

We know that foreign capital is blanketing the country. It is a deficiency of previous governments which are not the only ones to blame, but it is also our fault because we have never taken efficient means to finance our production and especially our consumption, since production is meant for consumption. The consumer is the individual who controls production, and when the consumer lacks the capital, the means, when he is increasingly impoverished by taxation, taxes of all kinds, and deprived of purchasing power, he cannot create a demand for the production which therefore fails to achieve its purpose. The purpose of production is to satisfy requirements and when this purpose is not achieved the economy is not fulfilling its function.

There must be a reform of the economy, a substitution to be brought about by financing property and new production through new credits whenever new developments are involved, in order to leave the population with enough economic blood for normal development of our economy. Its smooth operation calls for normal tools. The government must do its job and this job is not to get citizens into debts, but to pull them out of the hole; and at present, the more the state interferes with the economy, the more it puts us in a bad position, the more the people are facing difficulties, the more the economy is out of balance and we go from bad to worse.

I believe in the minister; he is not Santa Claus but he does his best within the present system. I do not blame him beyond measure because I know that he is doing his duty, that he is sincere, that he wants to succeed. However I am also sure that he knows about the impossibility of succeeding in the present state of the economy. I know he will admit that improvements are needed in our economy. We must eliminate the big economic abuses within our system if we really want to create something practical and something truly communal in order to allow the community to live in its own country full of riches and in order to allow each individual to enjoy that part of the riches that is due to him.

**Hon. Jean Marchand (Minister of Regional Economic Expansion):** Mr. Speaker, in the last few weeks there has been much talk of regional economic development inside and outside the House. This afternoon I will try to deal with this matter as dispassionately as possible. I know I will probably have to start all over again before the committee, which is quite normal, as members of this House are entitled to know what we do with the millions, and even hundreds of millions of dollars which are voted by this House, how we use them, and whether we really reach our objectives.

What strikes me in this debate, Mr. Speaker, is not so much the attacks made. Of course, there are little pinpricks, little hints, because when people cannot prove something and they think they can do harm to the other person, they resort to such hints.

People refer to the election fund and to the relation which may exist between donations and grants made by the department and, let us say, the Liberal party. I thought it rather amusing that one of the organizers of a recent Progressive Conservative banquet in Toronto was employed by a branch of a company which had received very nice grants from my department. Anyway, you only

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have to read the *Globe and Mail* to see this. It is perfectly natural. Some supporters of other opposition parties have received such grants, which is perfectly natural. This is a thing about which we are extremely careful; we make sure that this program will never lose its worth in the eyes of the public, precisely because tricks like those I have just mentioned would be resorted to by the powers that be.

But for all our caution, and even though I know that all the hints which are made—by people who do not have the courage to assert things—are lies, people still go on doing it. They go on repeating and whispering those things, which is certainly no way to improve the Department of Regional Economic Expansion. I have not found one person who was really interested in making improvements. All they are interested in is making small electoral and political gains.

Actually, in order to find constructive criticisms that would really improve the Department of Regional Economic Expansion, I have to refer to documents and speeches of other persons than the members of the opposition. These criticisms are not always favourable: I read last week the important paper written by Dr. Firestone. It is a very serious document wherein Dr. Firestone questions with equal seriousness, some of the programs I implement. I think it is an honest study and I would like to discuss some points with him, since his criticisms differ from what I have been hearing since this morning.

What have we been actually hearing since this morning? Let us consider the gentleman who is deemed to have reached, intellectually speaking at least, a fairly high level; I refer to the leader of the New Democratic party, the hon. member for York South (Mr. Lewis). What did he tell us? He touched on general topics and when he came to specific cases, his figures were all wrong. He claims in effect that economic development requires the establishment of humane societies. When I hear such opinions, I am all at sea.

He spoke about grants and means of destruction. Anyhow, this is the usual way that the department is spoken of. Before we come to these cases let us simply state that almost one third of my budget is earmarked for grants. The remaining two thirds are spent on joint programs with the provinces, either under ARDA or FRED. We discuss things with the provinces and the municipalities in order to carry out real projects.

• (1420)

However, all you hear is talks about grants. It would seem like the Department of Regional Economic Expansion has nothing to do but give grants to large companies, especially American companies. This is the criticism the opposition has been directing at the department which set out to reduce regional disparities as its objective.

So, here is the great theoretician who is supposed to be very much aware of those problems, who is supposed to have a sophisticated social conscience, making this very artificial criticism that we must form human societies, that we must not necessarily give grants to large companies, especially large foreign companies. On that point, of course, there were virulent attacks saying, why give grants to Rayonier Québec Inc. (ITT) in Port-Cartier,