

Supply

The stumpage charge that we would have had to impose to get rid of the export tax in Ontario would have had to be imposed across the entire gamut of all softwood lumber production in the province. It would not just be imposed on the 25 per cent or 30 per cent that is sold into export. We would have to impose it across the entire spectrum.

So, the Ontario government and the Ontario industry said no. There is no point in taking a much bigger bite across the whole industry which would result in an increased stumpage charge of some \$75 million rather than the \$30 million that it is costing now, so it goes on. The result is that communities and sawmills in communities like Thessalon, Nairn Centre, Searchmont, Dubreuilville and Hearst throughout northern Ontario are now cut off from sending those exports to the United States because it simply is not a viable proposition.

If the government had really thought—and it was not thinking very much when it made this deal—one of the problems was that the United States at that time had a great deal of difficulty in competing with our softwood lumber production. The technology was farther advanced in Canada. One of the factors was a very low dollar. You will recall that when this government first came to power the dollar dropped to something like 69 cents, certainly in the low seventies and, of course, that gave our producers a tremendous advantage.

The free trade deal was signed and part of the hidden and secret agreement was that we would raise the value of the dollar. That is why the Canadian dollar rests at about 500 basis points higher than the United States loan rates. The bank rate now is about 13 per cent now compared to 8 per cent in the United States. That was part of the free trade deal although it was kept secret. When the documents are released in 30 years time it will clearly indicate that it was a secret deal to raise the interest rates to provide for a very high dollar.

The result has been that our softwood lumber industry is getting a total double whammy. They are getting a 15 per cent export tax and the value of their product has gone down by 15 per cent. They have an incredible disadvantage and, of course, literally dozens of sawmills have shut down and have been gobbled up by pulp and paper industries and the local management lost.

There are a lot of factors involved in regional development. One is good trade policy. Another is good transportation policy. Northern Ontario has always depended on VIA Rail and rail service. What have we got? We used to have trains from Montreal and Toronto to Sudbury and the west. We used to have train service from Ottawa to North Bay to Sudbury and to the west.

What happened when the VIA Rail cuts came about is simply unbelievable. It is simply unbelievable what the government did. There was a train travelling through communities such as Sudbury, Thunder Bay and North Bay with populations of something like 400,000 people. By the time the government got through, there was one train, a trans-Canada train which missed all the big centres in northern Ontario. It travels three days a week, stopping at Capreol, going through to Winnipeg. It stops in communities with 20,000 or 30,000 population.

It will not be hard for the government to prove in a few years time that people are not using the train. It only goes through three days a week, so why do we not cut it out altogether? The hon. member for Kenora—Rainy River used to serve on one of the national railways. That is why his community and other communities throughout northern Ontario are very upset and very concerned. It is interesting that the day the government announced the cutting of VIA Rail service was two days after it had announced that Air Canada would discontinue its service to northeastern Ontario, Timmins, North Bay and Sudbury.

There are a lot of factors involved in regional development. Clearly, the screws are tightening in areas like northern Ontario whether it is in grants, transportation or regional development policy.

Mr. Al Horning (Okanagan Centre): Mr. Speaker, I want to question my hon. colleague from Algoma. When he was talking about small craft harbours, he mentioned that in Ontario there is only \$3 million spent. That is incorrect. I know in British Columbia it was \$6 million and in Ontario it was over \$6 million. I would like the member to just check that out. He will find that \$3 million is incorrect and \$6 million would be more like it.

Mr. Foster: Madam Speaker, I appreciate the hon. member raising this matter. In my constituency of Algoma—Manitoulin we have about 10 per cent of all small craft harbours in the Ontario region. We have one office with about seven professionals and half a dozen clerical people looking after all the small craft harbours,