

### Supply

steadily slashed its subventions to the Atlantic region in the line departments, for example, transportation and health. The Minister will have to reconcile his claim with the elimination of the revenue guarantee component in established programs financing in 1982, that elimination having cost the Atlantic provinces about \$90 million per year in revenues they otherwise would have received.

Also he will have to reconcile his claim with the fact that the application of six and five to the post-secondary educational component of established programs financing in 1983-84 and in 1984-85 will cost the Atlantic provinces a further \$30 million.

Will the Minister rise and admit to Parliament, and through Parliament to the people of Atlantic Canada, that while the Government has made expenditures on such projects as the relocation of the Department of Veterans Affairs and while it has made subventions to such projects as the Atlantic Regional Veterinary College, it has been a consistent pattern of giving with one hand and taking with the other?

● (1200)

**Mr. Johnston:** Mr. Speaker, I do not accept that at all. The fundamental regional support, of course, is through the transfers under the Fiscal Arrangements Act, which we did not even get into today. We have been talking about the regional fund. That fund, of course, is administered by the economic and regional development committee. We are talking about commitments under that fund.

The Hon. Member talked about the percentage of the budget today as opposed to 1971, or whenever the period was. He may be right; I do not have that number in front of me. But so what? Let us look at what debt service was in 1971. That is now part of our budget. I recall from the 1984-85 Main Estimates that of something like \$98 billion, \$20 billion is now going out on debt service. Clearly there has been a diminishment in all areas relevant to the total Government budget. Playing with figures in this manner does not accomplish anything. The question is whether there has been an increasing commitment to regional development both through a structural change and funding over the years, or there has not.

I suggest to the Hon. Member that the evidence is clear. It is readily apparent from the numbers which I have with respect to the regional fund that funding is being maintained at historical levels from the regional fund without even talking about the other initiatives in the line departments.

He mentioned the cutting of subsidies, as he referred to them. What about the multitude of programs of government that affect Atlantic Canada as they affect other regions? What about the Atlantic fishery? Should we talk about that in terms of how much money is going into regional development to restructure the fishery? Implementing the Kirby report, \$198 million. I have not talked about that this morning. Let us not get into a battle of numbers of that kind.

**Mr. Crosbie:** Mr. Speaker, the Minister is certainly using specious reasoning. He does not want to accept the fact that the percentage of the budget spent on overcoming regional development has gone down shockingly to 0.6 per cent. Let me point out to the Minister that in 1979-80, for example, the Government spent \$76.2 million in Newfoundland under the heading of DREE and regional economic development expenditures. That is the most that was spent in Newfoundland in any year since the program began.

The next year it went down to \$46.5 million, the year after down to \$36.8 million. In 1983-84, last year, the Government spent only \$31.4 million, despite the intervening inflation. This year the estimate is that it will spend \$28 million, about one-third of what was spent in 1979-80. That has nothing to do with the debt. This is total dollars. We have had inflation in the meantime. To spend the same this year that we spent in 1979-80, taking inflation into account, the Government would need to spend about \$142 million.

Can the Minister explain this fantastic decrease in spending in Newfoundland, which is the province that suffers most from regional inequality? While doing that, can he also explain the failure to pay attention to the Everett Senate Committee, 21 Senators who last year presented a study on Government policy on regional development? They asked the Government to reconsider the decision to abandon the general development agreements. They recommended against eliminating the Department of Regional Economic Expansion. They said that the thrust of the federal Government was to get more profile for itself and that that was counter-productive. They asked who will champion the cause of the least developed provinces in Canada once DREE has gone. They said they were apprehensive. They said that the termination of the general development agreements was a serious mistake, that the Government's reorganization, while paying lip service to regional disparity, will be focused on the main chance megaprojects.

They had all these criticisms, all of which have been borne out in the case of Newfoundland and the Atlantic region. What is the Minister's comment on those two matters, the fantastic decrease in spending in Newfoundland and ignoring the Senate report?

**Mr. Johnston:** Mr. Speaker, starting with the Senate report, I have not ignored that report. In fact, I went into the Senate and, as I recall, discussed the report before the committee. If one looks at the report, it is clear that there was a misunderstanding of the Government reorganization. There was not an understanding of the role of the economic development coordinators, which I explained this morning. There was no wide appreciation of the development of economic development perspectives and the economic and regional development agreements that flowed from those perspectives.

I am not suggesting the Senate committee did it intentionally at all, but I do suggest that if it was to redraft that report today, the conclusions would be considerably different if it takes into account the testimony or the answers which I have given before committees of the House and Senate.