

of the not yet designated territory of south-western Quebec including Montreal and Hull as well as Stormont, Glengarry and Prescott counties in south-eastern Ontario.

The present incentives will not apply in the sector which lies within the main Canadian industrial zone; if the situation is considered on a long-term basis, no grants will be required. However, by resorting to special incentives we want to speed up the implementation of new projects and in doing so, to cope with the alarming unemployment conditions. This is why this new area will be entitled to the new grants set at 10 per cent of capital costs and at \$2,000 per job created.

Needless to say, this new guarantee system will apply in this area just as they do in the other designated areas.

[*English*]

Since the special incentive will be particularly helpful within the province of Quebec, it is important that I dispose of some inaccurate statements that have been made about the operations of the incentives program to date. There have been suggestions in some quarters that favouritism is already being shown to Quebec. I do not know whether the people who make these suggestions—these are probably the same people who say, "If you want to solve the problems in Quebec you should solve the economic problems there," and when we solve them then they say we have favoured Quebec—are incapable of doing arithmetic or whether they are trying to stir up antagonisms by deliberate misrepresentations. Certainly, one or other of those explanations must be correct, since the facts are quite contrary to the accusations.

Let me state the facts. From the beginning of the program to the end of November, we have committed \$91 million in offers which have been accepted by the companies concerned. Of this \$91 million, just over a third or \$32 million, is committed to industries in Quebec. Slightly more, \$34 million, is committed to industries in the four Atlantic provinces.

● (3:50 p.m.)

The purpose of the program is to increase employment. The latest figures, for October, show that there were then 34,000 unemployed people in the Atlantic provinces, and in Quebec the number of unemployed was 159,000. In other words, at present what we have committed in incentives in Quebec is almost exactly \$200 per unemployed person, and in the Atlantic provinces it is almost \$1,000 per unemployed person, five times as much. I may add that the same calculation for the prairies works out at \$250 per unemployed person, a little more than the figure for Quebec.

Of course, there is nothing final about these comparisons. They will fluctuate considerably from time to time, as major projects materialize in one region or another. Indeed, we have just had an offer accepted that will greatly increase the figure for the Prairies. Certainly, we expect to do much more for Quebec over the next few months. The reason is that, in relation to the severity of the unemployment problem, the program has as yet made a relatively small impact in Quebec. Anyone who claims

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that it is already biased in favour of Quebec is not telling the truth. What we are trying to do is to meet the needs as well as we can, wherever they are greatest. For a program so new, operating in the circumstances of a general slowdown in the economy, we have already had a fair measure of success. We are going to achieve much more success.

The two main proposals for this purpose are the loan guarantees and the special incentive. The bill before the House also proposes some minor and consequential amendments to the program. For example, the introduction of the special incentive makes it important to lengthen, from 12 months to 18 months, the time that companies will have to get a plant into production after a region ceases to be designated. This will simplify administration if it should prove desirable to change the boundaries of the regions.

Also, we propose to remove the absolute limit of \$12 million on the size of any development incentive. This only affects plants employing more than 400 people, because the limit of \$30,000 per job directly created in the plant will continue to apply. That, I would emphasize, is the absolute limit for developments with the most intensive use of capital. The incentives we are actually paying generally cost a great deal less. The projects under way to date will provide 15,949 permanent jobs. The average, for the offers accepted so far, is \$5,700 per job.

I emphasize that these 15,949 permanent jobs are simply the new jobs that will be created directly in the industries we are assisting. The figure does not include any credit for the existing jobs that will be preserved by modernization of plants. It is entirely new, direct employment. It does not include employment in constructing the new factories and equipment; it does not include the indirect employment that will arise as the plants come into production and buy materials and services, and it does not include all the extra jobs that there will be in the consumer industries when the workers in the new plants spend their wages.

The economists tell us that these indirect effects add up to about two additional jobs for each one created directly. In other words, the legislation that this House passed in the summer of last year has already set in motion the creation, in total, of about 48,000 jobs.

Mr. Danforth: Oh boy—that is in theory.

Mr. Marchand: I am the first to say that in the present state of our economy, that is far from enough.

Mr. Gilbert: Right.

Mr. Marchand (Langelier): I found that out before you did. It is a good start. But we have to continue. We have to continue on a bigger scale. That is the reason for this amending legislation. I hope and believe that it will have the support of all hon. members of this House.

[*Translation*]

Mr. Speaker, the launching of the new development incentives program in summer 1969 meant a considerable