

locating in the Atlantic provinces and the Gaspé. This was to be a new program that would have been added to the existing regional incentives. This new initiative announced by Mr. Crosbie in his budget had been forecast by the Conservative Party in the preceding general election.

I am still in substantial agreement with Senator Murray that it was the introduction of a new concept in the form of a selective tax credit for firms locating in the Atlantic provinces and the Gaspé.

Taking as my starting point the starting point Senator Murray used—namely, the principle of complexity and persistence that characterizes the problems that are addressed by DREE—he then, as I pointed out, went on to refer to the program of the Honourable John Crosbie and compared it to the program introduced by the Honourable Allan MacEachen.

For the benefit of honourable senators, I should like to make a comparison which, only for visual purposes, I will say I have in parallel form—that is, in columnar form—and I will refer to it in that way. I should first like to refer to the comparison between the two programs, then I should like to make reference to some modifications that were put into the program by the Honourable Mr. MacEachen, and then refer to some particular comments and principles raised by Senator Murray.

To come to the first part of my intervention, I think the objective is the same. There is no question that, essentially, the objective for DREE in both programs is the same, but the question is how to address that problem. If I can take some poetic licence, what I believe we have here is what might be called a parallax phenomenon. The dictionary definition of “parallax”—so you do not have to rely on my definition—is: “The apparent displacement of an object caused by actual change of the point of observation or the angular amount of this displacement.”

Wanting to solve the same problems, and wanting to start from the same point, my analysis of the comparative policy angles would be as follows. First, the program proposed by the Honourable Mr. De Bané is that it should apply to those areas in the Atlantic provinces and the Gaspé region of Quebec where the “neediest” people live. I have put in quotes the word “neediest”. I think that is important to both Senator Murray and me.

The Crosbie program was that it should apply to regions of disparity, meaning the Atlantic and the Gaspé, rather than be based on a definition of areas because they contained needy people.

Now, by way of parenthesis, honourable senators, in many cases I am simply repeating what Senator Murray has already stated, but I am making some different comparisons than the comparative analysis he made.

The second feature is as follows. The De Bané approach is that the program should be available to assist small entrepreneurs who can initiate their own economic development. The Crosbie approach was that the program should be avail-

[Senator Frith.]

able for, or aimed at, projects of \$2 million or more so that a larger economic impact could be created.

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I will now deal with the third feature under comparative policy angles. The De Bané approach is that the program should be available to all manufacturing and processing firms in order to provide maximum potential for development. The Crosbie approach—again with a view to creating what was conceived to be a larger economic impact—was that it should be selective so it would only be available to assist significant economic projects.

I will pause at this point. I am not making any invidious comparisons. For, once starting with the policy objective of making what we might call more of a mega impact, it seems to me the Crosbie program was perfectly consistent. The difference, as we have seen and will see—continuing with the parallax analogy—is in definition of the policy angle.

Dealing with the fourth feature, under De Bané the amount of incentive is to be as generous as possible to maximize inducement to entrepreneurs. Under the Crosbie program the tax allowance or tax credit was anticipated, and the tax allowance would have resulted in lesser inducement to firms and possibly lower cost to government than that now provided by the Special Investment Tax Credit Program.

The fifth and last feature under this heading is that under the De Bané proposal the program should apply to the establishment, expansion and modernization of all manufacturing and processing facilities. Again, and, I say, consistently, because of its policy beginnings or policy take-off point, the Crosbie program should apply to new facilities only and in selected primary and tertiary industries with a view to encouraging new projects in the region with, again, significant economic impact.

As I analyzed and understood Senator Murray’s speech, I believe he pointed out—and I will simply expand on parts of it—that there was a change, to some extent, between the program advanced to Mr. MacEachen for inclusion in the budget and what actually appeared in the budget.

**Hon. Lowell Murray:** If I may interject, the change was between the concept as announced in the budget and a series of subsequent announcements by the Minister of Regional Economic Expansion.

**Senator Frith:** Let me pursue that theme from my point of view. The program advanced to Mr. MacEachen for possible inclusion in the budget, according to my research, was, first, that about 7 per cent of the “needy” population of the Atlantic and the Gaspé would be covered, based on unemployment—not family unemployment—and per capita income data. Second, there would be no minimum or maximum size for project eligibility. Third, eligibility for incentive would be a matter of right rather than discretion exercised via the tax contract proposed by Mr. Crosbie. Fourth, the incentive would take the form of a tax credit—as opposed to a tax allowance—and could be up to a nominal—that is, in name at least—100 per cent of the cost of the investment, recognizing that the real