

*Regional Development Incentives Act*

eration because in many cases this incentive program is being used to further develop U.S. control of our industry and of our economy.

A short time ago, I spoke to a young fellow who had only recently entered the industrial field. He pointed out that the company for which he works is in serious trouble, and he expects it may have to be sold to a U.S. corporation. One of the reasons for this difficulty is that when they make a fairly reasonable profit in Canada and the money is deposited in a bank in Montreal, the parent company in the United States phones up and asks how much money they have in the bank. As soon as the parent company knows how much money there is, it issues a draft. Then, when the company in Canada needs to expand into several industrial fields for which they have the necessary capability, staff and knowledge, they are not able to do so simply because the money is not available. The young fellow asked his manager very naively "why do we not apply for an incentive grant and build a plant?" Right now this company operates a small plant in Ancaster employing 12 or 15 people. I understand the 12 or 15 people will have to be laid off because that operation is closing down as it is in need of modernization and improvement. If it closes down, obviously 15 or 20 people will be out of work. Obviously, this company does not need this type of grant to keep it operating in Ancaster because it has made a fairly sizeable profit over its period of operation. However, because it is controlled by a U.S. company which has decided that the commodity which this plant produces is no longer necessary in Canada, it is going to close down.

It seems to me that if the government is really interested in solving the problem, they should not bend to political direction, as the minister said, but should make a firm decision as to the direction which the Canadian economy should take. There should be an over-all scheme which would accomplish that purpose. I am well aware of the fact that if we enact a regulation that money should not be transferred to U.S. corporations, the result would be as the minister predicted in the committee. If a company wanted to locate in Newfoundland, where there is a great need for industry, and that type of incentive were not given, the company might decide to locate in Toronto. It is time this government made up its mind where they want industry to locate. Certainly, the country cannot afford to have new industry locating in Toronto just because it wants to be close to the market. We will have to make a decision on where industry goes. England has been making such decisions for a long time.

I have used the example of the Ford Company which wanted to build a new factory in Coventry, but the government would not allow them to do this. They were told that there were insufficient schools and municipal facilities in Coventry and a preferable location for the plant would be further north. The government told them "our economy has changed; the textile industry in the suggested area is no longer viable and all the necessary facilities are available, so that is where the industry should go". The government did not give Ford a permit

[Mr. Peters.]

to build in Coventry. In England they operate on a permit system and you do not pay taxes on undistributed profits but you cannot use this money for expansion without a permit. If you do not locate in the right place to meet the needs of the total economy, you are not granted a permit.

What we have done in this country is to go around holding out a carrot. I come from an area which is desperately in need of secondary industry because, as the years have gone by, our primary industry has changed. I am thinking right now of the small community of Cobalt, which eight or ten months ago had 12 or 14 mines operating. Now, there is only one in that area. There is a smelter in that area which is operating sufficiently competently for the United States to be sending to it boxcar loads of coins for reprocessing into silver ingots. It is one of the most efficient plants of its kind on the continent, and can compete with any other plant of its kind in existence. By-products come to that plant from other mining industries in that area, and some of its production goes to Norway for processing and some of it goes to a U.S. plant somewhere in Montana. The processing could take place here in Canada if the government had some control over industry. The government has always played a role in this particular operation because silver ingots from the plant come directly to the Mint in Ottawa.

This plant has been operating off and on, first in Deloro and now in Cobalt, and it has had its ups and downs. Some of the silver producers have found that they have had to ship to the United States because the product could not always be handled in Canada. Yet, with the co-operation of the provincial and federal governments, the plant could expand very extensively into a smelter operation to process many of the rarer minerals, that are now not reclaimed in any other area in Canada. This could be done fairly easily and would allow a margin for by-products from base metals which presently come from Sudbury, from International Nickel which at present cannot be processed in Canada. We could very easily develop secondary industry to use some of the reclaimable by-products from such a smelter. In fact there are a number of things the government could do, but it seems to me that the minister of regional disparity has done exactly what he said he would not do.

● (12:30 p.m.)

If one reads the committee reports of a year ago, one will find the minister was very much opposed to the idea of the regional development program being used to provide government control. In effect he said, "We are only going to assist certain plants in certain areas, because if we expand the program so it is national in scope and covers everything in the country, this will defeat its purpose." Now, I understand it is intended to include the city of Montreal within the ambit of the program and it, along with cities like Toronto, was one that the minister was very vehement in saying could not be designated because that would defeat the purpose of the program. No one is opposed to incentive grants as such. No one is