

*Supply**[Translation]*

The solution which the government is in the process of developing will be responsive to market forces, fiscally responsible, properly directed and effective.

• (1605)

[English]

As specific elements of the program take shape in the near future, the government will be providing information on the scope of its provisions.

The member who brought forth the motion also brought to the attention of the House a most important question. As I pointed out, companies in the Canadian defence industry have long diversified their products and their markets. They have been carrying out, some of them for as long as 30 years, what the defence industry in other countries is just beginning to try, that is to produce other products and to market in other markets.

[Translation]

The government is determined to continue on the path to success with policies and programs which meet the needs of all the Canadians who are part of the industry.

[English]

Those companies in sectors where the challenges have been more demanding and more difficult are to receive the attention and assistance of this government which understands the problems and intends to contribute to the solutions.

Mr. Darrel Stinson (Okanagan—Shuswap): Madam Speaker, I rise today to oppose the motion put forward by the Bloc. However I want to say at the start that I am personally concerned for the jobs of some 137,915 persons who the 1986 census showed were employed by the defence services sector. Their employment is threatened by the Liberal strategy of slashing defence spending before it has completed a full study of Canada's defence needs.

The Reform Party caucus believes that announced cuts of \$7 billion to the Department of National Defence over the next five years prejudged and pre-empted the outcome of the defence review and should not have been made until Parliament, together with the Canadian people, had determined the mission of the Canadian Armed Forces for the 21st century.

Once the mission is determined we can make careful and well planned decisions on the military's main functions and organizational structure and on Canada's long term needs for hardware, bases and personnel.

The cuts announced by the government are already having impact on the defence industry. As I have said I strongly object to the government's action of cutting defence first and asking questions later.

I strongly oppose any suggestion that the government should fund the changeover of defence companies to civilian production. I oppose using Canadian tax dollars for this purpose for several reasons, not least of which is that half these firms are foreign owned.

I would also oppose using Canadian tax dollars for this purpose because as a Reformer I do not think on general principle we achieve anything good by providing grants to private industry. On the contrary, it goes against the grain that taxpayers should on the one hand be trying to operate their own companies while on the other hand competing with a company their own tax dollars may be propping up.

For instance, over recent years it has been a tactic of the old line political parties to spend some \$160 million per year through the defence industry productivity program, which is almost like a regional development program, to dole out tax dollars to the military industry concentrated mainly in southern Ontario and southern Quebec. Such grants should be quickly phased out.

To understand this particular motion we must first define what we are talking about when we discuss Canada's defence industry. I note that figures being quoted in the House today have varied greatly so it is hard to know whose figures are correct.

Despite the discrepancy in figures we need to try to get to a general understanding of what the defence industry produces and how it compares on the world scale. In analysing worldwide arms production, nations are generally divided into three tiers or levels of production. The first includes nations like the U.S., which basically produces and sells anything it or its allies need. The first tier accounts for some 60 per cent of the arms transferred in the past decade.

Canada is in tier two with such countries as France, Italy and Spain, which together account for some 25 per cent of annual global arms exports. These countries do not have a big enough home market to benefit from economies of scale and must depend on exports to be competitive. Canada exports in large measure to the United States with which we jointly produce many weapons.

• (1610)

There is a third tier of wild card arms producers like China, India and Israel that can produce large amounts of less sophisticated, functional but cheap weapons on short notice. Among global arms producers Canada ranks about eighth, producing some \$3 billion worth of military goods per year or about one per cent of the world total. Regarding more conventional weapons, according to the Stockholm International Peace Research Institute and for the period 1986 to 1990, Canada was the 14th largest exporter of major conventional weapons in the world.