

sector. It is this: People feel they are never listened to. They have developed theories and rational arguments which, if heeded, would put this government on the right road. But the government does not listen. I am looking at the Minister of Veterans Affairs (Mr. Laing) and I ask, what happens to most of these suggestions? I suggest they wind up in the wastepaper basket. People who try to set this government straight or give it the benefit of their wisdom are engaged for the most part in an exercise in futility.

• (2050)

I am particularly interested in DREE as it affects the city of Hamilton. If we look at the report from the other place, which deals with issues such as this, we find the following:

It appears to the committee that a policy designed to distribute industrial growth more evenly around the regions, desirable as it undoubtedly is, should be conceived within the framework of an overall industrial and technological strategy. For instance, using government subsidies to destroy or weaken firms well located in one region by creating new competitors artificially located in another is not in the long term national or regional interest. These artificial growths can damage prosperous areas without establishing a solid basis for industrial expansion in less developed regions, since they cannot be subsidized permanently. In Canada and elsewhere experience shows that this kind of approach leads to a waste of public funds, rising expectations and eventually bitter disillusion in the areas eligible for special assistance.

That applies to instances where industry is brought in to compete with industry which is already established. What concerns me is that the government should have no qualms whatsoever about removing industry from one place in order to create employment in another, thereby causing unemployment in the city from which the industry was taken. Here I make specific reference to Hamilton. The first instance was Aerovox, the second is of recent vintage. This is the one involved with Acme Seeley Business Systems Limited of Toronto.

The hon. member for York North, or from one of the other constituencies in that area, appeared puzzled that the hon. member for St. John's East (Mr. McGrath) should question the government in this connection. I want to let hon. members know what really happened. Acme Seeley Business Systems, as a result of a DREE grant of \$862,000 or more, has created 137 jobs in Renfrew. But what did they do? Do hon. members know what was done in the city of Toronto? The subsidiary is Jackson Metal Industries. Through this subsidiary, 136 jobs were involved in Toronto and in Hamilton before the company moved to Renfrew. So what was the gain? One job is gained in Renfrew, and 136 people are turned out of work.

I am here today to raise objection on behalf of the City of Hamilton and other cities throughout the country which have experienced this sort of thing. I see the Minister of the Environment (Mr. Davis) smiling. I do not know whether he is acquainted with this situation but he is a responsible minister, to some extent, and I hope he understands what I am trying to put across. It is impossible for a government to do this sort of thing and remain credible.

The issue which arises is wider than the two cases I have mentioned. How many other cases are there of a similar nature? How many millions of dollars of public funds are being used to deprive people in non-designated

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areas of their jobs? This is a legitimate question and I hope that at some time it will be answered. If I can give two illustrations arising within the cities of Hamilton and Toronto, it is likely that a great many more can be found within our society.

**Mr. Whelan:** The environment is better in Renfrew.

**Mr. Alexander:** Does the hon. member wish to speak? The hon. member for Essex-Windsor (Mr. Whelan) can always do so if he wishes.

In the past, when such instances came to light, the minister always managed to give an explanation which he hoped would sound plausible. He would say the firms would have gone out of business had the department not helped them. No doubt we shall get further, supposedly plausible explanations in the days to come, because I understand the minister has a fertile mind.

But why should well-placed, well-established firms find difficulty in surviving? It is not, I suggest, because of their own incapacity; it is primarily the result of the policies of the government. After all, if a manufacturer is producing in a city where housing costs are rising, where confrontation between management and labour rather than negotiation is the rule, where food costs are rising, where property taxes are rising, these are circumstances which have to be met by salary increases. If governments do not move in to alleviate the situation, industry will move to a lower-cost region. So don't let members opposite tell me industry had to move because otherwise it would have gone under. It is up to them to tell me why it would have gone under.

It seems to me that on an increasing number of occasions DREE grants are being used to transfer employment from one region to another. This gives cause for serious concern. One possible deterrent to this being done would be to deduct from the incentive grant an amount based on the reduction of employment at a company's other plants. If within a two-year period following the initial payment of a grant a company were to reduce its employment levels elsewhere in Canada, the repayment of part or all of the grant should be required. At present, a company is only required to make repayments if it reduces employment at the facility in respect of which the grant was made.

Let me deal, now, with another area affecting the Department of Industry, Trade and Commerce. It is noted that grants to industry to stimulate innovation have increased from approximately \$58 million in 1968-69 to \$114 million in the current fiscal year. That amounts to an increase of about 94 per cent in only four years. These grants primarily affect transportation, the metal industries and electrical concerns. But the significant fact, as revealed by Statistics Canada, is that there has been little increase in research and development expenditures by industry since 1969. As a matter of fact, efforts in this direction have been decreasing. In the electrical, transportation and machinery sectors we find that innovation expenditures have fallen from \$176 million in 1969 to a predicted \$162 million this year. Remember, it is in these sectors that the majority of the grants have been concentrated.