history of the legislation before us. Nor is it necessary to review the consequences of this legislation on Canadian trading partners, other than the United States. If the export tax continues to be in force, other nations will identify this as an abrogation of GATT.

In the negotiations with the provinces, whatever substitute taxes or levies are imposed, other complications will be introduced. When looking at the agreement, one is struck by its similarity to an agreement which might be found under American law. There is constant reference to the power of the United States Government over the implementation of whatever may substitute for the export tax. The question has become one of sovereignty.

The agreement refers to the ability and, indeed, the power of the American Government to exercise its judgment over the appropriateness of whatever we might do when making arrangements with the provinces and how any money that results from any new imposition or, indeed, the export tax will be used. It has power over whether or not this money will be used to enhance the forestry industry, to retrain workers or, indeed, to build roads. What has occurred is a challenge to our sovereignty.

I am sure that when the Canadian people review the history of recent dealings with the Americans they will recall that in the life of this Government the Americans asked for and received changes in the national energy policy, a substitution of something called Investment Canada for FIRA and changes in the Patent Act that would chiefly benefit American-owned multinational drug companies.

When Canadians look back on that short period of time, they will reflect upon the fact that Gulf and Western asked for Prentice-Hall and said that if it did not get it, it would impose a scorched-earth policy. So they asked for and got Prentice-Hall.

• (1240)

In the same period of time an American submarine sailed merrily through our waters. They asked for and got permission without conceding the infringement upon Canadian sovereignty. We test their Cruise missiles. We obeyed them when we resigned the NORAD agreement and ignored the fact that it involved an abrogation of the ABM Treaty. If one looks at the history of the last couple of years one finds example after example of concessions to the Americans, and one must seriously ask whether there is anything left that one might refer to as sovereignty.

One of the significant issues raised by this further concession to the Americans is the question, if the Government continues in office, of whether there will be a Canada left to be concerned about sovereignty.

If one examines the export tax and the manner of its implementation, and the conflicts it occasions between the eastern provinces and the western provinces and between one kind of softwood dependent business and another, one sees a contribution to another problem in this country, divisiveness between its various parts. I want to take particular note of the inequitable application of this tax as between original producers and remanufacturers.

I was surprised to find in my mail just yesterday a letter from a Windsor concern. One does not normally associate the City of Windsor with softwood lumber. One would not have thought softwood lumber would be of significant importance in that city. The letter is from Raymond Clavette, General Manager of Qualipack Wood Products in Tecumseh, my home town. It calls attention to some of the stupidity involved in the application of the export tax. He says:

> Our Company, "Qualipack Wood Products Ltd." manufactures pallets and crates for the local market and we also operate a remanufacturing centre for Canadian Wholesalers shipping to the U.S. We employ 16 people and have been anticipating good growth to bring our employment up to approximately 30 people.

However, now he has discovered that this export tax is applied not only to the mill value of the lumber but on the remanufactured lumber. That includes the price of lumber f.o.b. the mill, the freight to Windsor, which I am sure you can imagine is quite considerable, the cost of remanufacturing, and the wholesalers' profit. He goes on to say:

> I strongly believe that applying the tax to freight, remanufacturing, and wholesaling is totally out of line—

It is, and one must wonder how the Government could be so stupid in allowing it to apply to a category of softwood products to which it was not intended to apply.

We have heard other similar examples. There is a British Columbia firm which would normally have paid something like $350 in tax on a given lot of lumber product, and that has now become $1,000. It surely must be evident that that is an exorbitant sum which threatens the very survival of that remanufacturer, as it does some 100 other remanufacturers in this country. This is shameful and should be corrected.

We have this sad story evolving in Windsor. Mr. Clavette says:

> This type of tax on remanufactured goods would leave us no alternative but to move our operation to the U.S. since we could not compete with the U.S. remanufacturing centres under these conditions.

Windsor does not need another example of Government stupidity causing the loss of jobs in that city.

Mr. George Henderson (Egmont): Mr. Speaker, I want to make a few brief points on Bill C-37 as it affects Atlantic Canada. When I last spoke I mentioned that there were only five companies in Atlantic Canada exempt from this tax. Most of those five companies have larger concerns. We have a great number of very small companies that tell me they are going to be hurt very badly by the imposition of this 15 per cent tax. I also pointed out the other great concern of lumber producers in Atlantic Canada regarding stumpage. Producers in New Brunswick and Nova Scotia pay the highest stumpage fees in Canada. On top of that, the companies tell me that more lumber from Quebec and Ontario is coming into the Atlantic