

*Borrowing Authority*

Another area in which the Government is renegeing is in terms of industry. I refer to a long-time traditional industry of Canada, the softwood lumber industry. We have been telling the Government for the last couple of years that this has to change. As a result of the Memorandum of Understanding that the now retired Minister for International Trade signed in great glee and glory just prior to signing the so-called free trade deal with the United States in late December, 1986, she agreed with the American producers who said that Canadians were being subsidized. The Minister did not even let the matter go to the courts for a decision but said: "Yes, we agree. We will sign. We want to get the Free Trade Agreement tonight. We don't mind making the softwood lumber people of Canada a sacrificial lamb in order to get this Free Trade Agreement".

As a result, on that dark night in late December of 1986 the Memorandum of Understanding was signed. It was decided the Canadian industry would be taxed 15 per cent, all because the Americans wanted that before they would sign another deal. However, the Minister for International Trade at that time said: "Don't worry, you guys will not have to collect it. We will penalize our own industry. We will put the 15 per cent export tax on ourselves. Don't worry about it, we will look after it". A number of members from northern Ontario and myself travelled this province throughout the east and the north having hearings on the softwood lumber issues with the people in the field. We went into the sawmills, into their offices and into their communities for discussions. We had discussions in municipalities where a sawmill is the only industry to support the whole village or town. Their message was the same no matter where we went: The Government has made us the sacrificial lamb in order to get a free trade agreement with the United States. That is a fact of life.

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There are mills in Ontario that sold softwood lumber as far south as Tennessee, lots of it, and they could compete favourably. The construction industry in the United States likes our softwood lumber because it does not warp all out of style like some southern softwood lumber does. The construction industry in the United States would love to be getting our lumber again, but this Government has put the softwood lumber people of this country in a position where they cannot compete.

We all remember the Minister of State for Privatization (Mr. McDermid), who led off this debate this morning, standing up in this House time and time again on the free trade debate and saying: "Canada can compete. We are not worried about that. Canada can compete in any industry in the United States. We have faith in our Canadian people." Then the Government turned around and put a 15 per cent export tax on softwood lumber. It brought in a policy of high interest rates which upped the costs still more for our producers. Then the exchange rate on the Canadian dollar improved and threw the whole thing out of whack.

Today the softwood lumber producers in this country cannot compete with those in the United States. When the United States saw this market going their way, they went out with glee and upgraded their mills, something they had not done for years. They improved their operations. As a result, today they are serving the eastern markets in the United States that our Canadian mills have served for many, many years, and made a good profit on them as well. That is a sad story coming out of the operations of this Government. If you want to talk about financial management, there certainly is not any financial management in that agreement. It is absolute mismanagement right through, as the Hon. Member says.

The softwood lumber producers are in a state where they cannot compete and are now laying off workers all over northern and eastern Ontario and in other areas of Canada. I want to say to the Minister for International Trade that when I spoke in the trade debate in this House in December, he told me that he was going to meet with the producers on the softwood lumber issue. I don't know whether he has met with the actual softwood lumber producers or not, but I know that the softwood lumber producers have been in to see the Minister of Forestry. The Minister State for Forestry (Mr. Oberle), as far as I am concerned, is simply a buffer zone between the softwood lumber industry and the Minister of Finance and the Minister for International Trade. When delegations come to Ottawa on this very touchy issue they are shifted off to the Minister of Forestry. They have met a Cabinet Minister, and are expected to go back home happy. But the Minister of Forestry is going to have a tough time persuading the Minister for International Trade and this Government to back off on this Memorandum of Understanding on softwood lumber.