

Anti-Inflation Act

extremely poor way the economy of our nation. The Atlantic region has worsening unemployment, in northern New Brunswick, Newfoundland and in Cape Breton which we, as a nation, should be absolutely ashamed about. It is not only now in these areas which have been traditionally hard hit but also right into the heartland of the industrial part of this country. In Ontario 7.1 per cent of the work force is unemployed. If you added the discouraged workers of Ontario the figure would likely be 8 per cent. It is no longer then a strictly Atlantic region problem or a problem for the other hard hit areas such as the Northwest Territories.

The national policy being implemented and used by this government has made it much worse for the hard hit and traditionally low income and heavy unemployment areas of the Atlantic region. Together with ridings such as the one where I come from, the one where the Deputy Prime Minister (Mr. MacEachen) comes from, and the various other areas I have mentioned, the unemployment situation is spreading now into northern Ontario and seeping down into the heartland of southern Ontario.

In 1967, when the Cape Breton Development Corporation was set up, the coal industry was declining and being phased out. The Sydney steel plant was the cornerstone industry so far as Cape Breton was concerned, but the federal government would not take over that industry.

It said to the government in Halifax, the small provincial government with a bureaucracy which did not have the expertise, a government which did not have the financing, that it should take it over so that the provincial government would be looking after the steel plant. If there was anything that was designed and planned, and stupidly planned if it was planned, to bring trouble to the people in that region in the future, it was that kind of an arrangement. To this very day we have suffered. I am not saying that the federal government did not make contributions, perhaps up to \$100 million to the Sydney steel plant within the last ten years. However, because of the fact the main owner was the provincial government which did not have the expertise, they did not know and did not recognize that this plant had to compete internationally if it was going to exist. As a result of the federal government's refusal to make it a separate division under Devco we are in a plight in Cape Breton now which can only be classified as grim.

I would like to make a suggestion both to the Deputy Prime Minister—I see him in the House—and to the Department of Regional Economic Expansion although the minister of that department is not present at the moment. I would like them to give serious consideration at this stage of the Sydney steel plant history to making it a separate division under Devco. I will explain why I feel this is necessary.

The provincial government has made a complete mess of trying to renovate the steel plant. A lot of money has been spent there. Before I came into politics I pleaded with them to put in basic oxygen furnaces as a substitute for the old open hearth furnaces. Although you might not know the technology of the steel industry it was plain you could cook a batch of steel in about half the time with these furnaces that you could

with the old open hearth ones. Incidentally this was introduced into North America in Hamilton by Dofasco in 1955. By the time we were in difficulty in Sydney in 1973, the Japanese were producing 95 per cent of their steel by this method. It is no wonder they cleaned out the markets and everybody is trying to keep restrictions on imports and using quotas and tariffs against the Japanese because they are beating all the so-called free enterprisers in the United States at their own game. Under Japan's system the government did not back out. They actually helped these Japanese firms without actually nationalizing them.

There have been literally hundreds of millions of dollars put into that plant, and it was wasted. Some \$20 million was recently given by the federal government and that is just for housekeeping chores. If the job had been done five or six years ago they would not need to give them that money now. It is ridiculous to be given money to lift open hearth furnaces which should now be completely non-existent. In the proposed plans they were to replace the open hearth furnaces with basic oxygen ones. The result would have been that today, instead of a loss of \$30 million in these plants, the maximum loss would be some \$10 million taking into account output and the depressed international situation in steel during the last three or four years. More important we would be ready for a new influx of capital with a base to allow us to compete in the future.

The situation is unrealistic. Either the Sydney steel plant should be closed or it should be taken out of the hands of the provincial government. They should pick up the debt that is owed. There is a continuing debt, not from general revenues, but from guaranteed loans which they gave to that corporation. Devco ought to take it over and renovate it. Devco or Sysco are going to be coming in there within the next year and a half—it will be after the election—and I am sure promises will be made during the election campaign with a plan which will require \$200 to \$250 million from the federal government in order to renovate that plant.

When my leader spoke yesterday about the need for national planning, everybody got uptight about it, because they take it to mean continual government intervention. We want some sense in the steel sector. It is not difficult to run a steel plant in Hamilton which is near the source of raw materials and the markets. They use coal from the United States. Possibly in ten years there will be some difficulty. The coal may not be available. A lot of government help may be needed there yet.

● (1652)

It will take a special effort in order to build up the Atlantic region and the steel industry there. I plead with the Deputy Prime Minister because he is the only representative of Nova Scotia in cabinet. He knows about these problems. There is no way to bring back the Sydney steel plant unless it is taken over by Devco and made a separate division. I admit that because of mistakes which have been made it will be tough sledding, but there is no other way it can be done.