

ter and Mr. Gagnon, surely there must be some questions asked. I have been asking those questions. I have been asking why the gentleman who heads one of the most sensitive agencies in the government, at a salary of \$40,000 a year, should be a gentleman with a very interesting background closely associated with communist activities.

I hear dissent from the other side, expressed somewhat unusually, but if the hon. member who is listening has examined the information that I have examined, and will make available to him in my office if he cares to come up, he will find that this gentleman has appeared on the same platform as Fred Rose, who was very famous during the days of the Gouzenko inquiry, and was a famous contributor to *La Victoire*, the communist organ in Quebec.

And he will find that his wife was a representative to Hungary at a meeting of the International Journalists, which is a recognized international communist organization. I ask him to compare those and other facts, which I can disclose to him and to all hon. members, with the recommendations contained in the report of the Royal Commission on Security. He would find that under no circumstances would this man be given a clearance to hold any office in the Government of Canada. That is the position that should be adopted by the government today. Here is a man with this background who has been injected into the government service in one of the most sensitive areas into which he could possibly be injected.

● (5:10 p.m.)

When we on this side of the House ask the Prime Minister whether he has given this gentleman a security clearance, the Prime Minister dodges and weaves and never gives a direct answer. He would like members to believe it is the Royal Canadian Mounted Police which gives such a security clearance. This is not the case. The RCMP only prepares reports on which the decisions of the government are made, and in this case only one man had the responsibility for giving a security clearance to the head of Information Canada and that was the Prime Minister. He has yet to say he has given it.

**The Acting Speaker (Mr. Richard):** Order, please. I wish to explain the hon. member that his time has expired.

**Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion):** Mr. Speaker, I should like to address myself to what I consider to be a shamefully misleading part of the motion presented to the House this afternoon. I refer to the misleading portion which states that regional disparities have been accentuated and that there has been a failure in regional development. I should like to make some comments in this area. I think that sits very badly in the resolution before us. When the Department of Regional Economic Expansion was created about two years ago, it was recognized in the department, in this Parliament and, I believe, by the people of Canada that it was undertaking a very difficult task indeed and that nowhere in Canada would the task be more difficult than in the Atlantic region.

#### *Alleged Failure to Improve Economy*

Disparities have existed in the Atlantic region for decades and in spite of previous programs such as fiscal transfers, tax incentives and various industrial grants under previous programs those disparities between the Atlantic region and the remainder of Canada have persisted. I think most of us are aware of the dimensions of these disparities. In the area of unemployment, the figure for the Maritimes is approximately three-quarters higher than the national average, 75 per cent higher or thereabouts, and per capita incomes persist at something like 30 per cent below the national average. These disparities have existed for perhaps a century. Just six months ago the Atlantic Provinces Economic Council published a 10 year review of the Atlantic economy. This appeared in a booklet called the Atlantic Economy. This review states that among the basic reasons for these persisting disparities is the seasonality of that economy—too much seasonal activity—and that this in turn is related to a far too great dependence on primary and resource activity and construction.

The review pointed to the need to facilitate basic structural changes in the Atlantic economy. Many members who have spoken today have totally ignored that point. They have spoken of more and more of the same in an orthodox approach while what is required is not more of the same but structural change which would bring a broadened base with more viable manufacturing industry and modern technology to that region so that it would have a more dynamic economic mix.

I should like to refer members of the House, who would care to read it, to this report of the Atlantic Provinces Economic Council. What has the department been doing with respect to that need to alter the basic structure of the Atlantic economy? I will come to that in a few moments, but first I wish to say a few words and quote a few statistics to prove that those who made these accusations concerning regional disparities did not do their homework. The fact is that the Atlantic region, if we choose it as an example, has been sheltered somewhat, through the operation of this department and its regional development programs from the impact of national unemployment and from the impact of national policies which are necessary for the good of the economy at this time.

Let us take the two months of January and February, since many members have quoted actual unemployment figures in their provinces in these months, and let us forget about seasonal adjustments. In those two months of 1971 the average unemployment in Canada has been 8.1 per cent. In the Atlantic region it has been 10.6 per cent. Everyone admits this is a serious disparity, but the mandate of this department is to try to reduce these disparities and, therefore, we should ask ourselves, instead of making irresponsible charges, whether these persisting disparities have been reduced through the program. Although this program is still only in its early stages, I think I can point to figures which suggest that these disparities have in fact been diminished. If we wish to make a comparison with a previous period of similar high national unemployment we might go back to January and February 1963, some seven years ago, when the