

if something is done in the private sector, such as putting chrome on an automobile in a factory in Oshawa or one of the Ontario cities where automobiles are built, that is a very productive thing. But if someone cleans up a public park while working for a government department, then that is an unproductive thing. It seems to me that this type of argument gets us nowhere. I think the basic criticism of government expenditures that must be made continually, and I will be making it again today, is the inefficiency that so often accompanies them and the lack of concern with the quality of government expenditures.

There is a great deal of waste and poor productivity in the public sector which, not having the type of criteria that have to be met in the private sector, often runs into useless waste. But that doesn't mean that the private sector growth can produce full employment. Government waste is visible and is an easy mark for anyone to criticize. This is extremely important, because the growth of the government sector associated with the growth of services rather than tangible things is the essential structural component of a changed economy which is often called a post-industrial economy. That means more and more people are working in services producing non-things, rather than things, and when proportionately more are working for some levels of government, then it becomes one of the important concerns of government that it manage and administer these expenditures and services in the best way possible.

I repeat, Mr. Speaker, that it seems to me this is where the emphasis should be put when talking about government expenditures. I do not refer only to things like Mirabel, and so on, but rather to the lack of co-ordination between the federal and provincial governments when expenditures are to be made to correct regional disparity and situations like that. I will try to show that the failure to do this, while it goes on and is accepted, has enormous implications for people and gets the government in a bind whereby certain problems almost become intractable either at the national or regional level because of this type of waste and inefficiency in government expenditures.

There is an enormous waste in some expenditures. I think it is due in large part to the lack of national planning procedures and regional planning mechanisms. For example, in the Atlantic provinces. It is also due to the inability of some to understand the essential nature of a profit-motivated economy and even by some of the important policy-makers for the government and some of the government spokesmen. I refer for example, to the Prime Minister (Mr. Trudeau) who was talking very freely in a professorial attitude which I understand well when one is speaking before students, but he was talking to Carol Taylor, and whoever else was interviewing him, at the end of last year on CTV. He said that the free market will not be able to do the job. I do not find that difficult to accept, because if you talk about full employment I think the whole history of the post-war period shows that is true. He framed the reaction in a certain way. He used the expression, "he spooked the country out". Then when we see the actual policies that he uses as Prime Minister, they con-

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tradict the philosophy which he seemed to hold. He shows an inconsistency as a leader at a time when the country is calling for leadership because of the complex converging problems which partially, of course, are of our own concern although a great deal of them have to do with our interdependency on the international scene.

I see him failing very badly, because after getting all that flak he then appeared before the Empire Club, or some such place here, and made the traditional plea that the Minister of Industry, Trade and Commerce makes from time to time to the effect that the socially conscious business corporations and others companies should put some industries in the slow-growth and low-income areas. That shows, for example, that the Prime Minister does not understand the part of the economy which depends upon profit-motivation and maximization of profits motivation in most cases.

That is part of the difficulty when we are dealing with the Atlantic region and other areas of Canada and want to get large, multinational corporations or other firms to go down there by giving them incentives to locate. The reason private enterprise left or leaves the Atlantic region or the Gaspé or northern Ontario was and is that they could not maximize their profit. In other words, the rate of return was not sufficient for them to stay there when they could do better elsewhere. The operation of a policy of regional development centered on that basis to me seems to be totally unrealistic. If a firm goes to a given area, it does so because of the criterion of profit maximization. In that case it will go there usually in any event, whether or not there is an incentive. That is the nature of the market system where the goal is competition and the goal is the best profit. It is the exception to the rule for these incentives to make a difference in locational decisions.

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Thus it becomes a form of welfare for many of them. Private firms coming into these areas will usually not succeed. They will eventually go belly-up; and the morale of the people is supposed to be built up by this type of thing. That, incidentally, is a prime reason to decentralize government bureaucracies. That is a waste of government expenditures which should never have taken place in giving grants, loans in a give-away program. There are many reasons for this, but one of the main reasons in the area I know best, the Atlantic region, is that there has been a failure to have a planning mechanism which would take into account the needs, resources etc. of the whole area. The Prime Minister is being unrealistic when he expects large, private corporations, or even medium-sized ones to go into those areas with incentives when they can clearly see that it would not be profitable to do so or as profitable as staying where they are and enlarging the plant. That is part of the market system we operate under. So unless areas like my area and regions like Gaspé, northern New Brunswick, northern Ontario and places like The Pas in Manitoba can build their base around a natural resource base, with any attempt to artificially, in terms of our market system, put industries in, there is bound to be an enormous waste of expenditures over the years.