

*Regional Development Incentives Act*

what gives me concern on this Friday afternoon. I am not trying to cast stones because the trends have been there since the policy was developed. In the first full year of DREE operation in 1970-71, DREE development expenditures had accounted for 2.1 per cent of total federal expenditures, \$330.8 million out of a budget of \$15.8 billion. Let us look at each year thereafter. In 1971-72 it went up slightly, to \$349 million. In 1972-73 it went to \$364.9 million. In 1973-74, \$424.3 million and 1974-75, \$438.6 million. When you get to 1977-78, it was \$562.2 million against a budget of \$45.2 billion.

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By that time the total expenditures related to government expenditures were 1.2 per cent. In the figures from this public accounts table, which at that time were estimates prepared for 1979-80, the estimated DREE expenditure was \$592.8 million, almost \$600 million of a budget of \$52 billion, for a DREE expenditure of 1.1 per cent of total government spending.

In capsule form, if the figure of 2.1 per cent was agreed when the program was set up to be a reasonable figure for expenditures under DREE to help the areas of regional economic expansion, why have we not had more debate on that ten years later, and why it is only 1.1 per cent of the budget. What is more significant is relating the actual dollars to the inflationary factor that has affected all government programs. There you reach a horrendous conclusion. If you relate the budget of DREE to the inflationary factor, the economic impact of DREE on Atlantic Canada is substantially less relative to ten years ago when the program began. It has been decreasing every year in terms of constant dollars.

Since 1970-71 there has been a steady downward trend in the percentage of federal effort available to DREE. In 1978-79 DREE's share of the \$50.3 billion had fallen to 1.1 per cent of the budget. I am looking for the figures I have on the real value in terms of the constant dollar. The real value of the DREE program to Atlantic Canada has dropped. Of course, we all know you can do anything with figures, but these figures are from the public records of Canada.

The real value of Atlantic Canada's DREE budget plummeted to 41.2 per cent. In 1970-71 in constant 1971 dollars, the region received \$184 million for development. This is Atlantic Canada. In 1977-78 it had dropped to \$108.3 million. While the Atlantic region received 41.2 per cent less, the rest of Canada was receiving a 5.9 per cent real increase in DREE spending over the same period.

I am not going to cloud the record with a lot of tables, but in terms of constant dollars, going back to the total program and not just Atlantic Canada, the total program of \$330.8 million in 1970-71 in terms of the time when you get to 1978-79, in constant 1971 dollars only had a dollar impact of \$294.5 million.

In terms of the problems affecting Canada, let alone the impact and the negative things affecting Atlantic Canada, I suggest that these figures in terms of the DREE budget and the inflationary factor, which is almost cut in half, require even a better look to see where we go in Atlantic Canada and

the direction for the whole DREE program. Because there are influences, and members can raise legitimate complaints about DREE, any economist looking at government legislation and the history of government in this country would say there have been policies which tended to centralize the development of industry in the central portion of this region.

The Bank Act, which is now being considered in committee before coming back to this House, is an instrument of financial policy which does not help the areas of regional economic disparity. In fact it helps the centralist impact. We also have a tariff policy and, as I said before, a transportation policy. Unless we somehow get a handle on these various instruments of government, be they transportation, banking or energy, we can talk all we want in this House of Commons and in committees in terms of the philosophy of DREE.

Most members agree that you help your neighbour. It is almost a Christian ethic, an ethic that came down through the ages in almost every religion. You help your neighbour who does not have as much as you. That philosophy would find support in this House. However, in terms of pragmatics and practicality in government, you must co-ordinate these various agencies and instruments of government. No matter if you double the DREE contribution and/or expenditure estimates, ten years later you might look at Atlantic Canada, or in fact we can look at it today, and say that there have been some specific successes that have helped people get jobs.

In terms of a fundamental change in economic structure in developing industries that are compatible with their region, we should not try to transfer economic clones that cannot survive in a climate which is not compatible with their growth. Once you take away the prop of a DREE grant, such as a no-interest loan, ten years later we could be saying that we not only spent the millions that the minister mentioned in his opening statement. It was a sizeable figure. As we all know, it was seed money. I think it was \$600 million. It must be more than that really. That was seed money to help stimulate the expenditure of over \$4.3 billion.

All that is to the good. However, I suggest that in this review of DREE there should be an opportunity to review it rather than just get caught with the act on a Friday afternoon. It may be all right for the parliamentary committee when it gets the new bill, but we all know the problems of parliamentary committees. They are swamped with work. Members are trying to cover two or three bases. You do not have the expertise to give you objective, independent advice. I am not casting stones, but by necessity you cut off a number of witnesses in order to get on with the business. You may have estimates of the department or any number of things.

I wonder if a parliamentary committee, even with the new bill that may be on the docket, is the forum to make an objective review of the whole philosophy of DREE. As I pointed out, in terms of massive government expenditure in Atlantic Canada, we tried to shift from that and develop our own private sector into a healthier community than it is today.

I tried to quote figures today in an unbiased, objective way. Ten years after starting the program, the actual expenditure of