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main problems with those policies. The first problem was a failure of administration and the second was a lack of continued commitment to funding and programming. Programs were frequently ill-conceived. In my Province of Prince Edward Island, for example, DREE often supported industries that were doomed to failure from the beginning because they did not relate to the indigenous resources of the province or to the competitive advantages of the Island. I ask you, Mr. Speaker, if it is realistic to think that a province like Prince Edward Island with a population of only 125,000 people, a province that is situated a thousand miles away from any major metropolitan market, could ever sustain an industry which manufactured skis? DREE thought so but the marketplace did not. The result was calamity for both the company in question and for the workers whose jobs and dreams were destroyed.

● (1115)

The record of DREE throughout the Atlantic region is replete with such examples of departmental ineptitude. In other instances, genuinely worth-while projects initiated by DREE were undermined by other departments of the federal Government. It was not that the left hand did not know what the right hand was doing; it was that the left hand was chopping the right hand off at the wrist. For example, in the City of Charlottetown, the Department of Regional Economic Expansion invested something like \$9 million for the redevelopment of the waterfront. It was one of the most innovative efforts in all of North America. The anchor of that ambitious project, that ambitious complex of public and private facilities and services, was to be the relocated headquarters for the national Department of Veterans Affairs. It was to be relocated on Queen Street on the city's waterfront itself. However, because of sheer bureaucratic bungling, officials of the Department of Public Works pulled the rug out from under its sister Department of Regional Economic Expansion. DPW did so by wrenching the DVA headquarters from DREE's waterfront project in favour of a city-core location which was isolated from anything in which the federal Government had a direct interest. In one fell swoop, one federal department risked the total collapse—certainly a major collapse—of the multimillion dollar efforts of another department.

Fortunately, the waterfront project, of which I have spoken, was given a much needed boost by the erection of a multimillion dollar convention centre on the spot where DVA was to be located. That outcome was made possible only by a last-minute federal-provincial funding arrangement. Meanwhile, the waterfront project was seriously set back and, to make matters worse, the federal Government now stands to lose a million dollar law suit to the developers associated with the original DVA waterfront site.

I mention that example because I think it graphically illustrates what went wrong with DREE as administered by this Government. Just as DREE programs were plagued by inter-departmental warfare within the Government, so also were they undermined by the failure of the federal Government to consult with the very governments most affected by those

programs. The change in the DVA location from the Charlottetown waterfront to the city centre was made against strong representations, not only by the Province of P.E.I., but also by the city itself, not to mention local public opinion. The same type of insensitivity to provincial and local priorities was characteristic of DREE-related programs throughout the region—not just in Prince Edward Island but in New Brunswick, Nova Scotia and Newfoundland as well.

The second major problem with DREE was the lack of sustained funding and program support. There can be no doubt that, following an initial flurry of federal Government investment, regional economic expansion payments to the Atlantic provinces soon dropped steadily, to the point at which they all but ceased with the abolition of the department in 1982. In 1971, two years after the establishment of DREE, regional economic expansion payments to the provinces amounted to \$473 million in 1982 dollar terms. Such payments remained around that level until 1979. From then on, support plummeted from \$485 million in 1979 to \$350 million in 1982. That represents a 41 per cent drop in support in four years.

What was even worse for the Atlantic provinces than the over-all decline in DREE funding was the region's declining share of the total. Originally DREE assistance was restricted to areas of Canada whose unemployment levels were constantly high, whose industrial base was low and whose hopes for improvement were otherwise remote. DREE money was intended to assist those areas in industrial development, the provision of essential services and in job retraining. However, Mr. Speaker, for purely electoral purposes this Government watered down eligibility criteria until almost every part of the entire country qualified for so-called regional development aid. Provinces like Prince Edward Island found themselves competing with parts of even wealthy Ontario for a share of the funds. As more and more communities from one end of the country to the other became eligible, we in the Atlantic Provinces had to scramble for our share of the pie. Given that the pie was originally intended for us, the outcome was nothing less than scandalous.

● (1120)

When DREE was established in 1968, Mr. Speaker, the Atlantic Provinces received over half the total money expended by that department across Canada. When it was abolished in 1982, that proportion was down to less than a third. Not only was the pie smaller, but our piece of the pie was smaller yet.

The truth is, Sir, as the Senate Standing Committee on National Finance concluded after examining regional disparities in 1982, the Government has turned its back on the goal of regional disparity. It was more interested in courting electoral support in vote-rich Ontario and other major centres than in honouring its commitment to assist the have-not provinces to achieve some degree of self-sufficiency. In fact, Mr. Speaker, the Government saw DREE as an obstacle to its re-election chances, because the provinces seemed to be getting credit for the expenditure of federal dollars, and none of the provinces was Liberal.