

living and the creation of 500,000 jobs. Informetrica estimates that an increase of 5 per cent in our gross national income and the creation of 500,000 new jobs will be the result of a free trade system between Canada and the United States. The political research institute forecasts a 9 per cent increase in our gross national product.

● (1600)

[English]

This is an initiative that should be supported. Canadians want it to succeed. Trade is the key to our future growth and we need better and more secure access to that huge market in the United States. I cannot for the life of me understand why some people want us to abort it; and why they want to nickel-and-dime it to death, even before they see the shape of any agreement we might negotiate with the United States.

We have had mention this afternoon from the Leader of the Opposition of the problems of regional disparity. He has told us that it does not have the priority it used to have and that we do not have the success we used to have in terms of combating regional disparity. It was not a Conservative government that did away with DREE and drowned it in DRIE.

The Leader of the Opposition excoriates us for trying to find some new approaches to the persistent problem of regional disparity. But what is his answer? A couple of years ago in the Standing Senate Committee on Finance when we had before us as a witness Mr. Stevens, the then Minister of Regional Industrial Expansion, Senator MacEachen put to him that they should keep those heavy water plants going in Cape Breton at a cost of \$104 million per year on average and build up an inventory of heavy water that nobody wanted.

Senator MacEachen: It will be required in the future and it will be provided by plants built in Ontario. Mark my words, that is what is going to happen.

Senator Murray: Lord knows there is enough of it.

Senator MacEachen: There won't be any plants in Cape Breton, but they will be producing heavy water in Ontario.

Senator Murray: I want to tell my friend that there are five Candu reactor loads of heavy water inventoried in the warehouses of Port Hawkesbury.

Senator MacEachen: We all know that; that is old stuff.

Senator Murray: "Old stuff," he says.

Senator MacEachen: Yes.

Senator Murray: The honourable senator told the government that in his opinion we should keep it going.

Senator MacEachen: I still think so.

Senator Murray: From 1980-81 to 1985-86 there was no demand for heavy water, so we kept piling it up.

Senator MacEachen: Go down to Cape Breton and make that speech.

Senator Murray: Oh, I would.

Senator MacEachen: You damn well wouldn't.

[Senator Murray.]

Senator Murray: They kept piling it up.

Senator MacEachen: We all know that.

Senator Murray: They kept piling it up at the rate of \$104 million a year, which now amounts to \$624 million. The Honourable Leader of the Opposition has told the government to keep it up. He has told the government that he knows the warehouse referred to, but that there is still more warehouse space.

Senator MacEachen: Absolutely.

Senator Murray: That is irresponsible. That is the kind of attitude that gives regional development a bad name.

Senator MacEachen: You made a horrible mistake in terms of Atlantic Canada. Let me tell you that you will have heavy water being produced in Ontario, and that is plain.

Senator Murray: There is plenty of it to meet any foreseeable need.

Senator Phillips: The Leader of the Opposition is really picking on Ontario today.

Senator MacEachen: We just want to be like them. We want to be rich.

Senator Murray: The Speech from the Throne makes reference to the need—which I hope we have just demonstrated by the example I have cited—for new approaches to the problem of regional disparity. The persistence of regional disparity, despite all the efforts to improve the situation, to pour money into it, is a frustrating phenomenon for everyone involved in public life, and the odd-evenness of the present recovery only points out the existence of these disparities.

In the past couple of years, the government has moved to do away with some of the more obvious obstacles to growth in the regions by signing the Western Accord, the Atlantic Accord and the Nova Scotia Accord. I know that the currently low world oil prices are holding back development, but when prices have increased and activity has resumed, those federal-provincial agreements will give those regions more control and a better share of the returns from the resource development.

The government introduced the Atlantic Enterprise Program to offer two kinds of support, loan insurance and interest buy-downs. It offers 85 per cent coverage of loans for capital investment projects in the Atlantic provinces and reductions of up to 6 percentage points to buy down interest rates on new term loans.

The honourable senator mentioned Cape Breton. Goodness knows we have tried. We brought in Enterprise Cape Breton with an investment tax credit of 60 per cent as a further encouragement to investment in Cape Breton. We set up the Enterprise Cape Breton agency. I am told that up to now they have received over 1,000 applications. The agency has made 511 offers of assistance. If all of those offers of assistance that the agency has made to these various industries which have applied go forward, there is a potential of 3,500 jobs. Eighty-four million dollars is committed to those projects.