

bureaucrats and technocrats in Ottawa and all across this country. These so-called experts, well meaning though they are, fail to take full advantage of the expertise in the provinces, municipalities and regional agencies of this country. We believe that it is appropriate, and indeed necessary, for each region to develop its own view of its own potential. This view would, of course, be based upon the economic capabilities of the region and the kind of life that the citizens of the region wish to live. We believe that present government policy fails to take these factors into account. What is good for Montreal or southeastern Ontario is not necessarily good for Cape Breton Island or Newfoundland.

Some hon. Members: Hear, hear.

Mr. McGrath: Second, the keynote of any development strategy should include, in our view, a uniform approach to the problems of education, health and housing facilities, which should be standard for all Canadians and should be a right of citizenship in this country. Each region has a responsibility to its citizens to ensure that they have adequate health and housing facilities. These facilities must be made available in all areas and in all regions.

Third, Mr. Speaker, we believe that regional economic development is based upon regional potential and not a region's imperfect ability to copy the economic potential of another region. We believe this area is one of the main weaknesses of the government's approach to regional development in this country. This government has embarked upon a national policy of development through industrialization. The government has attempted to assist industries to locate in designated areas or slow-growth centres and by doing that it has ignored three fundamental facts.

First, it has ignored the fact that the location of industries under the area industrial incentives Act, or under this program, is at the initiative of the industry and not of the government. Neither the federal government nor any other government exercises any of this initiative. The initiative is placed solely in the hands of industry. Industry may locate in any of the designated regions of the country. As a matter of fact, industry now has the whole country from which to choose. Consequently, the disadvantaged regions lying at the geographic extremes of the country—areas such as the Atlantic provinces, certain parts of the north and northern Ontario—do not stand a chance. They just cannot compete, and there is no way in which they can compete.

Second, all such industrialization is bilateral between the industry and the federal government. In other words, the province does not, of necessity, come into the picture. The federal government makes the move by providing the incentive, and it can only hope that the industry in question will establish itself in any particular designated area. As I have said, an industry has practically all Canada from which to choose. This state of affairs is a basic failure of the program. This fact becomes self evident when anyone gives close scrutiny to the program that is contemplated by this measure.

Regional Development Incentives Act

Third, Sir, the type of industry that may be encouraged by virtue of the grant may not be the type of industry that can be properly sustained in the area in which it locates. For example, there is no point in building an automobile plant in northern Newfoundland. It would be too far away from major markets. Transportation difficulties are inherent in such locations. Yet this factor has all too often been ignored because the government does not possess the initiative; the initiative is in the hands of industry to locate where it will. The program should take into account the recreation or resource development of the area. This should be a guiding factor in the government's program. Hence, we get an expansion of the regional approach to this question instead of a national blanket approach such as the government proceeds to follow by trial and error.

• (4:10 p.m.)

We believe that provincial and local governments must participate in the planning of development strategy. Thus far, they have been largely ignored. We firmly believe that one federal strategy for development is neither possible nor desirable, with five unique economic regions. A multiple strategy is necessary. Accordingly, we must examine the intent of this area incentives legislation and we must examine closely the record of the act to date.

Fourth, regional development strategy in our view should harmonize with national economic management. The government has embarked on a nationwide campaign to control inflation. We all know the consequences of this campaign. By the use of its fiscal and monetary levers, the government forced the have-not provinces to pay a price altogether out of proportion to the contribution they made to the inflationary spiral in the first place. Consequently, there is disproportionately high unemployment in the areas which contributed least to inflation. This is why there is an anticipated unemployment figure in the Atlantic provinces of 14 per cent this winter. God knows how high it will go. It will certainly exceed that amount. In my own province of Newfoundland, it will probably reach 18 per cent or even 20 per cent. It is the have-not provinces which pay the piper for the tune this government calls in trying to fight inflation. I am of the opinion that the government has failed to take this into account when determining its monetary and fiscal policy. It has failed to harmonize these efforts with its regional development program.

To sum up, we believe the designated area concepts have been too generally applied. The result is that the disadvantaged regions of Canada receive no help, or very little help, in attracting industry. No one will quarrel with the designation of southeastern Ontario; no one will quarrel with the designation of the City of Montreal and the City of Hull. God knows, these cities need help. We know how alarmingly high unemployment has become in the City of Montreal, and we know something has to be done about it. Perhaps the government should have given consideration to making these places special areas instead of designated areas so that there could have been a more concentrated and dramatic approach to the problem. I