

Supply

not to proceed with the so-called free trade talks, the President wrote to Senator Packwood, the chairman of that committee, asking him to give the free trade talks his endorsement and saying that if there were any problems in areas such as softwood lumber, he would intervene unilaterally if necessary.

● (1650)

That is exactly what has happened. We have a 15 per cent tariff on our softwood industry. How did the Government respond? I suppose it reflected back to when the American Government first slapped a tariff on our shake and shingle industry and we came back with that heavy hand to show how serious we were. We said "It is time we slapped a duty on tea-bags, on Christmas trees and we will charge more for books coming into Canada".

In our own constituencies, I am sure we have all noticed the petitions circulating in virtually every bookstore, begging the Government to reconsider that particular decision. After all, who is being penalized? It is the readers of Canada. Canadian citizens who enjoy reading American publications are the ones who are going to have to pay more for these books in our bookstores. That really got to the Americans. It demonstrated clearly just how tough and serious we are.

Then there was the 15 per cent tariff on our softwood lumber. What concerned and confused a lot of people in Canada was when the Government decided, prior to an actual decision by the United States, to say publicly to the American forest industry that it was guilty. We said "We are guilty, we do subsidize our softwood lumber". The Premier of British Columbia, Mr. Vander Zalm, at that time started the discussion when he stood publicly with his Minister of Forests and agreed. He said: "Yes, we believe we subsidize our softwood lumber industry and, therefore, we should get the federal Government to make a case for us". The Government did. It said: "Before you come in with a verdict, we are pleading guilty". The Government said: "We have in fact given up on the case which is before the ITC or the Department of Commerce. We are a guilty party". It confused people that within days of the jury coming back with its decision, we pleaded guilty. We should have waited until after the decision came down, but we did not. We played right into the hands of the Americans on this particular issue.

Five thousand million dollars of trade has had some kind of tax levied at our borders. We have seen the mismanagement of the Government, particularly during the last few days with the report of the Estey Commission, which indicated a cost to the Canadian taxpayer of \$1 billion. This is the Government which was supposed to do business better. This was the Government which was going to clean up the act the Liberals left us with. This was the Government which was supposed to be fiscally responsible. This is the Government where the Prime Minister intervenes and has a prison built in his own constituency, placing an additional \$40 million burden on the taxpayers. Is this fiscal responsibility? Is this what Canadians can expect from the Government?

We lost on shakes and shingles. We are losing on softwood lumber. We lost on the fishing industry. We lost on finished steel. Is this what our free trade arrangement with the United States is all about? As my hon. colleague indicated earlier, we would like to see a different approach. We do not see at this time much point in continuing with these comprehensive free trade talks. I am not certain we are even talking about free trade any more. Members of the Government have not used that term today.

We should be dealing with the lumber dispute, considering the impact it has on virtually every region of Canada and the tens of thousands of jobs which are at risk. As early as this morning, in conversation with one of the largest sawmill operators in central British Columbia, I asked what they felt the impact of this 15 per cent duty would mean for them. He said it was difficult at this point to determine, but it would certainly mean that layoffs in the industry would occur much sooner than normal in the traditional cycle and that recalls would occur much later. He said that a lot of people might be unemployed for a longer period during the seasonal downturn in central British Columbia than what would normally be the case. That was the best case scenario. Then, of course, he recognized that there were many sawmills where the margin of success which allows them to remain in business is certainly less than 15 per cent, and anticipated some mill closures. We say let us deal with these problem areas whether it is lumber, the fisheries or the shake and shingle issue. Whatever it is, let us sit down with the American counterparts and arrange a solution in those critical areas.

As I indicated earlier, we have a great deal of confidence in the ability of Canadians; industrialists, businessmen and entrepreneurs, to compete internationally. Let us look, then, at the GATT round of discussions. There is an opportunity to not only improve our relationship in terms of trade with the United States, but with all countries, to develop aggressively on all fronts. The Minister for International Trade (Miss Carney) spoke earlier of this two track system. However, it appears these two tracks are widening as we go further and further along. Let us concentrate on a general agreement on tariffs and the trade talks as they begin now in terms of long-term security of our economic sector here in Canada.

In closing, I would suggest that the kind of agreement we must look at is something like the Auto Pact, not a free trade agreement. The Auto Pact is anything but that. There should simply be an agreement between the two countries on how to maximize the opportunities both in the United States and in Canada. That is the kind of model we feel we ought to be looking at in a whole variety of sectors as we negotiate ways and means of improving not only our trade relations with the United States, but with all countries with which we presently trade.

Mr. Redway: Mr. Speaker, I always listen to the Hon. Member very attentively and I always find his speeches most interesting and informative. However, I was not only surprised