

Regional Unemployment

the money that is being expended to create employment, to create a more productive climate, has increased something like 65 per cent over that five-year period—65 per cent to 70 per cent—but the transfer payments for that same time period increased well over 90 per cent. This gives an indication of the lack of awareness or commitment in the performance of the present government with respect to dealing effectively with long-term and chronic unemployment situations.

It seems to me that the inability to realize development opportunities in eastern Canada has its most direct impact on employment. By 1974, as a direct result of the negative balance of trade between the Atlantic region and the other provinces, there was a net imbalance of some \$1.5 billion, with a loss to the region of 60,486 jobs, meaning, quite frankly, that what we are faced with here by the administration of this government is a program of greater and greater dependency in which we may be in some way or other sustaining or maintaining a capacity to consume in the Atlantic provinces, but we are moving farther and farther away from creating viable, effective and self-actuating economies where employment can be created in the Atlantic region.

I realize that no single department can be expected by itself successfully to carry out the task of eradicating disparity, and that is why I said at the outset that I do not want to deal here exclusively or even primarily with DREE. I believe, as a matter of fact, that there must be the most closely co-ordinated policies and programs of all major federal departments. My colleagues, during the course of the debate today, will outline in specific terms what we expect to hear from the departments which manage transportation, energy, fiscal and tariff questions.

I want particularly to deal with the whole question of the fiscal responsibility of the government, because I believe it to be so crucial. As the minister well knows, I have discussed this with him. An initiative was taken within the context of the last budget, the principle of which I believe to be very important. The performance of the actual initiative taken, I think, was nothing more than a throw-away on the part of the government, and I want to deal with that in some substance. The Economic Council of Canada's recent study on regional disparity, entitled, "Living Together", focused much of its discussions on the unrealized potential of fiscal matters as a development tool. They said in one of their recommendations:

We recommend that the mix of fiscal policy instruments used by the federal government . . . be chosen in such a way as to increase the proportion of national demand going to high unemployment regions.

Therefore, we are not alone in our view that the Minister of Finance should play a special, if not a central, role in regional development. To begin with, we have the failure to date of any kind of active role on the part of this Minister of Finance and this government to recognize, much less to do anything, about the serious inequalities of the Canadian banking system which, in its performance at least, appears to discriminate against the low-growth regions which reinforce their position in the Canadian economy as consumers instead of producers.

[Mr. MacDonald (Egmont).]

• (1530)

If we look at the situation in the first quarter of last year in the Atlantic area, which has almost 10 per cent of Canada's population, in terms of business loans we find that we received 7.3 per cent of business loans, amounting to less than \$200,000; 6.7 per cent of business loans, amounting to between \$200,000 and \$1 million; 6.6 per cent of business loans, between \$1 million and \$5 million; and 4.7 per cent of those loans over \$5 million. Yet with respect to personal loans, those which foster consumption rather than production, the region received more than its share from the Canadian banks, a little over 10 per cent.

Perhaps we can understand why we would not receive the \$5 million-plus loans, because we know that in the Atlantic region we operate primarily on a smaller scale with respect to our industrial structure; but in a non-discriminatory financial system we should expect this deficiency to be overcompensated in the small loans category. Yet even for loans guaranteed under the Small Businesses Loans Act only one of the chartered banks even comes close to compensating for the low level of large loans going to the Atlantic region.

To give an idea of the situation as it stands at the present time, the Royal Bank directed 7.8 per cent of its lending under the Small Businesses Loans Act in 1975 to the Atlantic region; Canadian Imperial, 8.3 per cent; Bank of Montreal, 8 per cent; Toronto-Dominion, 0.5 per cent. All chartered banks averaged 8.9 per cent, and the only exception to this record of discrimination was the Bank of Nova Scotia, with 13.8 per cent.

In the creation of permanent jobs in eastern Canada we are obviously going to depend heavily on the private sector, which must be assured access to capital funding if it is to expand. Obviously, these figures are of critical importance to the future role private investment can play in the Atlantic region. Yet in the government's proposals for reform in the Canadian Banking system contained in the white paper on banking last August, no mention was made of the problem of making banks more responsive to the have-not regions' needs. There was no mention of how banking structures might be decentralized to promote local sensitivities. There was no mention of ways in which interest rates or collateral requirements can be made more equitable for the small businessman. There was no mention about how the banks might imaginatively be used to promote new entrepreneurship in low-growth areas. I mention these facts because I think the federal government has a leadership role to play, and to date there has certainly been no such role played by the Minister of Finance. Nor have I heard any of his colleagues, including the Minister of Regional Economic Expansion, address themselves to what I believe is a very critical matter.

The failure of the Minister of Finance to take into account the critical needs of our have-not regions is again manifest in the tariff system for which he bears primary responsibility. I believe our tariff system creates enormous difficulty for the underdeveloped regions of the country. It is a system, if I can use a phrase which will have some reminiscences to it, of "loser pay" which protects some of the industrialized portions of the