

*Trade Policies*

Implicit in the motion is the suggestion that the Canadian government should take a strongly interventionist role in industrial and international trade policy. It is my position that we should not be in the business of creating expectations in the business community so that they can sit back and wait for government to take their hand and lead them into anything in which there is a risk.

I have been truly concerned in studying the resources available and delivering them to a wealth creating situation in Canada. This concern gets deeper by the hour and by the day. What we have inherited is a use of tax resource that is always reacting to a situation in the domestic and in the global market place. Do you know that in our department we have a budget of about \$450 million? Of that, \$150 million is in operational funds and \$300 million for grants and contributions. Do you know that for the new government and for the new ministers we have less than five per cent of the budget that we can redirect to new things? That is how locked in—

● (1540)

**Mr. Andras:** You brought in a \$2.5 billion tax expenditure and mortgage deductibility, and you have blown it.

**Mr. Huntington:** Apart from mortgage deductibility and everything else—that will do more to get this country going again than the protectionist, reactionary policies that we have inherited from the former government.

**Some hon. Members:** Hear, hear!

**Mr. Huntington:** Twenty-five per cent of our direct spending resource goes into an industry that needs to be kept structured and cannot compete in the international marketplace. We cannot even build our own ships with a 20 per cent subsidy, a three per cent SIAP agreement and no end of provincial assistance and compete with other shipbuilding nations of the world. Apart from comparing subsidy for subsidy we are just not there. Over the years we have put in place protectionist policies involving very high duties, direct assistance to industries, and direct grants to research in industries that have lived behind this protection and have not become modern, vital and truly competitive.

I am not saying that we are going to stand as a nation with our head held high and not have a shipbuilding industry. I am not saying that we are going to stand as an industrialized nation with our head held high, and not be able to put shoes on our feet. I am not saying that we are not going to be able as a nation to clothe our own backs. But if we are going to have those industries in this country as a national need and a national identity, those industries must be brought up to a very modern and a very high productivity level so that that national energy can be redirected into other wealth-creating areas.

**Some hon. Members:** Hear, hear!

**Mr. Andras:** That is great rhetoric, but how?

[Mr. Huntington.]

**Mr. Huntington:** You just give us a chance. Give us a chance to get some of the resource out of the system. That is what we are working on.

Implicit in the hon. member's motion is the suggestion that the Canadian government has unlimited resources with which to launch major new initiatives in the development of industrial and international trade policy. Right now in this system there is \$5 of demand for every \$1 in the reserve available in the economic development envelope. Do you know that we are borrowing \$1 billion a month to pay for the commitments that the previous government put in place? And its members ask what we are doing. What do they do? They come up with sham motions like this one which was put into the House by the hon. member for Ottawa-Carleton. Government resources are scarce, sir. New expenditure programs must be undertaken soberly in light of the restrictions placed upon us by the government deficit with which we have been saddled.

The escalating downstream demands of every program put in place is part of our inheritance. Personally I think new programs should be put on the shelf for six months so that the new government can get a handle on what resource is available and where it should be directed under a new wealth-creating thrust.

**Mr. Andras:** Including mortgage deductibility?

**Mr. Huntington:** Yes, sir.

Implicit in the motion is the suggestion that industry wants the government to step in and impose a brand new industrial scheme upon it. Let me say that what business wants is a stable climate, a predictable climate for investment and growth. Business lost that in 1972. Business wants the government to be there in the more risk-undertakings or in the undertakings of DIPP where the private sector and industrial market just cannot support that type of industry, but where there is an international need and where there is a NATO and a defence commitment. Those are the areas the government should be in. We should also have enough resource to be able to move over and lift up some of our emerging industries onto a new plateau that will allow them to compete internationally. That is where the resource should be redirected. Business does not want taxes to finance brand new schemes which some bureaucrat, in his wisdom, thinks would be good for the business community.

We have gone through an era of unbelievable distribution of tax points and tax expenditure and that is a good reason why we are spending \$1 billion more than we are collecting today.

Implicit in the motion of the hon. member for Ottawa-Carleton is the notion that the new directions in policy initiatives can become immediately apparent. He knows better, sir. That is why I referred to the motion as a complete sham.

We realize that there are inadequacies in the current program which we have inherited from them. Those things are in place and all we can do is oversee and manage them to the best of our ability and wring out whatever waste we can in the management of them. I asked the deputy minister of our