

Employment Incentive Programs

These figures demonstrate the failure of the incentives program to stimulate innovation. This should not surprise us, since the greatest stimulus to innovation is a high level of demand for a company's product. The government has failed to provide this stimulus. The recent budget epitomizes this failure by doing very little to increase consumer demand. We on this side continue to say this could have been achieved by reducing personal income tax payable by the lower and middle income groups. The government can allocate all the grants and subsidies in the world, but if there is no demand for a product it is wasting its time. How is demand to be created? We say it can be done by cutting taxes and putting the money back into the pockets of consumers. But the government says no. To my mind, small firms, even if they could take advantage of incentive and development programs—

Mr. Speaker: Order. The hon. member's time has expired.

• (2100)

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I have been paying attention to this debate and I want to commend the opposition for having raised this particular subject. I would have thought they would have taken advantage of the opportunity to display their knowledge of the subject and to provide alternatives to the existing programs of the Department of Regional Economic Expansion. Unfortunately, they have been barren in their speeches in putting forward possible alternatives. They really come down to merely repeating monotonous criticisms as if they actually believe they are true.

Mr. Alexander: You did not listen to my speech.

Mr. Reid: When people do not have anything to say, they tend to repeat themselves over and over again so that the full weight of their ignorance can be displayed.

This motion suggests that the Department of Regional Economic Expansion, along with all the other incentive programs that are operated by the federal government, have failed to stimulate production and trade. Yet we know that according to the most recent monthly report to Parliament, the net accepted offers under the Regional Development Incentives Act have helped to induce in the designated regions of Canada planned capital expenditures in manufacturing facilities totalling over \$1.2 billion.

In addition, the motion also suggests that the incentives program has failed to open up increased opportunities for productive employment. Yet according to the same monthly report, a copy of which all hon. members of the opposition have had, including the hon. member for Hamilton West (Mr. Alexander), the projects supported by accepted offers of grants under the Regional Development Incentives Act are expected to create almost 59,000 direct, new jobs. If anything, this is a conservative estimate because it makes no allowance for off-site jobs directly related to assisted projects or for the indirect or multiplier effects on employment, though economists are generally agreed that these are of significant benefit.

We all know that the Department of Regional Economic Expansion was created in 1968 to do a number of things. First of all, it was designed to bring under one roof a

[Mr. Alexander.]

melange of programs that had been built up, such as ARDA, FRED, the Atlantic Development Council, and so on, in order to try to provide some measure of co-ordination and to make sense out of a variety of approaches that had been developed to meet ad hoc needs.

In addition to the new act that was passed, the government introduced an incentives program to deal with disparity existing between the rich and the poor regions of Canada. Basically, the rich areas of Canada are Ontario, the strongest and richest province of all, British Columbia and Alberta. The main focus of the program was to be on the maritime provinces and that part of Quebec east of Quebec City, including Trois-Rivières.

A look at the figures reveals precisely what the government has done over the last four years. Let me give the House an example. Breaking down the budgetary figures for the Department of Regional Economic Expansion in the year 1971-72, out of a total of \$410 million, 42 per cent was devoted to the Atlantic provinces of Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick, to an amount of \$172 million. In the province of Quebec, 26 per cent of the total budget was spent, amounting to approximately \$100 million. In the western provinces, 18 per cent of the budget was spent, amounting to \$73 million. In Ontario, 8 per cent of the budget was spent, to a total of \$32 million.

Looked at on a per capita basis, this expenditure becomes much more interesting. In the Maritimes approximately \$85 per capita was spent by the Department of Regional Economic Expansion. On a per capita basis the figure drops to about \$18 in the province of Quebec, to about \$14 in the western provinces and to about \$5 in Ontario. So I think these figures bear out the claim that the government has concentrated its funds where the greatest need and largest area of unemployment has been historically, and still is today; areas where there are extremely severe structural problems both in regard to long-term employment opportunities and in terms of an economy that is losing some of its natural resource base. There is no easy way out of this problem, but I think the government has taken a great deal of unnecessary political criticism for doing precisely what it said it was going to do in order to deal with what is clearly a distinct problem that is unique to Canada.

I should like to make a number of criticisms of this department as I have seen it in operation, notwithstanding the fact that it has been very useful. My criticisms are threefold. The first has to do with the way in which the department was established. When the act was passed establishing the department, a great deal of power was concentrated in the hands of the minister. The argument for this was that it would allow the minister to be more flexible, that it would allow the department to be more flexible, that it would allow programs to be tailor-made for all areas of Canada.

What has been the result of this? In my opinion the department has become the most regulation-bound and least flexible of all departments of government. The reason is that too much power is concentrated in the hands of the minister. The minister is afraid to use his power and to be as flexible as he would like because of the severe political barrage he has been under from mem-