

such facilities should not be developed elsewhere. If they are, they will only cause major economic and social disruptions in the rest of the province and, indeed, in the rest of the country. I therefore urge the government to heed all the social, economic and geographic implications of any proposal or request involving the provision of grants that will assist the establishment of operations such as those to which I have just alluded. It should be obvious that economic and social reasons should govern the granting of loans, and not just political reasons.

May I continue with my remarks, Mr. Speaker? Before any more grants are given under the Regional Development Incentives Act, basic and fundamental guidelines with respect to grants should be established. For example, we should learn from the experience of the past and not give grants to an industry which is already suffering from an overcapacity of productive facilities and which is producing surplus products, or products it cannot sell. Secondly, I do not think that there should be an element of employee transfer in the matter of grants. That is, I do not think employees should be transferred from one area to another. Thirdly, the provision of assistance should be based on the need of the particular operation that wants help. It seems to me that the policies of this department work in exactly the reverse way. In other words, large companies which are financially able to discharge their obligations have a better chance of getting a grant than smaller companies. I believe that greater attention should be given to smaller industries, particularly in the rural areas, on the basis of rural decentralization. When we look at smaller organizations which may not have the expertise and legal ability to deal with all aspects of the legislation, we find their applications being turned down because of bureaucratic theory rather than practical business sense.

• (1250)

I hope the minister will take into consideration some of the effects of the experience which has been related as a result of the operations of the Department of Regional Economic Expansion throughout the past year. However, I want to issue one word of warning. No matter how excellent the specific means and objectives of the program of Regional Economic Expansion might be, there can be no reasonable degree of success—

The Acting Speaker (Mr. Laniel): Order, please. I regret having to interrupt the hon. member, but his time expired a few seconds ago.

[Translation]

Mr. Henry Latulippe (Compton): Mr. Speaker, it is always interesting to discuss economic matters such as the one before the House today, pursuant to Standing Order 58(4)(a).

The motion reads as follows:

That this House condemns the government for the disastrous failure of its regional development programs to make any progress in eliminating regional disparities and, in particular, condemns the government for the lack of planning or strategy in its programmes, for its total reliance on give-away grants to private corporations, most of them foreign owned, for the senseless practice of transplanting unemployment by assisting plants in one location while similar plants are being closed in another location and for the wasteful expenditure of large sums of public funds

Regional Development

without appreciable results in jobs and economic development in the disadvantaged areas of Canada.

Mr. Speaker, may I say first of all that in order to have a sound policy and a sound economy, we have to take proper action.

Even if he is doing his best, the minister in the present circumstances cannot solve the economic problem because even the Pope could not do it. To do this, we would have to change our financial system which leads directly to bankruptcy.

The more we apply our economic system with its present structure, the more we increase the imbalance of our economy. It is true that a great many of our manufacturers go bankrupt because they are incapable of assuming their responsibilities. Our manufacturers cannot pay interest at 12 per cent on their borrowings, in addition to capital, a 50 per cent tax on such repayment, and let themselves be "devoured" by municipal, school and other taxes on production. There are all sorts of agencies which, under the present system, gnaw at the incomes of manufacturers and put them in a very uncomfortable position.

In several cases, industry cannot stand up, and this government can alleviate this situation—the minister did find a way—through the Local Initiatives Program that it has created so as to assist industry in various ways. The more we help industry, the more we enslave it and it can hardly survive. In fact, several industries may perhaps manage, provided others disappear.

May I call it one o'clock, Mr. Speaker?

The Acting Speaker (Mr. Laniel): Order. It being one o'clock, I do now leave the Chair to resume same at two p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Latulippe: Mr. Speaker, before lunch I was explaining why foreign capital has so much control over the Canadian economy.

I was suggesting that it is because economic conditions do not encourage Canadians. First of all, it is increasingly difficult for Canadians to find capital to build plants, develop the country, do things the Canadian way.

Mr. Speaker, there are only two ways of getting capital at present: either you issue stock which is very hard to sell because Canadians have no money or because they are afraid of taking risks by investing in industry, or else you borrow.

Moreover, since governments absorb all savings by issuing bonds, Canadians invest with governments because they think it is safer.

Industry comes second. Governments are forced to get all the savings available in the Canadian economy, so there is almost nothing left for industrial development. This is one of the reasons why the minister has to come up