

Honourable senators, I want to assure you that the officials administering this program are aware of the need for financial restraint, and therefore will be prudent in determining whether such extra inducements are truly required.

Speaking of financial restraint, while there was a need to limit costs under the Special Investment Tax Credit Program, there is no \$15 million ceiling, as I understand it, as claimed by Senator Murray. That figure, according to my research, is simply an estimate of what the expenditures might be. Actual expenditures will depend entirely upon the response to this program from private industry, because, as is apparent by its title, it is an incentive program implemented through special tax credit. So I hope I can assure Senator Murray that one or two large developments will not deplete this program's finances, because it is not subject to a fixed ceiling.

Senator Murray was also concerned that the program fragments provinces because it is available only in parts of provinces and not in the entire area. Again, the program does not carve up regions and provinces, but, rather, recognizes that not all people—and again we come back to the leitmotiv; and it should be remembered that this program is concerned with people, not just places—in a province or region are equally well off. The fact that people do not have equal opportunities, even when compared to their fellow citizens within a province, let alone in the rest of the country, is, of course, the whole *raison d'être* of these programs. We feel that the government has an obligation to those people, and through this program we are working to meet that obligation. Again, so that there is no doubt about where there is overlap, I am not suggesting that the Crosbie program was not motivated by exactly the same sense of obligation.

Honourable senators, it was a deliberately designed feature of this Special Investment Tax Credit Program, based on the knowledge and expertise available, to focus the program on those areas most severely in need. Without doing so, the program could not be as effective as possible in attracting much needed industry. The government, however, recognizes that there is a need for broader incentives on a regional scale. This need is already met through the Regional Development Incentives Program. For instance, industrial incentives, under the Regional Development Incentives Program, are available in every part of every province in Atlantic Canada. The Special Investment Tax Credit Program simply builds upon these broad incentives, and adds an extra reason for bringing industry to those areas where industry has not, to date, gone in great numbers.

In my submission, therefore, honourable senators, far from fragmenting provinces and regions, the program builds up their weaker points and thereby helps to strengthen the economy of the province or region as a whole and unify it.

Senator Murray, in his remarks, made a point of comparing this program with a proposal that was considered by Mr. Crosbie during the period when the Conservatives were in power, and I have already referred to that. He concedes that the Crosbie plan was not perfect, as I concede that the De Bané and the MacEachen program is not perfect. I certainly

do not wish to make comparisons on the basis of a scale of perfection.

By way of another parenthetical note, my father's definition of an incurable optimist was the lady in the front row of the church who put her shoes back on when the minister said, "And now, in conclusion . . ." Truly in conclusion, however, let me add, first, that the Special Investment Tax Credit Program recognizes that people want to be able to help themselves. That is why there is no minimum limit on projects eligible under this program, and no requirement for a \$2 million investment, as in the Crosbie plan. Under the Special Investment Tax Credit Program, local entrepreneurs—usually people with small businesses—will be able to strengthen the economy in their area.

The Government of Canada and the previous government agree that this is important. The Government of Canada also knows that small business can and does make a valuable contribution to the growth of Canada's economy at all levels. Secondly, the Special Investment Tax Credit Program recognizes that there are people deserving of special assistance in every province and territory, and not just in the Atlantic and Gaspé regions. Of course, I do not mean to say that this program is intended to assist everyone, everywhere. As both Senator Murray and I have mentioned, we must realize that while the Special Investment Tax Credit Program will make a valuable contribution to reducing regional disparities in selected areas of the country, it is not, as I have said, a complete solution. In fact, whether regional disparities are susceptible to a complete solution is in itself debatable. It seems to me that the only thing that is not debatable is the point at which we both started, and that is that in a country such as Canada—again to quote Senator Murray in his use of the two adjectives that describe the problem, and which I use also as my starting point, namely, "complex" and "persistent"—it is a problem not unlike the common cold: it is elusive; it is difficult to define; and, in fact, we are forced to define regional disparities by indicators or symptoms rather than by true characteristics.

I do not find the continuation of the analogy, that we have to treat it symptomatically, rather than curatively, attractive, but I am afraid there is some merit in continuing the common cold analogy, in the sense that often all we can do is treat the cold symptomatically, and often that is all we can do with regard to regional disparities.

We used some of those indicators, such as unemployment rates and income levels, in designing the Special Investment Tax Credit Program; however, it has also been necessary to use what we hope is common sense and what we see as good judgment. I hope we are closer to finding a solution to regional disparities than medical science is to finding a cure for the common cold. The fact that a complete, simple answer eludes us does not prevent us—and did not prevent Mr. Crosbie—from taking bold initiatives such as in this case we believe we have done in the form of the Special Investment Tax Credit Program.

**Hon. Richard A. Donahoe:** Try offshore resources.