

Income Tax

Mr. Hogan: Mr. Speaker, if the government has any thoughts on this problem it has never made them public. It is hard to get the Minister of Transport to say whether he is considering it. I write to him and talk to him, but all I can find out is that the emphasis is on air travel. In my opinion, as far as major public sector transportation is concerned, the concentration should be on rail—not to the exclusion of air travel of course.

It is obvious that we need tremendous public investment in the fishing sector in the Atlantic region, both offshore and inshore. As I have said before, one of the reasons the fishing industry on the Atlantic coast has suffered as opposed to the Pacific coast, is that the late Lester B. Pearson, whom many revered because of his co-operative federalism and his international stance, neglected to be a nationalist at a time when we could have used one. As a result of his policies, offshore fisheries came into the area. Big foreign fleets owned, controlled or subsidized by other governments, have depleted our resource. Now the Minister of Fisheries and the Environment (Mr. LeBlanc) tells us that the mistakes of the last 15 years have to be made up. Mr. Speaker, it will take a very large public sector expenditure to do that. The inshore fishery that constitutes the greater part of the Atlantic area must not be sacrificed in order to promote a monopoly or a few multinational corporations that want to control the offshore fishery—as important as the offshore fishery is going to be, and I have no objection to that.

I would remind members from the Atlantic region—and some of them know this better than I—that 90 per cent of our fishermen are inshore fishermen. They expect new policies from this government and new investment in order to rebuild that fishery as well as the offshore fishery.

There is another sector in the Atlantic region that requires a great deal of additional public expenditure over the next few years. One of the difficulties of Confederation is the administrative inflexibility of some of our large bureaucratic institutions. Like CMHC they may be well intentioned, but they cannot seem to adapt programs established for a national income level to areas of low income like the Atlantic region. I am concerned about new housing starts, public housing and co-operative housing, and also about the repair of existing housing.

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I put a proposal to the Minister of State for Urban Affairs (Mr. Ouellet), and I put it to the former minister. I thought I was getting to the former minister, but then he was shifted to the Department of National Defence. However, the new minister seems to agree that, in a region such as Cape Breton, where there are many old company houses it would be a worth-while investment to set up, between DEVCO and CMHC, their own repair company to give these houses a longer life. That would save the government immense amounts of money in terms of public housing. It would provide decent shelter in their old age for people who have been good Canadians all their lives, as well as short term and medium term employment. That is a

[Mr. Baker (Grenville-Carleton).]

must, but not just for my region. It is also a must for other parts of the Atlantic region. I travelled through northern Ontario during the Ontario election campaign, and it is a must there too. It is time we started to think about these things.

Because of the INCO lay-offs the Ontario government and to some extent the federal government are now discovering that they have a potentially large problem. It can multiply, because wherever there is a natural resource base which is non-renewable it can move, and where there are many people involved governments must plan beforehand and try to broaden those resource bases. Unless communities in those areas are built up in other ways with good construction sectors and so on, eventually there will be big problems like the problem we now have in Sudbury.

DREE was established in 1969 as what I call the son of ADA. That is not a bad word. It means Area Development Agency. DREE was the grandson, if you will, of the Atlantic Development Board. It was supposed to make a big difference in closing the disparity gap as far as jobs and income are concerned between Atlantic Canada and the rest of Canada, especially the better-off provinces. However, only a few weeks ago in Halifax the Secretary of State for External Affairs (Mr. Jamieson), formerly the minister of regional economic expansion, said that “much of the DREE incentive program has been a failure”. That is what the minister is quoted in the Halifax *Chronicle-Herald* as saying. The minister suggested that we must re-think our approaches to regional development because economic disparities are still glaringly with us.

I think there are indications that Nova Scotia's economic performance has worsened considerably in the last five years, despite what I hear from spokesmen for DREE. One indication of that is that, like the other Atlantic provinces, Nova Scotia is much more dependent on Ottawa for its revenues than ever. We pay almost the highest taxes in the country. Any income improvements in general are mainly due to transfer payments, and there is little indication that earned personal income or income per capita is growing.

If hon. members would look at the economic review of the Department of Finance for May, 1977—and I know they will not all go rushing out to do so—they will find that in the whole of the Atlantic region private investment, which is supposed to do the major job there, according to the thinking of many, excluding housing, actually dropped in 1976. That is a fact which was also true in the province of Quebec.

When we add public investment to private investment we find in that economic review that between 1970 and 1976 the increase was 135 per cent in New Brunswick, 96 per cent in Prince Edward Island, 63 per cent in Nova Scotia, and 60 per cent in Newfoundland.

Before preparing this speech I looked at the taxation statistics in the 1977 publication of the Department of National Revenue. I found there something I have spoken about often with regard to DREE, as the hon. member for Stormont-Dundas (Mr. Lumley) knows from past experience, and it has been repeated by the hon. member for Halifax (Mr. Stanfield). What I found there were some startling figures, despite the