

Technology. He referred to the fact that the opposition is not prepared to allow these incentives, which represent seeds, to grow. I suggest to the minister that probably the basic weakness of the program and the manure theory, as presented by the minister, is that the designated areas in this country stretch from one end of the country to the other, in all ten provinces. The incentives available under the Regional Development Incentives Act are spread so thinly and so broadly that nothing happens.

The government believes that by spreading a little money here and there something will grow every year. That is the manure theory. It may be that a new industry is established here and a new industry is established there. That may very well be one result, but perhaps another result of the present program is the transferring of unemployment from one end of the country to another. That has happened in many cases. I can cite the example of a company called Acme Seeley. On May 24, during a meeting of the Committee on Regional Development, the hon. member for Lanark-Renfrew-Carleton (Mr. McBride) tried to knock down the argument of Dr. Springate. He waited until this very important witness was not present in the room, then recited a story which he claimed would show the naïveté of Dr. Springate's theory. I should like to read exactly what the hon. member said. This is taken from the Minutes of Proceedings and Evidence of the Committee on Regional Development, issue No. 12, for May 24, 1972, at page 12:46:

On May 12 within my constituency a company had an opening, the name of the company is Acme Seeley. It received more than \$800,000 from DREE. The president of that company got up at the opening and said he had come to Renfrew because it was a beautiful town and the people were nice people and other very pleasant things. He made no reference to the federal government. He was followed by the mayor of the town, Mayor Carswell. He praised the community; he praised the fine people in the new company and the fact that his town officials had brought in this new company.

—None of them in my opinion were forthright enough to state the obvious, namely that the difference in that community was not the mayor nor the industrial commissioner nor anything else; it was that the federal government had brought in grants.

So, let us examine the facts. This story, if it shows anything, shows the naïveté not of the witness before the committee but of the hon. member for Lanark-Renfrew-Carleton because the facts are as follows: In March, 1971, the Department of Regional Economic expansion announced an offer of \$862,850 to Acme Seeley if it would establish a \$2,255,000 plant in Renfrew to create 137 new jobs. On May 12, we have the plant opening that the member described. On May 30, we have an announcement in the *Globe and Mail* business section that Acme Seeley had moved its head office and manufacturing to Renfrew, consolidating operations formerly carried on at plants in Hamilton and Toronto. Checking the Scotts Industrial Directory for 1970-71, we find that these two plants employed 136 people. What then has been the result of the \$862,850 DREE incentive grant of which the member was so proud? It has resulted in the loss of jobs for 136 people in Hamilton and Toronto. It has created one net new job in the hon. member's constituency of Renfrew. We can only come to the conclusion that the cost of that one job was \$860,000. That is just one instance.

Employment Incentive Programs

There are many cases in which grants are made to induce industries to locate in various parts of the country at the expense of established industries in other parts of the country. In other words in many instances the result of the program has been the transference of unemployment from one end of the country to the other within designated areas. There is a case currently before the department concerning a grant for a sugar refinery to establish in Cornwall, Ontario. It is a very substantial grant. There are six existing sugar refineries in Canada. Five of them are located in designated regions, four in the city of Montreal and one in the city of Saint John, New Brunswick. Nobody would deny the need which exists in the city of Cornwall which has been struck by industrial shutdowns, plant pullouts and consequent unemployment which is probably the highest in the country. Nobody will deny the need which exists in Cornwall. It is great.

• (1650)

What I am saying, and I have not been satisfied with the answers to questions directed to the minister in committee, is that the opening of this sugar refinery in Cornwall as a consequence of a very substantial grant under the Regional Development Incentives Act, could have adverse effects on the four refineries in Montreal or the refinery in Saint John, New Brunswick. It could very well result in these plants having to cut back operations and laying off men. The net result may be we will be transferring unemployment from Cornwall to Montreal or Saint John, New Brunswick.

There are other examples too numerous to mention and there are probably many which will never come to light. They emphasize what I consider to be one of the basic weaknesses of the program. The concept is good, and it is one which is supported by every member in the House. When the legislation was brought in setting up the Department of Regional Economic Expansion, it passed the House unanimously. The Regional Development Incentives Act also received unanimous support in the House. Under this act, the minister was given wide discretionary powers. What we are saying is that the Minister of Regional Economic Expansion has failed to use these wide discretionary powers wisely and well. An examination of the record will lead any objective observer to come to that conclusion. All that the minister has done in extending the life of the designated areas under the Regional Development Incentives Act for another 12 or 18 months has been to carry on with this concept which statistics prove has been unsuccessful in meeting the problem it was supposed to meet, namely regional disparity and the unemployment that is consequent upon that situation.

In my own province of Newfoundland, the unemployment situation continues to be critical. It continues to be the highest of any province in the country. The May figures show that the province of Newfoundland had a rate of unemployment in excess of 12 per cent. In other words, over 20,000 members of the work force in Newfoundland were out of work. The province of Newfoundland has received the least benefits under the Regional Development Incentives Act or any other incentive program under the Department of Industry, Trade and Commerce or the Department of Finance for accelerated depreciation and capital write off.