

We are all agreed that for the time being we should have the requisite latitude to discuss the five proposals made by Quebec as well as all the implications thereof, without putting any formal documents on the table.

The federal government will be ready to table concrete proposals at the appropriate time. I do not mean tomorrow, and I do not mean at the first ministers' meeting at Meech Lake at the end of April. At that meeting, the first ministers are to take stock of the situation and decide whether the time is ripe for initiating formal negotiations.

[English]

CANADA-UNITED STATES RELATIONS

BILATERAL TRADE NEGOTIATIONS—GOVERNMENT POLICY— CONSEQUENCES OF FAILURE TO REACH AGREEMENT—EFFECT OF AGREEMENT ON EMPLOYMENT AND AUTO PACT

Hon. Philippe Deane Gigantès: Honourable senators, I have a question for the Leader of the Government in the Senate. Did I understand correctly that the Prime Minister, during yesterday's debate in the House of Commons on free trade said that if we could not reach an accord with the United States we would be in a terrible situation?

Hon. Lowell Murray (Leader of the Government and Minister of State for Federal-Provincial Relations): Honourable senators, *Hansard* of the House of Commons is available to my honourable friend, as it is to me.

Senator Gigantès: Does the Leader of the Government think that it is a good negotiating tactic to say to your opposite number across the table that if an agreement is not reached you are "cooked"?

Senator Murray: I am sorry, but I did not hear the last word.

Senator Gigantès: Does the Leader of the Government think that it is a good negotiating tactic, when sitting across the table from someone, to say to that someone, "If we cannot reach an agreement our goose is cooked"?

Senator Murray: Again, honourable senators, I would appreciate it if my honourable friend were to point out the passage in *Hansard* that would confirm that any such statement was made by the Prime Minister or by any spokesman for the government.

What the government has said is that an unemployment rate amounting to over a million people in this country is disastrous. What the government has said is that to create jobs for the tens of thousands of young people and others who will be entering the labour force over the next few years a new impetus to economic growth is needed. We say that that new impetus, the impetus that is needed, can come only—I repeat only—from increased trade. It therefore makes sense to us to work at lowering trade barriers on a multilateral basis, and it makes eminent sense, in our view, to secure our access to our biggest market and closest neighbour, which accounts for 70 per cent of our trade.

[Senator Murray.]

• (1420)

Senator Gigantès: So, if we do not succeed in striking a deal with our closest neighbour, then all sorts of dire consequences will flow. Is that what I am to understand?

Senator Murray: If we do not succeed in striking a trade deal with our closest neighbour and in obtaining secure access to that large market, we will have missed a tremendous opportunity for the future economic and social well-being of this country.

Some Hon. Senators: Hear, hear!

Senator Gigantès: Does the Leader of the Government not believe that we should also be able to say, and also say it, that "Yes, we would like a deal. We do think that a deal that is to the advantage of both sides would be a good thing. But if we do not succeed in striking a deal that we consider fair, then we have a fall-back position. We are not utterly prisoners of what the Americans will agree to."?

Senator Murray: Honourable senators, I invite my friend to read the statement that was made by the Right Honourable the Prime Minister on September 26, 1985, and all of his subsequent statements on that subject since. The Prime Minister has stated very firmly that any trade arrangements that we strike will be in the best interests of Canada, and all of Canada, or no such deal will be signed.

Senator Gigantès: I am afraid the Leader of the Government is evading the question, which is: If we do not strike such a deal because we cannot get a good deal, why are we saying to the Americans that striking a deal is so very important to us that we are practically ruined if we do not strike it? Why, in other words, are we confessing to a weakness which I do not believe we have?

Senator Murray: Honourable senators, it is no secret that there are over one million unemployed in this country, and that there are tens of thousands of Canadians coming into the labour force in the next few years. It is no secret that on the basis of current projections the economy will not grow fast enough to absorb those people. We need a major new impetus to economic growth, and it is hardly a secret to the Americans or anyone else that that impetus must come from trade, and principally from increased trade with our American neighbours.

It is no secret to anyone in Canada that there are protectionist forces at work in the United States that endanger our present access to that large market. We therefore seek a trade treaty with the United States that will secure our access to that market into the twenty-first century. It is hardly revealing any secrets to admit that much to the United States. They know all of those things. The problem is that some of our friends opposite do not seem to be alive to or aware of those factors.

Senator MacEachen: You sound like Sir Wilfrid.

Senator Gigantès: Is the Leader of the Government aware of the fact that since the mid-1970s every country in the OECD, including Canada, increased its exports, but also had