

*Alleged Failure to Improve Economy*

out of work. Government policies which are responsible for and have contributed to the situation are morally wrong and have demonstrated callousness and insensitivity on the part of the government which have never before been witnessed. The government must take responsibility for this situation.

Reference was also made to the question of regional disparity. I do not quarrel with the assertion of the Parliamentary Secretary to the Minister of Regional Economic Expansion (Mr. O'Connell), that the motion submitted by the official opposition can be questioned on the grounds of their use of the phrase "have accentuated regional disparity", but to use that argument to say that the government's policy has been a success is totally wrong in my view. The parliamentary secretary correctly noted that solutions to the problems of regional disparity involve long-run policies and will not be found overnight. I agree with this assertion. The basic approach must be long-term. This reinforces the argument which was presented by members of my party when legislation of that department was before the House prior to the Christmas recess. At that time we suggested that the program of the Department of Regional Economic Expansion should not be used as a vehicle or tool for dealing with short-run economic problems. I maintain that we were correct in our assertion at that time, and I think this has been borne out by the statements of the parliamentary secretary this afternoon.

We must look at our regional development programs, because it is difficult to determine whether we are getting value for our money. The government has spent a great deal on these programs and has made many announcements regarding grants and jobs created—but in reality surely jobs will only be created if projects are proceeded with and concluded. How many jobs have been created as a result of programs for regional development? Before Christmas only a small number had been created as a result of the incentive programs of the department.

In referring to the comments of the deputy leader of the New Democratic Party, the hon. member for York South (Mr. Lewis), the parliamentary secretary suggested the hon. member said that essentially regional economic expansion programs were unplanned because big companies are receiving grants. I suggest he was confused, because essentially the hon. member for York South made two points: first, that the regional incentives program was unplanned because the government has not established a basic framework within which to provide grants; second, that the government sits back waiting for industry to come up with ideas, proposals and plans and then passes judgment on them. This is what we were referring to regarding the unplanned aspect of the program.

The minister cannot deny that a number of grants have been made to large companies such as Falconbridge Nickel and Procter and Gamble. These companies certainly do not need this money in order to carry on their projects. The government presented its regional development program as the keystone of its programs during the present term of office. Most of them involve a massive

[Mr. Burton.]

giveaway and have also involved their faulty use of short-run economic objectives. This is in sharp contrast with the loans fund announced by the Minister of Finance (Mr. Benson) last December which we felt was a step in the right direction and should have been preceded with because it has some merit. The Minister of Finance made a contribution to dealing with short-run economic problems when he presented that proposal.

● (5:40 p.m.)

I suggest that the Minister of Regional Economic Expansion (Mr. Marchand) has abdicated leadership in his department. Basically, he has adopted the attitude "I'm all right, Jack" whenever problems are put to him. The deputy minister, who is an able enough person in his own right and a well known Liberal, is really the boss of the department. I suggest that the minister is not really in charge of the department. I fail to see how there can be any other explanation for the minister's inability adequately to describe certain matters and answer in a rational way questions which have been raised from time to time with respect to the department's programs. Increasingly, cogent criticisms of the department's program have been made by many people. I refer to the hon. member for Edmonton-Strathcona (Mr. Harries) who is quoted in the *Edmonton Journal* of February 19, 1971, as saying:

The federal government should stop immediately its industrial incentive grant program except in very special areas—

Further, the article reports him as saying:

The current incentive program is turning out to be the same as the last federal incentive program which, when completed, was 'roundly criticized.'

He pointed out that incentive grants represented a windfall profit to the shareholders of Imperial Oil, to cite one case, and that was the only substantial result of some of the grants which has been made. Other criticisms were levelled recently by the chairman of the Science Council of Canada. As recently as Saturday, March 20, the *Ottawa Citizen* carried this report on the matter. Dr. Solandt said:

—the record of regional industrial development in Canada was one of disaster after disaster.

He went on to say:

We shouldn't kid ourselves that these regional industrial developments are being done for any other reason than to create jobs; they're not economically sound... they're welfare projects for industry—

Certainly we want jobs to be created. The chairman of the Science Council has pointed out some of the problems connected with the government's programs. When I asked the Minister of Regional Economic Expansion yesterday afternoon whether he had taken into account these submissions and whether studies or consultations were going on, all I could obtain from the minister was a smart aleck answer which completely avoided the subject.

I also refer to the comments of the governor of the Bank of Canada who in his annual report again emphasized that regional development programs cannot and should not be used to deal with short-run economic prob-