

sector. There was no indication whatsoever in the Speech from the Throne, nor was there anything in the Budget brought down recently.

Of course, the difficulties that the defence material and arms industries are facing encompass much more than the national market. We of the Official Opposition are well aware, because we are responsible members, that the difficulties result from changes which have taken place in the international order. What kind of reality are we talking about when we deal with arms production? We are talking here about an international market worth \$450 billion. Evidently, the streamlining, the adjustments made in these markets affect not only Canada but also Europe and the United States. I think it would be useful to point out that since 1987, Europe has lost 600,000 jobs in that sector and the United States 700,000. If you add that to the Canadian reality, it is easy to understand that the change is world-wide.

• (1020)

This is even more of a concern because jobs lost in the area of armament or defence production are high technology jobs; many studies show that jobs found in the area of defence equipment and military weapon production generally are better-paying for the employees. It is even said that these jobs pay 36 per cent more than comparable jobs in civilian industry.

Mr. Speaker, the causes of that streamlining are well-known. It began with the fall of the Berlin wall, which had been the symbol of the cold war for two generations. Because of the cold war various nation-states, including Canada, ratified a number of treaties providing for a limitation of the production of both nuclear arsenals and conventional weaponry. It is easy to understand that limitation treaties mean less contracts for producers.

Let us take as an example our neighbour to the south. Five or six years ago, when George Bush was President, the Pentagon was told to prepare for a significant reduction of its purchasing power. Even though it was the main source of defence contracts, the Pentagon will nevertheless have its purchasing power reduced by 27 per cent between 1993 and 1997. Of course, the whole thing will impact on Canada and Quebec since we are closely linked to the American defence market.

We must note also that arms deliveries to Third World countries dropped by more than 61 per cent between 1988 and 1992. Up to now, rationalization efforts have mainly focused on ground-based systems. Contracts for such systems dropped by about 77 per cent. Also, naval contracts, for which Quebec had some expertise, were reduced by 26 per cent. Thirdly, the aviation industry, with an important production centre based in Montreal, registered a 23 per cent drop in its contracts.

Supply

This is why the government should urgently propose a real conversion strategy. We should not forget—and we will keep reminding the government and the people listening to us—that while I speak, jobs are being lost and, despite the disappearance of tens of thousands of them, the government has not offered the slightest help, it did not propose anything to companies willing and even anxious to undergo conversion.

Mr. Speaker, it might seem strange, but Canada, a medium power, a peace-loving country, which never was the main belligerent in any war, was nevertheless an important producer of arms and auxiliary equipment. In fact, Canada ranks eighth in the world when it comes to arms production.

As for arms exports, we are ranked fourteenth in the world. I mentioned the difficulties experienced by the American market, and this is very relevant for Canada and Quebec since 70 per cent of the Canadian production of arms and military equipment is sold on international markets, and 80 per cent of that on the American market.

• (1025)

Therefore, the situation is worrisome, it is here to stay and it is structural. We cannot pretend that Canadian and Quebec defence industries are going through a temporary crisis. All indications point to a structural crisis caused both by the international situation and problems more specific to North America.

If the Official Opposition chose to have this debate, it is not only because the stakes are very high for English Canada, but mostly because the streamlining process is of the utmost importance for Quebec.

It concerns Quebec to the highest degree since there are some 650 companies, either prime contractors or subcontractors, which are directly involved in contracts awarded by the Department of National Defence. Quebec firms had gained expertise in four specific areas, namely communications electronics, aerospace, shipbuilding, and ammunition.

In spite of this expertise—which had been developed mainly through DIPP as we will see later—and Quebec's know-how in the four sectors I just mentioned, 10,000 jobs have been lost in Quebec since 1987, due partly to the international situation. As you can appreciate, the loss of 10,000 jobs in a market like Quebec is, to all intents and purposes, absolutely catastrophic. I say catastrophic, because these jobs, as was mentioned earlier, are in the high-tech field and if the conversion program is not implemented, there is no indication that Quebec will ever get them back.

As a member from Montreal, one of, if not the nicest city and region in all of Quebec and Canada, I must point out that the Island of Montreal is the centre of defence arms and materiel production.