

Regional Economic Expansion

establishment of a pulp mill in Saskatchewan. This became a political issue in my province. The government of the day, which is no longer in power, wanted to establish a pulp mill. It twisted the arm of the federal government to get a commitment for a regional development grant. It was quite a large grant, \$12 million or more. The federal government said it would insist that the new pulp mill in the Meadow Lake area meet all the pollution standards being established by the Department of the Environment. I had occasion to question the deputy minister and some of the officials of the Department of the Environment. I was assured by various officials of the Department of the Environment, including officials of the Department of Regional Economic Expansion, that this firm and the provincial government were really serious about tackling the pollution problem. They saw no reason why they could not solve the problem.

We all know what happened in Saskatchewan. The government of that day was defeated in 1971. The new government, in honouring a commitment it had made during the election campaign, undertook to wind up the agreement that had been signed for the construction of the pulp mill because it felt the benefits that would accrue from this development were not commensurate with the very large cost involved. It took a great deal of courage to make such a decision.

I do not have the clipping before me at the moment, but last fall I read a news article which appeared in two Saskatchewan papers. The article reported an address given by a top official of the Department of the Environment; as a matter of fact, one of the officials whom I had questioned in May, 1971. He assured me there would be no problem in dealing with pollution. However, after the agreement had been wound up, this official, Mr. K. C. Lucas, said in Saskatoon that the pulp mill never had a hope of meeting the pollution control standards being established by the Department of the Environment. The story that came out was what we had suspected all along. It came out when it would not do any harm to certain people who had a political stake in that mill. This is one of the concerns we must have.

Another example involves the hon. member's constituency. I understand that a charcoal plant was proposed for the community of Wilno in the Madawaska Valley. I think that is in the hon. member's constituency. The hon. member is shaking his head in the negative. In raising this matter I want to make it clear that I am not jumping to conclusions; I am simply raising some points that have been drawn to my attention and which I feel deserve consideration. These involve some of the considerations we must bear in mind when dealing with the whole question of industrial development and attracting new industry to areas.

Some time ago an announcement was made for the construction of a charcoal plant in the community of Wilno. No doubt this was welcomed by some people. In making the announcement, the Minister of Regional Economic Expansion (Mr. Marchand) said it should be clearly understood that the conditions of the agreement on which the grant was based required the company to meet all the anti-pollution standards laid down by law. He stated that

no money would be forthcoming from the department unless the anti-pollution equipment met the standards laid down by law. He did not specify in that announcement whether he was referring to federal law or provincial law. The information I have may be subject to correction, but I understand that the Department of Regional Economic Expansion was simply going on the basis of standards set by Ontario provincial authorities. I am not in a position to judge whether those regulations are adequate or not, but I raise the question.

This should be a matter of interest to the federal Department of the Environment. Even though it may not have legislative authority to deal with a matter of this nature, other departments such as the Department of Regional Economic Expansion should be able to draw on the Department of the Environment for a judgment on the adequacy of standards that are maintained where a grant is proposed by the Department of Regional Economic Expansion.

Another area where there is cause for greater integration and co-ordination of effort is grants to foreign-owned or controlled firms. I have raised this matter on a number of occasions in the House. The question is before us for debate today under the government's bill concerning review of foreign takeovers. We are dealing with a piece of legislation which, however inadequately, proposes to provide a review mechanism in respect of a foreign-owned or controlled firm proposing to take over a Canadian firm or enterprise. At the same time, the Department of Regional Economic Expansion is to continue its current policy of providing grants to firms and applicants no matter whether they are Canadian owned and controlled or owned and controlled from outside Canada.

If the objectives in the foreign takeover review bill, Bill C-201, are to be accomplished it is inconsistent for the federal government to carry on its present policy through the Department of Regional Economic Expansion of continuing to make incentive grants to foreign-owned and controlled firms without any other policy development.

Over the past three years the Department of Regional Economic Expansion has spent \$1.2 billion. Another \$500 million expenditure is proposed for the current fiscal year. Already \$250 million has been committed under the Regional Development Incentives Act in grants for the establishment of new industry. Much of this amount still has to be spent. I suggest that there is no evidence of progress in overcoming regional disparities through this program.

The fact is that the federal government and the Department of Regional Economic Expansion have indicated that this is a priority program undertaken in an attempt to overcome regional disparity. The program simply has not been successful. I am not suggesting there is not a place for some grants being made to industry, whether public, private or co-operative, but the emphasis which is being placed at the present time by the department on giveaway grants must be changed because it is not serving the function it should be serving and the people of Canada are not getting the value they should be getting for their money.

[Mr. Burton.]