

*The Budget*

I do not think anything has drawn this more to my attention than the food-processing industry. The food-processing industry is in a free fall in this country because of the free trade deal with the United States. In fact, some 18,000 jobs have been lost. Some 70 processing plants across the country have closed.

The government did a good thing a couple of years ago. They set up an agrifood competitive council which has been looking at the problems of that industry because it has been falling apart.

It is interesting that about two weeks before the budget came out it recommended that in order to try and give that industry a jolt, to try to stop industries and plants from moving to the United States and moving to Europe and moving to Mexico, and so on, that the capital cost allowance should be doubled for new productive plant operations incremental to what we have.

• (1530)

It was recommended that it be doubled from 25 per cent to 50 per cent, a straight line write-off year after year. When the budget came down it was increased by 5 per cent. Therefore, instead of having a 50 per cent capital cost write-off year after year after year, it was increased by 5 per cent which like so many things will have zero impact.

I do not think anything could demonstrate the problems of the budget and the problems with our country than this particular recommendation of an independent body appointed by the government.

I would like to ask the hon. member if he sees this kind of dribbling of small improvements as totally ineffective in resolving the implosion we are facing in the manufacturing and processing industries in this country.

**Mr. MacLaren:** The hon. member is right. We have seen a few measures in the budget. They are measures in their modest way moving in the right direction but they are essentially tinkering. They do not address the fundamental question which faces Canadian industry today and that is its ability to adjust to a global economy.

What we have in place of that necessary adjustment assistance is a little bit of tax adjustment here or a little tax expenditure there that does not address the need to render Canadian industry competitive.

The hon. member will know that in the case of the free trade agreement with the United States, for example, the government chose to follow one-half of the recommendations of the Macdonald commission.

That commission recommended that Canada negotiate free trade with the United States. The other half of the Macdonald commission, which the government somehow overlooked, was that in parallel it would be incumbent upon the Government of Canada to put in place those policies to render Canadians competitive.

Somehow a collective amnesia overtook the government at that stage. It forgot. It did not see that part of the Macdonald commission's recommendations.

One can have various opinions about the efficacy of the free trade agreement but I do not think that anyone could possibly argue that the primary failure of the free trade agreement is the primary failure of the Canadian government to put in place the programs which would have enabled Canadian labour and Canadian business to compete effectively in the U.S. market.

I would suggest that beyond the Canada-U.S. Free Trade Agreement remain those same questions that confront Canadians, that challenge Canadian industry.

The government having moved toward freer trade has abdicated its other responsibility. It said: "We will lower barriers or eliminate barriers, but we will not offer the Canadian people the leadership in rendering themselves competitive".

What has this government done to improve the educational system, to improve the system of training and retraining? What has this government done to encourage substantial research and development in Canada? What has this government done to break down internal barriers in Canada which can render this country more effective, more competitive internationally?

The specific instance that the hon. member cites in the case of food processing is a classic example. Down came the barriers. "Sorry, we have no assistance for you making yourselves more competitive in the food processing industry. We will not provide you with any leadership. We will not provide you with any tax incentives. We will not provide you with any training or retraining. We will not provide the leadership which could make a reality of international competitiveness for Canada. What we have done", says the government, "is penalize Canadian