

Supply—Industry

- (a) by supporting selected development programs,
- (b) by paying one-half of the cost of the acquisition of new equipment required for plant modernization, and
- (c) by supporting the establishment of production capacity and qualified sources for production of component parts and materials,

on terms and conditions approved by the Treasury Board and to authorize, notwithstanding section 30 of the Financial Administration Act, total commitments of \$150,000,000 for the foregoing purposes during the current and subsequent fiscal years, \$32,000,000.

10. To advance the technological capability of Canadian manufacturing industry by supporting selected civil (non-defence) development projects on terms and conditions approved by Treasury Board and to authorize, notwithstanding section 30 of the Financial Administration Act, total commitments of \$40,000,000 for the foregoing purposes during the current and subsequent fiscal years, \$10,000,000.

15. Capital subsidies for the construction of commercial and fishing vessels in accordance with regulations of the Governor in Council, \$32,500,000.

Mr. Crouse: Mr. Chairman, the amount shown under this item is \$9.5 million less than the previous years' amount. I am wondering why this particular expenditure has been curtailed, since this money was instrumental in providing much needed employment in our shipyards while adding to our commercial and our fishing fleets. Without a shipbuilding subsidy, our shipbuilders cannot hope to compete with builders from the United Kingdom, The Netherlands or Japan. This is due in part to our high labour costs and the high cost of materials, and due also in no small measure to the present high rate of taxation.

At the present time there are no ships under construction in my constituency. However, this does not indicate that none are required, not only in my constituency or in Nova Scotia, but throughout the Atlantic provinces. As our fishing vessels become obsolete they must be replaced. At the present time there is need for new scallop draggers and ships are required for the queen crab industry. However, unless the government recognizes its responsibility to our shipbuilding industry and to our fishermen by establishing a shipbuilding policy, the ships presently required by Canadians will be built in foreign lands. This will only aggravate our present serious unemployment problem.

When a ship is built in Europe it does nothing for the shipbuilding industry in Canada. It does not contain any wood or steel supplied by Canadians. It does not contain any heating equipment, any electronic gear or have on its hull paint manufactured by

[The Chairman.]

Canadians. I know of no industry comparable to the shipbuilding industry that makes a greater impact on our over-all economy. For the construction of a ship is comparable to the building of a small village: it needs heat and light and power, and a whole multitude of materials, right down to the wooden rolling pin for the chef in the galley.

The minister and the government think nothing of increasing the amount for professional and special services to \$1.6 million, or spending \$127,000 more on telephones, as the minister informed us this evening. But when it has under consideration a matter of such great importance as assistance for our commercial and fishing vessels, the amounts are cut down as an economy move.

Surely, Mr. Chairman, the minister is aware of the impact that the present lack of policy on the part of the government has on the shipbuilding industry. With no ships to build, our shipwrights are forced to seek other occupations and they can soon lose their skills. I would also point out that the present amount of subsidy is insufficient to cover the cost differential between Canadian and foreign builders.

For these reasons, Mr. Chairman, I would ask the minister to exert some pressure on his colleagues to provide a shipbuilding policy for Canada at an early date. Could the minister give me any indication of what his department is planning, so as to provide this much needed assistance to this very important industry, one which is of great concern to so many Canadians?

Mr. Pepin: Mr. Chairman, this vote has been cut from \$42 million to \$32 million, not because it is an indication of a lack of interest but simply because under the present circumstances the demand for shipbuilding at the moment led us to believe that \$32 million would be sufficient. My colleague the Minister of Fisheries recently had conversations with representatives of the government of Nova Scotia, and they agreed that there would be a slow-down in construction this year in view of upward trends in the shipbuilding industry in previous years. The reduction from \$42 million to \$32 million does not imply lack of interest on the part of the government, but simply an analysis of the facts.

Item agreed to.