

Parliament of Canada should do so. As a sovereign body able to make our own laws, we should ensure that there is no ambiguity or any implicit or accepted argument for the way in which tax moneys can be spent in this country.

• (1610)

Therefore, I have introduced an amendment that specifically authorizes the expenditure of money in those areas, such as silviculture, roadbuilding and recreation mentioned in the Yeutter-Baldrige letter. That does not mean to say the provinces must spend the money in those areas, but it clearly says that they may spend it in those areas and there should be no hesitation or reservation on the part of the provinces, thinking they would be abrogating the treaty or the understandings reached by using the tax moneys thereby raised in these important areas.

Let me point out that we are talking, for example, relating to the matters of silviculture and roadbuilding, about two of the most important activities in the whole program of reforestation that we have been promised. One of the original arguments used by the Minister for International Trade (Miss Carney) and the Minister of State for Forestry and Mines (Mr. Merrithew) for keeping the money here in Canada was for reforestation purposes.

As I recall, the Minister for International Trade said that she thought the forests of British Columbia were some kind of a slum, and this initiative of the Government would be to invest in these important activities, silviculture, roadbuilding et cetera.

Mrs. Finestone: What is the et cetera?

Mr. Axworthy: But that question mark hovers over the whole understanding. When you have a letter written by one partner to the agreement saying the money cannot be used for these reasons, and if it is they can apply Section 301 of the U.S. trade Bill—which would be a kind of automatic trade penalty imposed by the President of the United States—one assumes there would be a lot of nervous people saying that we better not trifle with it, that we better not take the risk or have the American President zap us with some kind of effective penalty, so we will not do it.

I make the case to you, Mr. Speaker, that unless this amendment is accepted, the letter to Mr. Dennison signed by the Secretary of Commerce and the Chief Trade Representative of the President will stand as a clear signal as to how Canadian tax money must or can be used. The only way we can erase that reservation or answer that question is through this amendment. If the Parliament of Canada accepts it, then we are clearly saying that we are a sovereign body, we have the right to raise taxes and we also have the right to spend that tax money, as Canadians, as we see fit. We do not care about what the Secretary of Commerce has to say or the chief negotiator of the president, we decide for our own right.

Softwood Lumber Products Export Charge Act

This is particularly important because as we enter into the broader trade negotiations one of the question marks hovering over that whole negotiation is how far and in what way will the sovereignty of Canada be limited. How will Parliament deal with the various kinds of understandings, reservations and limitations put upon our ability to decide for ourselves? How will we manage the economy or decide on industrial support? Will we instead be accepting a whole series of prescriptions determined in Washington rather than in Ottawa?

I make the case as strongly as I can, that if the Government of Canada is being forthright in saying that the Baldrige letter is of no importance, then the Government should have absolutely no reason for not accepting this amendment, because it would simply clarify and make clear that the letter has no standing. It would not in any way interfere with Government policy. It would reinforce it. It would support it and it would give the mandate and stamp of approval of Parliament to statements that have been made. If, however, the Conservatives reject this amendment and vote against it, we will know that we have surrendered part of our sovereignty and that the Government is simply trying to fool Canadians.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to speak very much in favour of Motion No. 7. The letter just referred to by the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) is a crucial document, and the Government has tried to downplay what it might or might not mean. We have to provide some specific wording in Bill C-37 to give assurance to the provinces, the people of Canada and those who work in the forest industry.

The U.S. trade representative, Clayton Yeutter, signed this letter on December 30, 1986, along with the Secretary of Commerce, Malcolm Baldrige, two Cabinet level members of the Reagan administration. It is worth putting a couple of points on the record, and then I will direct myself to the specific wording.

In the third paragraph of the letter addressed to Mr. Stanley S. Dennison, Chairman of the Coalition for Fair Lumber Imports in Washington, D.C., we find the following:

—the U.S. Government will monitor closely the operation of this agreement to insure that the amounts collected through the export charge or replacement measures are not returned to or otherwise used to benefit producers or exporters of Canadian softwood lumber.

Then it goes on to the really crucial language that you find in the amendment now before us. At the bottom of page 2 we find:

We would consider that the follow-up actions by the governmental bodies in Canada could have the effect of offsetting or reducing the export charge or replacement measures within the meaning of Paragraph 6 of the Understanding.

Then it lists rebates, remissions and so on. More crucial language comes in point number 7 right above the signatures of Mr. Yeutter and Mr. Baldrige where it says:

—awarding contracts for silviculture, roadbuilding, recreational, and other foresting activities on a non-competitive basis.