

*Regional Development Incentives Act*

It is very interesting to read the comments made by the Minister of Regional Economic Expansion in light of his subsequent announcement. I want to make it clear that I have every sympathy with the problems facing the city of Cornwall. I am not questioning the designation of that area, but it seems to me there have been some important inconsistencies in the approach of the government to this particular matter since the regional development legislation has come into effect.

I think we do have to examine the objectives of the program. It is intended to eliminate regional disparities across Canada and to develop the human and resources potential in all regions of this country. Reference has already been made to the regional nature and structure of the economy. In addition I would suggest, and it is important, that more stress be put on the objective of reducing inequalities in wealth. I recognize, of course, that this does not involve only programs of the Department of Regional Economic Expansion, but that the programs of that department must be complemented by other government policies designed to reduce inequalities of wealth. I think it is very important to keep in mind when drafting regional development programs that we do not simply perpetuate or possibly even extend the inequalities which exist within some of the regions of Canada that we are trying to help through these programs.

I should like to examine for a few minutes the operation of the regional development programs of the government as I see them from my own point of view and from the information that has been made available to the members of the House of Commons. Certainly, I feel this is a matter that should receive a good deal of attention from the members as it is a very important area of policy. When we take a look at the policies developed by the government over the past few years, there are three different areas we need to question and examine.

The first basic area has to do with the assumptions on which the government has developed and formulated its programs. Second, we have to take a look at the basic framework of these programs which have been, and still are, in the course of development. Third, we must take a look at some of the problems involved in implementing these programs. These problems, involving the nuts and bolts of the function, are also important in themselves.

To return to the first problem, it seems to me that the very first assumption upon which this program is based needs to be examined, that is, the assumption upon which the government's over-all economic policy is based. I have in mind the government's anti-inflationary policy which allowed a high level of unemployment to develop in Canada. This is a matter which has been debated at great length in the House of Commons. I want to say that I have some sympathy for the minister because I feel it is impossible for the minister and his department to develop a sound regional development program when, in fact, it is cast within the framework of a total economic policy which is inadequate and which allows unemployment to develop and exist across Canada. It seems to me that in such a framework, and within such a situation, it is impossible to have a regional development program that

will do the job. It seems to me this is the first basic fault we find when we look at some of the basic assumptions involved in developing such a program.

The second basic problem is the absence of any sort of planning framework. I have already dealt with this in part. In fact, we have had a good deal of ad hocery, if I may use that phrase, in developing regional development programs. In this particular program some other gimmicks have been developed to help deal with problems in various parts of Canada. Much of the program which has been developed has been developed in the absence of any sort of planning approach, or any comprehensive framework. I have no doubt that some work has been done in this area. I certainly expect that is the case, but I feel this has not come through as yet in any program we have before us at the present time.

The third major function which I find at fault in the program of the government is its blind faith in relying upon the private enterprise sector of the economy to deal with this particular problem. Of course, the government's reliance and faith is demonstrated by the fact that the greater part of this money is being spent in the form of grants to private industry. I am not saying all of these are necessarily bad and there is not need for such a program, but we do have some very fundamental problems when we give away huge amounts of money in the form of grants to private industry because we have no control over the development of these industries. Actually, we have only a very short-run type of control over development and over what happens in these industries.

It is very important to know that what we are dealing with is the well being and welfare of the people. We must examine this within a broad context as well as within its more narrow limits. The minister has indicated in answer to questions from time to time, as noted recently by my colleague, the hon. member for Waterloo (Mr. Saltsman) during another debate, that in some areas of the country the government would provide assistance to the level of 35 per cent of capital costs, plus whatever other assistance is made available in terms of the number of jobs created through new development.

I am not arguing against giving special help to particular areas of Canada, but I want to draw attention to the reliance being placed on private enterprise and the corporate sector of the economy to deal with problems of regional development. I suggest the government's program is doomed to failure as long as it persists in this approach. It is simply unworkable and will not provide an answer in the long run.

The fourth basic assumption is the government's willingness to allow conflicts in policies relating to existing development. One particular problem, of course, has to do with the approach to the ownership of firms which are provided with financial assistance. A good deal has been said already about the type of assistance which has been granted to foreign corporations through the regional development program. I think this, as well, is a very basic fault. If the Minister of National Revenue (Mr. Gray) is to place before the government, the House of Commons and the people of Canada, any sort of meaningful pro-