

Supply

Perhaps the member could elaborate on what seems to be a paradoxical position from his party's perspective. Why is he opposing cuts? Is that not what his party has been calling for? Why is he opposing economies which have been made with great difficulty and after much soul searching by this government? What other cuts is he proposing in order to keep the defence budget higher than this government has recommended?

Mr. Stinson: Madam Speaker, we have always stated that there have to be cuts in military spending, but we have also stated that the studies should be done before and not after the cuts. It is rather foolish to make the cuts and then say they have to put them back in place again. The studies should be done before the cuts are made. That is what we are saying on that level.

As far as subsidizing an industry that was subsidized coming in is concerned, remember this industry was subsidized coming in and now government wants to subsidize it going out.

If the government is looking at subsidization levels what becomes more important here? Private enterprise tries to compete. It pays taxes but those tax dollars are being used in many cases to form a company that it has to compete against. It is pretty tough when a company is not being subsidized to compete against a subsidized company. They do not have the same worries, many times not even the same responsibilities.

• (1620)

I would like to raise another fact when talking about subsidization. We have to have priorities. Can anyone in this House answer this question: Why are we subsidizing companies in direct competition with companies in private enterprise when we are shutting down hospitals? This absolutely makes no sense to me, nor to anybody else in the House, but I am willing to listen.

Mr. John Harvard (Winnipeg St. James): Madam Speaker, I am very pleased to take part in this debate because major aerospace firms and Canadian Forces Base Winnipeg are located in my riding of Winnipeg St. James.

In the red book this government identified the world-wide restructuring of the defence industry as a major issue for maintaining high technology jobs in Canada.

In speaking to the government's commitment to defence conversion, I must first be clear that it is not a passing fancy or for that matter a platform for simplistic grandstanding. The global market for the defence industry is already in the process of restructuring. This government will encourage a sound and structured response that will hold up for the long run, that will meet the needs of industry and the highly skilled workers in that industry.

The need to change is being driven by global markets for Canada's defence industry is particularly vulnerable to change. This cannot be otherwise when 50 per cent of the Canadian defence industry is foreign owned, mostly by U.S. companies. That has already been pointed out in this debate. The majority of Canadian defence firms supply subsystems and components and carry out subcontracted manufacturing for prime U.S. contractors. Indeed, most Canadian exports go to the United States.

The global giants, the American prime contractors, have been rationalizing their organizations and just as important for Canadian suppliers, their manufacturing processes. They are starting to drive this process down their supply chain, down to the suppliers of subsystems and components where Canada has developed its edge.

Furthermore the giants are diversifying into commercially advanced technology markets, squeezing our smaller and more diversified companies. The aerospace and advanced electronics industries in Canada could be vulnerable and they must be ready to adapt. This government is preparing to assist positively and in concert with industry.

I can assure members of this House and in particular the member for Nanaimo—Cowichan who suggested this morning that the government should talk to the industry leaders in the west that this government has been doing just that.

On March 3 of this year the hon. Minister of Western Economic Diversification, the parliamentary secretary for finance and I all met with the chief executive officers of 10 leading western aerospace and defence companies. We discussed the sector's views on defence conversion in the context of science and technology policy and the new long term space plan.

This broad focus is part of the western economic diversification's new direction to work with industry and the provinces through strategic initiatives, that is to deal with structural economic issues at their root and on a co-operative basis rather than treating the symptoms as they appear in individual companies.

The March meeting was the first of what will be a series of meetings on the subject and which will include an expanded list of companies right across the west. The next meeting will be later this spring at which time the private sector will present a broad strategy along with recommendations for specific activities required to facilitate defence conversion in western Canada.

We are listening to the leaders of industry and working closely with them as part of a broad concern for the health of the aerospace and electronics industries in the west. For instance we are fully sensitive to the immediate impact that can be felt from the defence cuts. We have worked closely with industry to ensure a smooth transition to new requirements.