

value of the incentive to a firm would be less than the nominal amount, as the firm would be unable to take the capital cost allowances otherwise available to it. Fifth, all manufacturing and processing industries would be eligible. Sixth, the life of the program would be 10 years.

The modifications that were made to that program, as advanced, by the Minister of Finance, Mr. MacEachen, were, first, to extend the program to all provinces, so that the incentives would be available in parts of both Ontario and the west, and to limit the coverage to a maximum of 5 per cent of the population of Canada, to curtail the program cost.

The second modification was to limit the incentive to a 50 per cent tax credit and to restrict eligible industries to those defined under the Regional Development Incentives Act—that is, manufacturing and processing industries, excluding petroleum refining, newsprint and pulp mills.

The third modification was to limit the program's life to five years, for evaluation purposes and to curtail the program cost. Remember, its proposed life was 10 years, and the modification was to limit it to five years so that there could be an evaluation after five years; and, of course, by reducing the length of time that would also curtail the committed costs.

Senator Murray took the trouble to make a very careful and useful geographical analysis of the program.

I will now deal with the geographic modifications made by Mr. MacEachen. He required the introduction of criteria. The first modification was the use of family unemployment rates, rather than unemployment rates, to complement the per capita income criterion. The second modification was constraint of a maximum of 40 per cent coverage in any one province. What I think was the valid defence of that approach at that time was that to provide an incentive for all locations in a province would not result in helping the neediest people within that province. So we see this leitmotiv in one program constantly returning to the criterion of neediness.

The Crosbie program, as I understood it, did not ignore the question of neediness, but its basic approach, as I read it, was to create a very strong impact, to result in making—if it is not a misuse of the word—a mega impact to create mega results.

The third geographic modification was the factor of isolation, including native people. Otherwise, with one or two exceptions like Haliburton, no census divisions would have qualified in Ontario and the west. The defence of that modification was that the circumstances of "needy" natives and those in isolated areas are lost in the aggregate statistics for the whole of the census division in which they are located.

The fourth geographic modification was the exclusion of certain cities—Grand Prairie, Thompson, Sept-Îles, Rimouski—within the eligible census divisions, to get close to the 5 per cent limit on the total Canadian population to be eligible for coverage.

The fifth geographic modification was the exercise of very limited subjective decision-making to avoid the appearance of spot designations across Canada. For example, though the census division of Rimouski did not qualify statistically for

designation, it was designated so that all census divisions in eastern Quebec qualified for the tax credit. Also, northwestern Alberta was designated instead of northeastern Alberta to give contiguity with eligible census divisions in northeastern British Columbia.

This measure of subjective choice resulted in what Senator Murray, as I understood him, felt was a rather tortured system of criteria that suffered in comparison with the Crosbie proposal because of the fact that the Crosbie proposal was much more objective as compared to this form of subjectivity, in the sense that it was a much clearer package of criteria to apply than the criteria that are applied here, and I understand that difference.

Moving to the third and penultimate branch of my intervention, honourable senators, as I mentioned there is no difference between the De Bané and Crosbie proposals in the starting point—that is, in the sense of the sincere wish to solve this persistent and complex problem of regional disparities. That principle, that objective, that ideal, is shared by many of our fellow citizens. The opportunities to share in this country's wealth and prosperity should not be limited by the mere fact of where our fellow citizens live. As residents outside the mainstream of economic development in Canada, those people are faced with the prospect of a life-style shaped by high unemployment and low income; and with the lack of economic development, the level of social amenities available to them is often lower than that which most of us take for granted. For those people, who can be found even in our richest provinces, the future may well be bleak unless something is done to help them.

● (1500)

The Government of Canada recognizes this, and we have seen it illustrated objectively by the Government of Canada led by Mr. Clark and by that led by Mr. Trudeau. Both recognized this, and both, over the years—over the months, in the case of the Clark government—launched many programs aimed specifically at reducing regional disparities in Canada. Mr. Crosbie came forward, as Senator Murray justifiably said, with a new approach to the problem.

The special investment tax credit is only one such program, and I know it was only intended by Mr. Crosbie to be one such program. However, the fact that it is only one program must be underscored. It is not, nor was it ever intended to be, a panacea for regional disparities.

I wish now to discuss in some detail the remarks made by Senator Murray. He made much of the statistical criteria used in planning this program, and, of course, as we have seen, there were such criteria; but the figures on unemployment, income and population were the starting point, not the conclusion. Using this information, DREE personnel were able to design a program that will help bring about the maximum possible benefits for those parts of Canada identified as most requiring assistance—again, the criterion of neediness.

Senator Murray: On the question of criteria, can the Deputy Leader of the Government say what the factors were that