit about everything being on the agenda because they want to get access to our drug industry. They want Canada to bring in legislation to make that possible. They want to get into our service industry and publishing. They have no illusions about tearing out the guts of the Canada-U.S. automotive agreement in terms of the investment safeguards which Canada has. Anyone who thinks that that is not a key item on their agenda is not only dreaming but is dreaming in technicolour. One-third of our \$20 billion surplus in trade with the United States happens to be in the automotive sector.

If I were a U.S. politician interested in the well-being of my country, and particularly if I were from a state in which the automotive industry wants to expand, I would not sit back and say that we should ignore the \$20 billion surplus in automotive trade. I would try to make the automotive industry a free trade industry by removing the investment safeguards, which will mean the loss of thousands of jobs.

There is a two-pronged strategy so far. There is protection for a range of industries in the U.S. Second, there is expansion into a number of new markets in Canada which have hitherto been protected for Canadians, or have had certain protective mechanisms in them. A third key element of the U.S. strategy has been the maintenance for themselves of the unilateral right to take countervailing tariff action. No American negotiator, no U.S. Congressman, and no Senator has intimated the slightest interest in getting rid of the countervailing power which they have to protect their jobs and industries at any time that they alone think it is appropriate.

In concluding my remarks this morning I would like to say that it is time that we as a country smartened up. We can no longer conduct a comfortable seminar about the long-range distant future of the likely positive impact of free trade when in the meantime thousands of Canadian jobs are being threatened. We have to smarten up.

Some Hon. Members: Hear, hear!

Mr. Broadbent: It seems to me that the Minister has two options. He can continue to do what he is doing. He can