

*Regional Development Incentives Act*

What is the result of this situation? The result is immeasurable harm to and difficulty for individuals, as well as the loss of millions of dollars in productivity and output. All this is unnecessary in Canada, where we have the resources and the knowledge with which to eliminate unemployment. I have just returned from western Europe. Many of the people there, when they learn about the unemployment rate in some regions of Canada, can hardly believe it because in many European countries unemployment is seldom experienced at a rate as high as ours.

We must also consider that our growth-rate has pretty well stopped. It is at least one of the lowest of the industrialized nations of the world. The other day the chairman of the Economic Council said that because we are not growing as rapidly as we should, and because we have a high unemployment rate, we are probably losing about \$4 billion a year in productivity. Government spokesmen have said that this figure may be as high as \$5 billion.

When there are problems like these throughout the country, it is no wonder that we have problems in the less advantaged regions. Before we can solve the problems of the poor regions of this country we must solve the problems which face the whole country. There are many problems in Canada because our economy is mismanaged and it is an economy that by no means is achieving its potential. We have witnessed the fight against inflation, with the government tolerating an unemployment rate that is too high. We have found that the fight against inflation has failed because the government has only been able to reduce prices on a marginal basis, at a cost that has been extreme. The fight against inflation has been very much a farce.

I should like to outline some of the reasons for the special problems which exist in some regions of Canada. Two years ago we heard that the government was going to create a department responsible for regional economic expansion. Those in our party who had for many years asked for such a department had some hope. We had hope for two reasons. First, the government realized the need for such a department. This gave us hope. Second, this new department was to co-ordinate all the plans of the government into a master plan. I suggest that the regional economic policies put into effect have become a dismal failure. They have not narrowed the gap between the haves and the have-nots in Canada. As a matter of fact, this gap has probably been widened.

The program has failed dismally for two reasons. First, I do not think the government has the power to exercise real control over the Canadian economy. It does not control the economic levers which might be used. The main decisions are still made by multinational corporations, and the government is very timid when dealing with them. The second reason is that the government does not seem to have an over-all plan to cure economic disparities in Canada. It is approaching this situation on an ad hoc basis, in a diffused, confused and unplanned way.

[Mr. Nystrom.]

The government is spreading too little over too much of the country, and because of this the program has been very ineffective.

Most of us in this party thought when the minister introduced this legislation that he should have particularized a program for dealing with specific regions. We were told by one hon. member speaking on behalf of the government that too much of the country should not be designated because the plan would then be ineffective. Now, in 1970, we find that most of the country is designated. On the basis of the minister's views, this means that the plan is ineffective. I suggest that if the Regional Development Incentives Act is to be effective, the government must be selective in regard to regions. We do not have that selectivity.

I now wish to comment on the program of grants made to industries which locate in certain areas. When the plan was first introduced, a maximum of 25 per cent was paid by the government. The minister did not think this would work. Now we are to have grants amounting to 50 per cent. The Minister of Regional and Economic Expansion (Mr. Marchand) is handing out carrots to free enterprise, hoping that industry will come in and solve the problem. This program is not working and I cannot understand how the minister can rationalize this approach. When the minister appeared before the committee, he said the grant would be 25 per cent of the total amount expended by an industry. One of the members of the committee asked him why it would be 25 per cent and not 30 or 35 per cent. The minister said that if the grant was any higher it would be ineffective and we would only be giving money to free enterprise and private concerns. The minister suggested that if this were done, we might as well run the plants ourselves. Now the minister has turned around and is doing this. I suggest he is either hypocritical in his approach or he lacks the courage to stand up and confront the corporate structure in Canada in the way he should on behalf of our people.

I suggest we need a Canada Development Corporation to set up Crown corporations. Such a corporation could establish industries in economically depressed areas. This is the only way we will solve problems of regional disparity. I do not think the minister's bag of carrots is helping. I do not think it will help if he hands out bigger carrots. We do not need this type of Santa Claus in Canada. If we are to solve our regional problems we must take different action.

I have also suggested that one reason the government has not had much success in its regional development program is that it has not the courage to take over control of the Canadian economy. We are left with a country that is dominated by multinational corporations. We find that in Canada many of the decisions are made in the boardrooms of huge corporations outside our boundaries. If we really are to confront the problems of regional disparity and regional poverty which face so many Canadians, we must regain economic control of our country and have the economic levers in our hands.