

THE ECONOMY

QUEBEC—BUSINESS FAILURES

Hon. Jacques Flynn (Leader of the Opposition): Honourable senators, I have a question for the very distinguished Minister of State—

Hon. Raymond J. Perrault (Leader of the Government): Hear, hear.

Senator Flynn: —in charge of economic and regional development—or is it regional disparities? I always get mixed up.

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, I can correct it right now. The title is Minister of State for Economic and Regional Development. All the other connotations are inappropriate to the office which, I believe, has an important function in this country.

Senator Flynn: I thank the minister. When he says “regional,” is it economic also?

Senator Olson: Both.

Senator Flynn: There is a difference between “economic” and “regional”; “regional” is not necessarily “economic.”

Senator Olson: The Leader of the Opposition should listen carefully. The title is Minister of State—that is pretty clear—for Economic and Regional Development. MSERD is the abbreviated term that is commonly being used.

Senator Flynn: I thought it should have been general and regional economic development. That was my understanding. I believe the way it is described officially is misleading. But that should not prevent my putting my question to the minister.

On previous occasions I have asked what effect the government's recent policy of stalling or completely abandoning certain mega-projects has had on the economy. My question today relates to the report referring to the number of recent bankruptcies. It was announced that in January there were 405 business failures in Quebec, 100 more than in Ontario, despite the larger population of Ontario. Would the minister attribute the situation in Quebec to the current recession?

Senator Olson: Honourable senators, first, I wish to express my appreciation to the Leader of the Opposition for referring to the minister as a “distinguished minister”. I believe he said “very distinguished minister,” which adds to the compliment. The Leader of the Opposition then proceeded to ask a question related to mega-projects and attempted to relate that to the number of bankruptcies—

Senator Flynn: Failures.

Senator Olson: —involving a number of companies which, he indicated, were not in the same category.

I have a good deal of sympathy for the difficulties faced by some businesses in Canada, but I cannot stretch my intellectual capacity to see any relationship between those two assertions.

Senator Flynn: In connection with those figures, national records were set with 2,403 personal bankruptcies and 917 business failures. If we considered the total amount involved in

[Senator Flynn.]

the 917 business failures, the figure would certainly represent the equivalent of a mega-project. Perhaps the minister would comment on that.

Senator Olson: Honourable senators, the comment that I should make at the outset, to avoid confusion in the connotation of words, concerns the definition of “mega-project” as used by the committee that was set up to look into the prospects, number and timing of so-called mega-projects. The term applied to any individual operation, or corporation, or project that had a required investment of \$100 million or more. Whether or not you want to add up all of the people involved in bankruptcies, that does not fit the connotation that was used. “Mega-projects” is not a term that I initiated; in fact, I am not sure where “mega” came from, although I understand that it is a derivative of “major” projects—

• (1415)

Hon. Lowell Murray: It is from the Greek.

Senator Olson: —that were involved, and I have to repeat to my honourable friend, so that he will understand, that the government is not hanging all of its hopes on the so-called mega-, or “major”, projects. As a matter of fact, I have said in this chamber a number of times that from now until the end of this century, if you like, which is the period the major projects committee looked at, the \$440 billion that would be invested in those major projects would be about 20 or 25 per cent of the total projected investment in the economic development of Canada.

MANUFACTURING SECTOR—DECLINE IN PRODUCTIVE CAPACITY

Hon. G. I. Smith: Honourable senators, I have a question that I should like to direct to the Minister of State for Economic Development, but before I do so I wonder if he would be kind enough to repeat the abbreviation for his department that I thought I heard him mention a few minutes ago but which I was not quick enough to catch.

Hon. H. A. Olson (Minister of State for Economic Development): The department is the Ministry of State for Economic and Regional Development. If you take the first letter of each word and pronounce it according to the usual principles of pronunciation of the English language, the result is MSERD.

Senator Smith: I see. I thank the honourable gentleman for that explanation.

I am sure that the minister is aware that Statistics Canada reported last week that Canada's manufacturing industry operated at about 75 per cent of capacity during the final quarter of 1981, and intimated that that was a 20-year low. Would the minister indicate if the government can ascribe a reason for this decline, such as a decrease in productivity, or failure of markets, whether export or domestic, or a reduction in investment?

Senator Olson: Honourable senators, there is, of course, a combination of reasons for this. Some of them are interrelated and, in some cases, very complex. There has been a decline in