

*Employment Incentive Programs*

tion has edged up further to 41.9 per cent of total domestic exports for January-April.

In summing up, it seems to me that not only was this resolution chosen perhaps inadvertently, or certainly mistakenly, it was chosen in respect of the wrong subject, for the wrong reasons and at the wrong time. It has revealed little understanding of the role of incentives in our manufacturing, commercial and industrial economy; and an unbelievable ignorance in respect of the health of our economy.

**Mr. James A. McGrath (St. John's East):** Mr. Speaker, this is the fourth or fifth of the six consecutive opposition days in a row designated by the government. This is an important motion before the House today. Unfortunately, because of the rather peculiar rules under which we now operate, this motion will not be resolved but will be left up in the air.

I listened to the Minister of State for Science and Technology (Mr. Gillespie) reply on behalf of the government, and I wondered as I listened to him where his colleagues were; the Minister of Industry, Trade and Commerce (Mr. Pepin), who has a great deal of responsibility and certainly the minister to whom this motion is most applicable, and the Minister of Regional Economic Expansion (Mr. Marchand), who has a great deal of responsibility in respect of the whole area of incentives. I am sure both these hon. ministers try to do a good job and probably have very good excuses for not being here. I believe debates of this nature which, after all, are intended to replace the traditional supply motions the government had to move from time to time to be in a position to pay its bills, are important. These motions allow us to place grievances, for that is what they are, before the ministers, but they are not in their places to hear the suggestions made by various members who participate. For that reason, I regret the absence of those two ministers today, without meaning to take away anything from the speech made by the Minister of State for Science and Technology.

That minister, in his speech, forgot to mention the fact that we were talking primarily about incentives. When he did touch upon that subject he seemed to be under the illusion that incentives were something new, something brought about by this government in the last budget. The fact is that incentives have been around for a long time. This government has probably used incentives of one kind or another in every single budget it has introduced in the last four years. Likewise its predecessor, the Pearson government, used various kinds of incentives. It is in the light of the experience of these past 10 years that we must examine the results of the various incentive programs of the government. I should like to look particularly at the incentives under the Regional Development Incentives Act as that is the main incentive program of the government.

• (1640)

A few days ago the Minister of Regional Economic Expansion (Mr. Marchand) rose in this House to announce that he was extending the life of the designated areas in Canada by another 12 months and in some cases by another 18 months. He made no attempt whatsoever to deal with the criticism levelled at the program, to respond

[Mr. Gillespie.]

to the critics of his department or indeed to deal constructively with any of the arguments presented. Instead, he took the easy way out. He announced that the life of all designated areas in the country would be extended for another 12 months. We have been saying repeatedly, and we believe it, that there are too many designated areas in this country. We believe the incentives under the Regional Development Incentives Act are too generally applied and, as a consequence, are in fact non-productive in terms of creating jobs, and particularly in terms of ending regional disparity in this country which they were supposedly designed to do.

The Minister of State for Science and Technology talked about the record number of jobs which have been created by his government. He forgot to mention the fact that this was in response to record unemployment created by the same government. We have record-high unemployment in this country. The fact is that the government's incentives program, and more particularly the government's regional economic development program, have failed to respond to the situation. We have, for example, the May figures which show that national unemployment is in excess of 6 per cent. In my own province, the unemployment figure is in excess of 12 per cent. One can examine any designated area across the country in which this incentive program was supposed to be operative and find that it has had appreciably little effect on the unemployment in the region.

An economist who appeared before the Standing Committee on Regional Development, Dr. David Springate, in his evidence as a consequence of a doctoral thesis said that a large number of firms which received grants under the Regional Development Incentives Act were not influenced by these grants in respect of where they located. That paradox, so far as I am concerned, is a complete negation of what this program was intended to do. It was intended not to cope with national unemployment, because after all that can be adequately dealt with only by the fiscal program of the government, but was intended to end regional disparity in this country which is probably a greater threat to the continuing existence of Confederation. It has failed to do that because the government has failed to apply incentives in a way which would influence industries to establish where the need is greatest, where unemployment is greatest and where regional disparity is probably more apparent. That evidence presented to the committee by Dr. Springate has been largely ignored by the government. Instead, the government continues its present program, in spite of criticism from every sector of the economy, from agencies charged by statute with providing the minister with advice—I am thinking of the Atlantic Development Council and the Canadian Council on Rural Development—and from other agencies such as the Atlantic Provinces Economic Council and the Canadian Chamber of Commerce.

In spite of all the criticism, the minister insists on continuing with this program which has not been effective in meeting the needs of the nation because the regional disparities in the less fortunate areas of this country are being ignored. The theory underlying this program has been described, in my opinion inadequately, as the manure theory. This theory of the government was touched upon by the Minister of State for Science and