

Prime Minister Mulroney and US President Ronald Reagan, were both considerably weaker than they had been when the free trade negotiations were first proposed in 1985, and, as a result, would have difficulty selling an agreement to the Canadian provinces and the US congress. The report also said that Lloyd Bentsen, chairman of the US senate finance committee, had expressed the vital importance of the cooperation of the provinces in US eyes when he said, "The provinces must be subject to the terms of the agreement with respect to such matters as subsidies and government procurement because that is where the US business community finds many of the most protectionist barriers to trade in Canada."

Early in September the AFL-CIO released a policy statement which argued that a US-Canada free trade agreement would mean a flood of Canadian imports, leading to lost US jobs, a position which, ironically, Canadian labor held in reverse. Other fears expressed in the position paper were that a free trade deal would be used as a blueprint for other trade agreements, and as a cornerstone for the US administration's position in regard to GATT negotiations; and that other countries would use a Canada-US free trade pact to circumvent US trade laws in automobiles (*Globe and Mail*, September 9).

On September 10 the *Ottawa Citizen* reported that the Prime Minister had told a cabinet committee the previous week that Canada would pull out of the free trade talks if the US did not agree to the creation of an impartial tribunal to rule on trade disputes. The report also said that a senior official in the Prime Minister's office had said, "There is absolutely no reason for us to enter an agreement which left dispute settlement with the US government. We are looking at a genuine, objective tribunal process that is binding. Period." International Trade Minister Pat Carney had made the same point in interviews, as had Finance Minister Michael Wilson and Deputy Prime Minister Don Mazankowski, the report said.

With the deadline fast approaching, Shirley Carr, President of the Canadian Labor Congress (CLC), said that the Prime Minister should call an election on the issue of a free trade agreement. "If the Prime Minister had any real concerns, as he claims he has for this nation, he would call an election. I don't think that's going to happen," Mrs. Carr said. The September 10 *Ottawa Citizen* report said that Mr. Mulroney had promised Canadian voters in 1986 that they would have a chance to vote on the issue. It quoted the Prime Minister as saying, "We'll lay it out in an election campaign, or in some other mechanism, because it has to be ratified. It has to be approved." However, Marc Lortie, the Prime Minister's press secretary, said on September 9 that Mr. Mulroney had since indicated that the Commons would ratify any free trade deal and it would not be necessary to call an election or a referendum.

A new round of talks took place in Washington on September 10 and 11. While negotiations continued, Canada's ambassador to the US, Allan Gottlieb, told a meeting of the Canadian Club in Ottawa that Canadians "could make an error of historic proportions, as we judge one of the most consequential negotiations in our nationhood, if we fail to see ourselves as others see us. . . . We should not think

of ourselves as the mouse and the elephant, or as the modest middle power next to the giant, nor as a beleaguered society constantly threatened with absorption. . . . The world does not see us this way. The Americans do not see us this way. . . . There is no sign, anywhere, that the Americans see a trade agreement as a means to swallow Canada up, at last. That is a Canadian myth." The ambassador also said that the free trade talks offered the opportunity to remove trade issues from the politics of special interests and bring them under "the rule of law." Without such a pact, he said, greater Canada-US trade disputes would result (*Ottawa Citizen*, September 11).

At the end of two days of talks in Washington, Simon Reisman said that chances of reaching an agreement before the US congressional deadline stood at 50:50, and that "hard decisions" still had to be made by both sides. Ms Carney said the same day that she had spoken with Canada's negotiators "who assure me that the auto pact was not raised by them or by the Americans at today's session." Mel Hurtig, chairman of the Council of Canadians, said that an "impeccable" source had told him that the Canadian delegation had proposed changes to the auto pact during the latest round, while in Washington Mr. Reisman ignored several reporters' questions about the auto pact (*Globe and Mail*, September 12).

On September 12 the *Globe and Mail* also reported that the Canadian free trade delegation had delayed its departure from Washington on September 11 in order to take part in an extended session with US trade negotiations. The report quoted one US official as saying that there were several options under review to address Canadian concerns about trade dispute settlement and other key issues. "There's more than one way to skin a cat. Don't get locked in on any one [approach]," the official said. A member of the Canadian delegation was quoted as saying that the Americans "haven't crossed the river yet" to meet Canadian demands on the trade dispute issue. Meanwhile US Secretary of State George Shultz had told the US senate foreign relations committee the Canadian position on trade dispute settlement was "rather tricky. . . . From our point of view, we want that [trade dispute] process, whatever it is, to be consistent with our basic laws of countervailing and dumping. From the Canadian point of view, they want to have an assured method of dealing with the problems that inevitably arise in such a huge trading relationship." Senator Richard Lugar of Indiana, the former Republican chairman of the senate foreign relations committee, expressed concern to Mr. Shultz that the talks were being taken for granted in the US. "If we're unable to work out an agreement with our closest friends. . . I think this would be a very very serious deficiency." Mr. Lugar described the October 3 deadline for an agreement as "the most critical date in this continent, and perhaps in the Western Hemisphere" (*Globe and Mail*, September 12).

On September 14 Prime Minister Brian Mulroney met with the provincial premiers for seven hours in Ottawa. After the meeting, during which Simon Reisman briefed the premiers, Ontario Premier David Peterson said, "If a deal is made, it won't be as big a deal" as had been anticipated. Mr. Peterson had learned officially from Mr. Reisman that the