

Canada Development Corporation

some time now we have had a regional development program in Canada which the government has been touting as its great weapon in the attempt to promote some greater degree of equity in terms of economic wealth and power as between one region and another in Canada. The federal government has been spending a great deal of money on this program. It was revealed last fall in the House that some three quarters of a billion dollars, I believe, had been spent by the federal government over a period of years through a number of programs involving incentive grants and assistance to private industry, in an attempt to bolster the economy of the various regions of Canada. Of course, there have been numerous problems in administering these programs effectively and in ensuring that they would reach the objectives set out for them.

The federal government has, over the last couple of years, introduced its latest regional development program. The government claimed, actually, that they had looked at some of the mistakes made in some of the earlier programs that had been introduced. A great deal of money is being spent on the program now. I notice, for example, that the program of the Department of Regional Economic Expansion for the year 1971-72 will involve something over \$400 million. Another \$37 million, or \$40 million, is to be voted to the Cape Breton Development Corporation. Some of these expenditures are very worthwhile and I think that they can be justified, Mr. Speaker. Nevertheless, this is a very large program. I think it might also be noted that a large amount of this program consists of incentive grants to private industry and to private entrepreneurs.

I am interested to note that even some of the Liberal backbenchers are becoming concerned about this matter. It was with a great deal of interest that I noted a report in the *Edmonton Journal* of February 19, concerning the hon. member for Edmonton-Strathcona (Mr. Harries). The report reads in part:

The federal government should stop immediately its industrial incentive grant program except in very special areas, says Liberal MP Hu Harries.

Mr. Orlikow: The hon. member for Edmonton-Strathcona is not in the chamber.

Mr. Burton: The report went on to state that the grants should be available only to areas where there is "clearly a technological opportunity accompanied by a high and continuing rate of unemployment." As well, the hon. member is reported to have said that the current incentive program is turning out to be the same as the last federal incentive program which, when completed, was "roundly criticized". Then, the hon. member went on to say this:

The incentive grant represented 'a windfall profit to the shareholders' of Imperial Oil, which is more than 70 per cent owned by Standard Oil of New Jersey,—

That is what a Liberal member is reported to have said. I commend the hon. member for his frankness and honesty in expressing his doubts about this program, the manner in which it is being operated and its effectiveness. We need to examine the inadequacies of the program of the Department of Regional Economic Expansion.

[Mr. Burton.]

• (2:40 p.m.)

On another occasion, I outlined what I considered to be some of the weaknesses of the government's program; that is the give-away nature of the grants and the subsidization, of industry. As the hon. member for Edmonton-Strathcona stated, in many cases the decision to give an incentive grant did not change the basic decision about whether to set up an industry. In fact, in many cases the decision had already been made. It is difficult to define in any precise way, but I think many people suspect that many of the grants were given to firms which, in fact, intended to go ahead with the project in any case and the provision of an incentive grant did not affect that basic decision. I am not suggesting that there is not a need for a great deal of expenditure on a regional development program to remove the regional disparities in Canada. I think it is recognized in all parts of the House that there is a very great need.

We need a recasting and redirection of the regional development program in order to ensure that the public interest is met. Here again, we run into conflict with the manner in which the government regards the profit motive. They consider that the profit motive is still the prime thing to take into account. However, there are many cases today where investments are justified in terms of the services provided, facilities established, products provided at a reasonable cost and where the profit consideration should not be the prime consideration.

The relevance of what I have been saying concerning the need for a recasting of the regional development program is that we have a golden opportunity through the Canada Development Corporation to provide the necessary redirection for the program. In fact, if the Canada Development Corporation were constituted as a Crown or public corporation, it could be made the instrument through which a large part of economic development program in various regions could be carried out.

There are other programs that still need to be carried on in terms of developing the infrastructure of many communities and areas of Canada which are not directly related to the establishment of new facilities for the production of goods or services. Nevertheless, I think the Canada Development Corporation, if properly constituted as a Crown corporation, could in fact do the job that all would like to see done, namely ensuring that we have a sound regional development program which will remove regional disparities in Canada, result in a greater degree of equity of wealth and economic power in the various regions of Canada and provide a better balance for the Canadian nation. I suggest that this could be much more adequately accomplished through a Crown or public corporation whose primary concern would be the public interest rather than the profit motive.

As the hon. member for Waterloo (Mr. Saltsman) and others in this party have pointed out, there will be occasions when it will be desirable for the Canada Development Corporation, as a Crown corporation, to work in concert with private or public concerns. They would establish an undertaking, concern or operation which