

Softwood Lumber Products

Will the Government undertake to use this revenue for purposes such as the ones I have outlined? Or does it have a better purpose which it wishes to announce and commit itself to carrying out? The Government does not do anything of the sort. It simply grabs the revenue, something which will have a destructive effect on the economy of the country and which in turn will lower the Government's revenues. The Government is so short-sighted that it simply grabs the revenue without telling us what it plans to do with it. There have been some vague words about perhaps helping the lumber industry. There have been no specific undertakings, however, neither outlined in the Bill nor in the announcements of the Government. There have been no specific undertakings as to how it will help the lumber industry, the farmers, the transportation industry, the housing industry, the child care industry or any of the industries of the country which are suffering badly from government neglect.

Hon. Chas. L. Caccia (Davenport): Madam Speaker, it is highly regrettable that the Canadian public is rapidly coming to the conclusion that the Government has been intimidated, bullied and boxed into a corner by the U.S. administration with respect to the matter of softwood lumber. I do not know whether or not it is entirely fair to go after the Minister for International Trade (Miss Carney) alone. There is a pattern of which the Government has failed to get hold and which it has not pursued with its contacts in Washington and in other places where we meet with members of the U.S. administration, the strains of which we can find going back to a few years ago.

I urge Hon. Members to cast their minds back to 1981 when the Reagan administration came into power. If Hon. Members do what I ask they will begin to see the roots of the problem that we are seeing here today. At that time the Reagan administration, because of inflation, introduced a severe and tight monetary policy. In other words, it attempted to re-evaluate the U.S. dollar. Thus it exported inflation where it could. In the process the U.S. dollar climbed and climbed almost out of sight in relation to other currencies.

Having achieved that by 1982-83, what began to happen gradually was that the healthy U.S. trade surplus turned into a serious trade deficit. As the deficit developed in late 1984, and then substantially in 1985 and again in 1986, the Americans began to push, press and bully other nations with which it trades to establish certain barriers and certain rules which were not in existence until then. It is Canada which has come under the gun. Japan is coming under the gun now and the European Common Market will come under the gun next.

What we in the Opposition fail to understand is why we have a Government which fails to take this debate to Washington and point the fingers at the U.S. administration, that the body which has been trying to force the solution of the problems it caused itself on other nations. I submit that this trade imbalance would not have taken place, this turn-around from a surplus to a deficit in the U.S. trade picture, if it had not pursued this ruthless monetary policy which resulted in an

increase in the value of the U.S. dollar, which then resulted in the American economy pricing itself out of international markets. It did this because its products were just far too expensive and much less competitive. That is the root of the problem and one that we should advance and remind the Americans of, rather than allowing ourselves to be intimidated, bullied, and finally boxed into a corner, as was the case in the lumber situation.

• (1240)

There were policy options that you are probably aware of, Madam Speaker, because they have been raised in the House. Instead of arriving at a bilateral agreement, the matter could have been pursued through the American tribunal system. That option was not pursued.

As another possibility, we could have initiated action under GATT to indicate that something was going badly wrong. Why did we not explore this possibility? Because the Conservative Government unfortunately forgot that under the Tokyo Round of Tariffs we negotiated free access to the U.S. market for our lumber in exchange for giving them free access to business equipment and computers. Therefore, we have paid the price of opening our frontiers to business equipment and computers. We feel that there has been a departure from that agreement. Therefore, we would have been fully entitled to repudiate that agreement. That is something that the Government failed to understand as a legitimate Canadian complaint and pursue through GATT, that international forum created to receive and review this type of dispute.

The fact that we have been bullied by the United States administration is increasingly troubling Canadians. It also leads to the unfortunate conclusion that by the wording of some parts of this agreement there has been a serious infringement on the intangible and important sense of being Canadian, and to the sense of our sovereignty. To my astonishment, under "Exchange of Information and Monitoring" in Clause 7a, it states:

The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest—

It states also that it will provide the Government of the United States of America with:

—the total revenue collected from the sale of Provincial and Federal softwood and total timber, total export charge collected, total shipments of certain softwood lumber products to the United States—

And, that it will provide to the Government of the United States of America:

—total lumber production by province and total softwood lumber production by province, for each fiscal year within three months of the close of the fiscal year or as soon thereafter as is practicable—

We see what types of concessions are made in terms of accountability on the Canadian side to another jurisdiction for its own actions.

I wish to quote Clause 7c.