

*Regional Development Incentives Act*

taken as for the designation of regions before the legislation has been enacted. But we can already state that we are going to designate almost all the eastern part of Canada, that is, a large part of Quebec and of the Atlantic provinces. It is also possible that we shall have to add important areas in the five other provinces.

The legislation provides for an orderly transition between the existing ADA program and the new program. There will be, in fact, a six-month period, from the 1st of July to the 31st of December this year, during which those programs will be applicable. It should be possible to commercialize, before March 31, 1971, the projects accepted under the existing program.

However, inevitable delays will not result in the cancellation of the subsidy.

Those remarks dealt with the most important aspects of the legislation. There are still, of course, many technical problems that we shall have to examine later. For the moment I would like to conclude by stating that the primary objective of the legislation is to offer a new opportunity for recovery to the areas of Canada that have suffered so long from slow growth. The proposed incentives will be powerful enough to ensure industrial expansion wherever it is possible. I think that in this way we shall be able to launch a real process of economic expansion and that our new program associated with the other programs of my department, will enable us in a not too distant future to provide new jobs to hundreds of thousands of Canadians in the areas which are now the least prosperous in our country.

*[English]*

Those are the main principles of this bill, and I hope I am not being presumptuous if I say that I shall be surprised if many hon. members disagree substantially with them.

At the same time, I fully recognize that there is one aspect of the bill that requires frank and careful discussion, namely, the very considerable discretionary power which it puts in the hands of the minister. I can say in all sincerity that, if there were a satisfactory alternative to this discretion, I would be delighted. It will make life very difficult for me and for the officials who by delegation will bear much of the burden. It is not the kind of power that either I or they relish. But the bill is written in the way it is because, after very careful consideration, I can see no other way to achieve the benefits for employment in this country that we are all seeking.

[Mr. Marchand (Langelier).]

There are two reasons why a policy of this kind must be flexible. One is that the problems of the slow growth regions are very difficult. The other is that the needs of different industries are very varied. That the problems are very difficult is obvious. That is why the slow growth regions have been with us so long, why many earnest efforts, at all levels of public and private initiative, have not overcome them. It is clear that if we are going to have more success now, if we are going to bring about all the industrial growth that is viable, the incentives for locating in the slow growth regions must be strong. That is the reason for this legislation.

But while we will not get enough industries without strong incentives, it is equally clear that not every industry, not every new plant or expansion, needs the same level of incentives. After all, some industry has been established in the slow growth regions without any incentives at all, or with only the incentives that have been available in recent years under ADA.

In this bill we are proposing a level of incentives that we believe will be high enough for any industry that is going to be successful in the long run. But obviously that is a higher level of incentive than some industries need. If we paid the maximum level to them all, we would in some cases be wasting the taxpayers' money. We would be providing some companies with more incentive than they really need, and the difference would be a windfall profit at public expense.

Let me illustrate the problem by describing one idea which we considered and rather regretfully rejected. Obviously the difficulty about locating in, say, the maritimes is, for many types of industry, that the local market is small and other markets are a good distance away. Suppose, for example, that the industry is one in which the economic plant size is so large that the market has to extend over most of eastern North America. An industry of this kind needs, other things being equal, a bigger incentive than an industry that can produce economically for a market of a few million people.

We considered whether we could limit the discretion in the bill by laying down some sliding scale of incentives based on this kind of consideration. You will not be surprised, Mr. Speaker, to hear that we found it impossible. The kind of formula that might suit some industries would produce hopeless anomalies for others. It would have meant refusing adequate assistance to some projects