

*Supply—Industry*

the problems existing in the maritime provinces and the Atlantic region. I think he is quite correct when he says that there does not seem to be any real understanding of what is required in terms of industrial development for the maritimes. That applies not only to the maritimes but to almost every province of Canada.

I should like to quote briefly from the third annual report of the Manitoba economic consultative board which raises this same problem. On page 5 they say:

We note also the exclusion of Winnipeg and its adjacent area from the industrial development incentives provided by the federal area development agency. This, we believe, is inconsistent with sound regional development strategy since Winnipeg and surrounding area account for most of the industrial employment in the province.

The province of Quebec has made representations in this regard. I should like to refer to one report not mentioned by the hon. member for Halifax which was prepared for the Atlantic provinces research board by Professor Wilson of the University of Glasgow. This report bears out many of the arguments raised by the hon. member.

There is this schizophrenic attitude within the department. It cannot make up its mind whether it is more interested in productivity or charity, or perhaps political porkbarrelling. I do not wish to be unkind and perhaps the use of such an expression is a little on the harsh side, but when one looks at the situation it frequently has that appearance.

There can really be no economic justification in a country like Canada for scattering industry helter-skelter regardless of any analysis of whether it has any basis for economic or long-range existence. I realize that we are trying to correct unemployment but I suggest this is not the way to go about it. What we are doing is saddling municipalities with short-range palliatives they will live to regret because they will have to build up their services to look after industries which cannot survive and will eventually go under.

The Department of Industry in some cases is encouraging industries to move into districts where they have no business being. On the other hand, you have areas of development and potential growth such as Halifax and Dartmouth which present opportunities for development. After all, if you take a look at industry you will find there are other things besides tax incentives which interest them. An industry that understands its problems does not move just because someone gives it a little hand-out. Very frequently

[Mr. Saltzman.]

that is all we have done. We have rewarded them for doing something they were probably prepared to do in any event.

I suggest that the proper approach is one of economic feasibility and that when the department undertakes to determine which areas should be designated and which should not the criteria of unemployment and income are really not the proper criteria at all. The proper criteria should be economic potential and long-term survival.

There are some very good measures we could implement to help chronic unemployment areas rather than continue to do what we are now doing. I think it is a cruel hoax in most cases to move new industry into areas in which they do not belong and cannot survive because they have no reason for belonging there in the first place. If these industries remain in these areas they have to be subsidized. Neither of these choices is good, from the point of view of a philosophy based on productivity and making Canada strong economically.

• (1:20 p.m.)

I should like to raise another matter. I have not spoken for very long on the question of designated areas. It is apparent that the committee is in a mood to conclude its consideration of these estimates as quickly as possible and I am prepared to accept such an approach at this time. I should like to consider now the way in which industry in Canada can be helped.

The department is organized according to trades. I have spoken to the heads of various branches within the department and by and large I have been very impressed by the calibre of those in its employ. However, I find they do not have the authority to help industry to any great extent. Their powers are severely limited. It is only natural that in any government organization there will be conflicts, for example, between the Department of Industry which is seeking expansion and the Department of Finance which is trying to apply a tight money policy. Perhaps the excise branch agrees with neither. There are bound to be conflicts.

A businessman goes to the Department of Industry with the assumption that the department will do its best to help him. Frequently the head of a particular grouping in the department will tell him: I will do everything I can but my authority in certain