

bers of the opposition during the last four years. What members of the opposition have succeeded in doing is to destroy whatever flexibility was built into the act, and consequently we now have a department that has all the appearances of being able to travel at a fast speed but which in point of fact has a governor on the throttle, which makes the department travel at 50 miles an hour whereas it should be travelling at 150 miles an hour.

It seems to me that the original concept of the department, one that was accurate and precise, of flexibility has given way to political reality and in the result we now have a department that is far less flexible than we desire. It may well be that we should begin to look again at this whole concept and perhaps remove this built-in flexibility so that, paradoxically, the department can be made much more flexible in its approach.

Another criticism that I have is that the incentive program is designed in a way that favours large corporations, not only with regard to the \$600,000 application level but also, and perhaps more importantly, because of the way the department have structured their application procedure and the way in which they decide who shall and who shall not receive an incentive grant. This places host communities in a rather unfortunate position. It is true that before a large company comes into an area, the area is suffering from lack of employment opportunities. However, when a sufficiently large company locates in the area, the employment opportunities that are opened up are of a limited kind, usually semi-skilled or unskilled, and perhaps a few skilled positions. But participation in the managerial exercise of operating the company is a prospect that is denied to the community, for the people who run such an organization are imported; the local people do not penetrate the higher echelons of the company.

In other words, while we are providing employment opportunities of a limited kind that are welcome, needed and desirable for the area, in point of fact we are not providing opportunities for communities to develop a cadre of local people with initiative who are sufficiently skilled to set up other businesses in the area. One of the effects of this is that the community that a company enters is left the poorer because there is no opportunity to develop that high level of expertise for which modern management calls. Thus, the host community does not strengthen the economy of the country.

It seems to me that the Department of Regional Economic Expansion, in conjunction with the Department of Industry, Trade and Commerce, ought to be paying far more attention to the encouragement of local entrepreneurs. It is often said that three factors are required to make business work—land, labour and entrepreneurship. Unfortunately, in many communities, such as my own for example, the level of entrepreneurship is not highly developed. The dilemma that these people face in obtaining sufficient markets for their products is almost overwhelming.

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Unfortunately, because of the way in which our system operates the smaller operator is not given the opportunity of getting that extra expertise. It strikes me there are two

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approaches to be taken here. One is a management development program in the Department of Industry, Trade and Commerce, and particularly restructuring in such a way that grants to smaller firms could be handled through the Department of Regional Economic Expansion.

It seems to me this could be done in a number of ways. First of all, by expediting grants and demanding, perhaps, less completed work. If you are applying for a loan at the present time, you must have gone to a bank or financial institution for the money in order to get into commercial production. It would be a lot simpler if you were to give smaller operators the money as their plants were in the process of developing, thereby cutting down the expenses they have to incur in order to get loans from Canadian commercial banking facilities.

I have one more point to make. It concerns both large and small companies and their relationship with the Canadian financial community, particularly the Canadian banking system. At the present time these companies which come in with non-Canadian financial support are treated in exactly the same way as those which come in and make an application to DREE with only Canadian financial support. I argue that this discriminates against the company that comes in with only Canadian financial support.

We all know that it is a fact of life that in Canada the financial community is not sufficiently strong to give these people enough financial backing. If you treat those who come in with strong, solid United States financial support in the same way as you treat the companies who have only Canadian financial support, the one with U.S. support will be much stronger. The Canadian financial system is not sufficiently strong and is not prepared to put the kind of money that has to be put into these areas covered by DREE.

I am told that these companies are perfectly sound in that they are building big banking buildings in Toronto and Montreal. But our banking system is perfectly lousy when it comes to financing secondary industry in the outer fringes of Canada, particularly in those areas designated under DREE. Therefore, it seems to me that any company coming to the Department of Regional Economic Expansion with the misfortune of having its financial support in Canada ought to be given a special grant under DREE, perhaps an increased grant of 15 per cent to 20 per cent would be an appropriate figure, in order to help compensate that company whose only source of capital is Canadian.

This is one of the traditional problems of the outer fringes. They are unfortunately faced with lack of capital to begin with, and when they do get that capital it is not even sufficiently strong that the financial institution will support the project to the bitter end, even if it does involve making money. The Canadian banking system is perfectly able to cut losses and run.

In making these criticisms I certainly do not want to deny the very good work the department has done. I do want to point out that to some extent the restriction in terms of secondary industry limits the effectiveness of operations in northern Ontario and northern Quebec where it is not likely that a strong secondary manufactur-