

regional pressures can be co-ordinated with the broad policy approach of the Government. The people in Ottawa are a long distance away, but the people in the regions are right on the spot and there are specific pressures on the regional officers.

We are dealing with a bureaucracy. That bureaucracy is very hard to administer. In analyzing this Bill, I believe that the over-all administration of the Department will become much more difficult. It will become much more difficult to arrive at some broad, co-ordinated economic policy rather than one which breaks down into the political boondoggle I was referring to a few moments ago.

I want to single out one industry that is most affected by this particular problem, and that is the tourist industry. It is composed mainly of small businesses, businesses that will be eligible for smaller amounts of money under the \$250,000 limitation where the decision is made in the regions. The sole prerogative for those decisions resides in the regional officers. We have a major ongoing tourism deficit in this country of some \$1.5 billion to \$2 billion. This will require some national co-ordination to rectify. I fear that this new structure is going to break down that national co-ordination.

I have another real concern. Under the previous enterprise development program there was a financial burden criterion which encouraged that program to favour small business. This is gone under the new IRDP Program. Big business is now on the same footing. We have to know how this will be handled. Don't forget, Mr. Speaker, that big business has the staff, the resources and the time to access Government programs. Small business has not. Time is money to them. When the president, the person who relates to government, is also the chief sales manager and sometimes acts in many other capacities within a small business, he does not have time to spend dealing with governments. I am concerned that when big business is put on the same footing as small business, big business will gain some advantage that it did not have under the previous program.

● (1120)

So what will the criteria for spending that money be? How will the Minister retain control of the programs? What will his strategy be? What sort of industries will be favoured? Because of those questions we must hear from the Minister of Industry, Trade and Commerce in the House before this Bill is passed.

That brings me to a fundamental difference in philosophy between the Liberal Party and the New Democratic Party on the one hand, those two bedfellows in crime together, and the Progressive Conservative Party on the other hand. The other two Parties make use of grants and hand out Government largesse to a much greater extent. We on the Conservative side favour tax incentives.

I would like to summarize in a general way what the difference is between grants and tax incentives. Grants are arbitrary and, as I said, lend themselves to political abuse. Grants distort the economic process because a civil servant or a politician is required to make the decision rather than having the decision made by the broad marketplace. Those who have the expertise or the ability to tap Government programs get a

benefit which others who may be less successful at that but more successful as businessmen do not get, leaving them at a disadvantage.

The grant process is too slow. It does not benefit high technology or companies that are seeking research and development assistance. As well, grants create bureaucracies which we certainly do not need today. Tax incentives, on the other hand, are open to all. Only the marketplace determines who will succeed. With a grant, a business gets the money before it is tested by the market. With a tax incentive, there must be some record of success as demonstrated by existing profit in order to make that tax benefit worth while.

Now, Mr. Speaker, there will always be a role for grants to play, for start-ups, for major projects and for certain elements of regional development. However, I fear that the combination of Industry, Trade and Commerce and DREE under one roof demonstrates a growing desire on the part of the Government to encourage more use of grant money and less use of the tax incentive. This is a process which we on the Conservative side would reverse because we feel that we must return to a more open, more efficient method of dealing with the whole process of economic development.

In closing, Mr. Speaker, let me say that I feel that it is important for the Minister of Industry, Trade and Commerce to come to the House to address this Bill in order to give us an understanding of the direction in which we are likely to go. It is important that he embark upon an educational campaign soon in order to straighten out the misunderstanding in the minds of people across the country and remove the confusion that those people are faced with about what this merger means and how it will benefit them in industry.

Mr. Deputy Speaker: The rules of the House provide for a ten-minute period of questions and answers at this point. Are there any Hon. Members seeking to ask questions or make brief comments?

Mr. Hawkes: I rise on a point or privilege.

Mr. Deputy Speaker: The Hon. Member is rising on a point or privilege. I presume that it arises from what has immediately preceded.

Mr. Hawkes: Mr. Speaker, I do not want to take up a great deal of the time of the House, but I would simply like to bring to your attention and to the attention of Members of the House that at the commencement of the sitting of the House this morning, the bells did not ring in the Confederation Building. Over half of the Members of the House have offices in that building. I wonder whether or not we are in legal session when in fact the Members from that building have not been called to the sitting of the House.

Mr. Deputy Speaker: The Hon. Member has brought to the attention of the Chair a matter which will be investigated immediately.