

*Income Tax Act*

rise to defend their policies, their government and this piece of legislation.

The hon. member for Northumberland made a very comprehensive speech on this subject. It was the result of a great deal of research and study, I am sure. However, it was very philosophical in its outlook and was very theoretical. In my humble opinion, it lacked the practical touch.

In so far as the criterion being used in connection with these designated areas is concerned, the fact that the six summer months have been chosen as a basis is absolutely wrong in principle. Tonight the hon. member for Port Arthur gave reasons why these summer months are not practical for his area. The hon. member for Jasper-Edson gave us very good reasons why this criterion was not suitable for western Canada. The fact that the summer months were chosen would make a real difference in the riding of the hon. member for Niagara Falls. I am sure she would like to see some industries in her riding. However, her area would not be designated, because during the summer months there is a great influx of tourists with the resultant high employment. Her riding, therefore, would be ruled out. The same situation would apply to summer resort areas which have high employment during the summer months. They would not be able to qualify under his criterion.

Brantford, Ontario, qualified for designation because it is primarily an agricultural implement manufacturing city. This industry is busy during the winter and early spring in order to provide farm machinery for summer use. They lay off their men in the summer and therefore this area qualified under this criterion. At least, this is one of the reasons for its qualification. I say, therefore, that if we are going to use unemployment figures, the only fair way to do it is to take the 12 months rather than take the six months in summer or six months in the winter.

The minister has told us in his press release that this method of designation will be reviewed at the end of the year. I suggest, Mr. Chairman, that this is too long a period. I feel this method should be reviewed in a shorter period of time, possibly four months or at the most six months. A year is a long time when you consider that one area could be given incentives which an area close by would not receive.

I was interested to note that the hon. member for Renfrew South has been experiencing the same problems as the hon. member for Wellington South. He intimated tonight that the criterion was wrong. He begged of his own minister to review the situation in his area. Pembroke has been designated as a

depressed area while Renfrew has not been designated. The same situation exists as between Guelph and Brantford, which are only some 40 miles apart.

I come back to the fact that the criterion is wrong in principle. It needs to be corrected, and it needs to be corrected right away because there is a serious situation in many parts of the country. I feel that this is the reason Liberal members have not risen in their places and spoken in defence of this provision relating to designated areas in this legislation.

There is another factor which should be considered in connection with this criterion. I refer to the mileage factor. I feel that a distance of about 100 miles should separate these areas and that this would overcome many of the problems. When you designate one part of a highly industrialized area and do not designate another part which is separated by only 30 miles, you are bound to have trouble. This has been the experience in southwestern Ontario. It is conceivable that you can give an industry pie in the sky; you can give an industry everything it wants, but there are certain fundamental things required in order to start a business. For example, if Canada Dry wanted to start a factory in my community we could give them free land, railway sidings and tax concessions, but they still would not come into that area unless the water was of the particular type they wanted for manufacturing their product. I say, therefore, these incentives can only go so far, because an industry that wishes to locate in any particular area considers many other things than the incentives this government is going to offer.

These industries even go so far as to hire a firm of consultants. They say to the consultants: We want to locate in Canada; we will leave it to you to pick out the best location you can find for us, bearing in mind the closeness to the raw product, closeness to our market and our labour supply, as well as other items. This principle of incentives, therefore, does not work as well as the government thought it would.

The minister has said that he realized the formula was not perfect when he advanced it. I remind him that it is dangerous to jump in and do these things without giving thought to them. Often the results to the communities are costly. The result to my community has been costly because we have lost a very good industry. I am sure there are other parts of Canada that have had a similar experience. These are the remarks I intended to make in respect of the designated area section of the bill.

In so far as the withholding tax provision is concerned, I do not know of any piece of