

At a time like this we should look at some of the successes and failures of DREE. I want to go back to 1968 when I was first elected to serve here. I think that since then, 12 years ago, we have seen possibly two major economic innovations by the government which sits across the way. One of them was PetroCan, the establishment of a publicly-owned oil company. The second structural innovation was the establishment of the Department of Regional Economic Expansion, which was established to alleviate some of the inequities in this country. I believe that to be very important.

Like other members in this House, I am very concerned about the future of Canada, about the constitutional talks that are now taking place and about future economic and social development plans. One thing that is imperative is that all regions of this country feel equal, that they have equal opportunities to develop and that one region will not be favoured over another. I think there should be co-operation among all the regions and that the basic philosophy of equality be supreme. In my opinion, this department can go a long way in trying to meet some of those objectives that we have as Canadians.

The particular act that we are talking about today, the Regional Development Incentives Act, is really the program that hands out forms of grants and loans and guarantees to business and to industry which is willing to establish, to expand or modernize facilities in certain designated regions of the country.

Let us take a look at that. The Department of Regional Economic Expansion was created some 11 years ago. Since its inception, the proportion of the national budget allocated to DREE has declined from 2.1 per cent in 1970-71 to 1.1 per cent in 1977-78. This is a drop of 52 per cent in the national budget in that seven-year period. The proportion of the department's budget in Atlantic Canada, the region that needs more assistance than any other, has dropped by 42 per cent in that same period of time. Not only has the budget gone down by 52 per cent over seven years, but with what little money is available, the amount in the Atlantic provinces has dropped by 42 per cent.

● (1240)

No wonder the minister got up in this House and did something I have never seen in my 12 years in Parliament. He made a public plea to the Prime Minister (Mr. Trudeau), to Treasury Board and to other ministers of the cabinet to provide more money for his department because it does not have the funds it needs in order to alleviate some of the regional inequities that are so apparent today.

I want to look at some of those regional inequities. In many areas they have increased rather than lessened in the past ten years.

[*Translation*]

For instance, from 1968 to 1978, the four Atlantic provinces, which represent 10 per cent of the total Canadian population, benefited from only 6.1 per cent of new invest-

Regional Development Incentives Act

ments in the country, and only 6.6 per cent of all new jobs. The rate of unemployment in the four Atlantic provinces is 37.5 per cent higher than the average rate for Canada. The same goes for the province of Quebec. Quebecers represent 27 per cent of the Canadian population but, between 1968 and 1978, they got only 18.1 per cent of all new jobs in Canada and only 22 per cent of new investments. In Quebec, the unemployment rate is much higher than the average Canadian rate. The rate in Quebec is 34.4 per cent higher than the average for Canada.

[*English*]

As can be seen from some of those figures, there is still a tremendous amount of inequity in this country. In the last ten years, for example, the unemployment rate in Canada has increased by 72 per cent. However, in the Atlantic provinces it went up by 161 per cent. The cost of electricity in Nova Scotia is 50 per cent higher than the Canadian average. All of this has occurred despite the fact that we have a department that is supposed to be lessening the inequities between one region and another. Therefore, when looking at an act of this sort we have to question whether it and the department are doing all that can be done or whether there are some other tools we can use to lessen regional grievances in this country.

Statistics released by DREE at the standing committee this week showed that large DREE expenditures are creating proportionally fewer jobs than small expenditures. The hon. member from Nova Scotia who spoke for the Conservatives questioned the wisdom of some of the grants given to large corporations. I want to reinforce that assertion and the fear and concern that he has.

Projects with the largest approved capital costs create only marginally more jobs than those with the smallest approved capital costs. In 1978-79, 4,680 direct jobs were created with an expenditure of \$21.5 million on the smallest approved capital cost projects. During the same period, 4,690 direct jobs were created with an expenditure of \$72.3 million in the largest approved capital cost group. Therefore, only 10 more jobs were created by the larger companies despite the fact they received an extra \$50.8 million.

This is the figure we should look at. This is the reason I do not want the act extended for another five years. My impression is that what is happening is not right. It is not creating enough jobs in the areas it should. When you spend three and a half times more money to create only ten more jobs, something is wrong.

There are a number of other items which should be looked at. When you see statistics like that, you wonder whether the Regional Development Incentives Act and the program that gives grants, and so on, to companies to establish in a certain area is in many ways a glorified Santa Claus handing out gifts and financial rewards to companies to locate in a particular area. It hands out a lot of carrots. Maybe it is the carrot act. Once the incentives are gone, the company is not going to expand. Perhaps the company will withdraw, move its plant elsewhere and expand because it is more profitable.