

both governments would like to follow since this department has been established, but the fact is that while large grants of money have been directed, pumped in and sent under transfer payments to areas of regional economic disparity to help living standards and the rate of personal income, the actual reality is that in terms of changes in basic economic structures there has not been that change in the five provinces most affected by DREE, namely Quebec, the three Atlantic provinces and Manitoba.

Speaking of Atlantic Canada, there has not been that fundamental shift in the economic structure even with the massive inputs from transfer payments and other types of payments from the federal treasury. This is the reason why the whole subject matter of DREE policy should be debated either in this House or before the responsible committee. I suggest that to eliminate any conflict of interest that any member could have and yet still allow him to have input, now that we are ten years down the road from the inception and development of DREE, serious consideration should be given, even before the new bill is brought in, to opening up a forum to assess the whole philosophy of DREE in terms of the ten years' experience we have had. Therefore, there could be more solid guidelines formulated to point to the future in a new comprehensive bill.

DREE got under way in the budget of 1970-71. It is so easy to shove everything off into studies, commissions and inquiries. Sometimes large amounts of money have been spent to help parts of the country that feel aggrieved at not sharing some of the economic benefits that natural resources and history are presently helping them enjoy. Hopefully the minister will read my suggestion in *Hansard* or his officials will tell him that something sensible has been said in this debate, assuming any remarks are sensible.

Perhaps it is ironic or paradoxical that since we have had DREE and moneys have been going into DREE policy, other parts of the country—primarily the west because of energy and natural resources which are more accessible to the large markets of the United States—have been booming while we in the east have been going through a static period. We have not had any real growth in terms of the rest of the country, although obviously there has been growth there. Along with the oil problem and the loss of some of our markets because firms are moving out of the northeastern United States, some of our resource-based industries, be they textiles, pulp and paper, or even a shoe industry in Quebec, are all going through extra stress and strain. This stress and strain is not just a result of conditions in Canada but is created by the international trading picture and trading blocks that have been formed. As I say, in one sense it is a juxtaposition to natural growth. No one is taking away the natural growth in the west, but there are natural ingredients that are making the west grow. In the east, almost at the Ottawa River line, which was the gas policy line, there are problems within Atlantic Canada and eastern Canada that accentuate the need for a vibrant DREE policy to help that area rather than just making transfer payments.

Regional Development Incentives Act

I am going to cite a few figures in terms of transfer of payments which are rather horrendous, even with DREE, which, while it has helped maintain the standard of living, has not been the great incentive for new and vibrant economic growth. Some of us will remember the then premier of British Columbia, Mr. Bennett, who at one federal-provincial conference made the proposal that while we might have the best intentions to help those in Atlantic Canada with the administrative structure under DREE and other types of payments, hand-outs and/or transfer payments, perhaps the best way would be to have a more direct payment to everyone, either in the country or in Atlantic Canada. I do not want this to be misconstrued as an unnecessary suggestion of direct payment under some income level, a negative income tax or even an income incentive program. But there is no doubt that in a lot of the transfer payments to Atlantic Canada the dollar is eaten up in administration and bureaucracy. The actual productive dollar that gets down into the plant is actually even less than some of the figures show. I am going to quote some startling figures which show that while the budget in dollars may be going up, from \$330 million in 1970-71 to over \$500 million in 1979-80, in real terms, because of the inflation factor, the amount spent has actually gone down in Atlantic Canada.

I would like to refer directly to an interesting speech given by Judith Maxwell of the C. D. Howe Research Institute. This is printed in booklet form, dated April, 1978. Her speech was given before the Canadian Club in Toronto in April, 1978. She points out some interesting things in terms of development and refers specifically to Atlantic Canada. At page 4 of her speech she says this:

Basically, the four Atlantic provinces have become government dependencies. In 1974, about 86 per cent of economic activity (total final expenditure) in the Atlantic region flowed through the government sector. The comparable figure for Ontario was 41 per cent. This is the broadest measure of government activity, since it includes family allowances, unemployment insurance, and interest payments on the public debt as well as government investment activity.

That is a pretty horrendous figure. I venture to suggest that the situation has not changed that much fundamentally or substantively in 1980, but in 1974, 86 per cent of economic activity—that is the total final expenditure in the Atlantic region—flowed through the government sector, compared to 41 per cent in Ontario.

Another interesting statistic which I was aware of, though I was not sure of the percentage, is this. Judith Maxwell says this:

Another critical indication of the economic health of the Atlantic region is that net imports (that is, total exports minus total imports) accounted for 43 per cent of provincial product in 1974. The Atlantic provinces were therefore spending 43 per cent more than they earned and were creating a market for far more goods and services than they could produce locally.

Not only do we have this massive inflow of government payments under all its headings—family allowances, unemployment insurance pay-outs, transfer payments, post-secondary education and DREE—to the tune of 86 per cent, but in the Atlantic area itself we are bringing in more goods and thus shipping out money and importing 43 per cent, most of which we could produce ourselves with proper help. This is why DREE is so fundamental. When you look at DREE, this is