

*Regional Development Incentives Act*

On December 8 the Prime Minister made a speech in Saint John, New Brunswick. On page 5 of his press release he refers to the potential markets in New England for manufactured goods from the Atlantic Provinces. Let me quote from this press release as follows:

Industry is now coming to New Brunswick and to the Atlantic provinces. It is attracted in part by the availability of resources, of transportation, of a skilled labour force, and in part by the government incentives such as those offered by the federal department of Regional Economic Expansion.

It then reads:

As it comes, those factors that I have mentioned should be taken into account to ensure a long-range, healthy type of development.

As I mentioned earlier, the special incentives set up in Bill C-205 may very well have a counter effect to that which the Prime Minister had in mind three or four days before this bill was placed before this House for second reading. It might be that in St. Jean, Quebec, you would have greater access to the New England market for manufactured goods than you would have in Saint John, New Brunswick, because this 10 per cent incentive for designated areas is very deceptive.

We heard evidence before the committee that during the existence of this measure some 400 applications had been made, but that only six applicants had received the maximum grant. I understand three of those were in New Brunswick, one in Prince Edward Island, one in Quebec and one in Saskatchewan. There was an indication in the press release that the Atlantic area was to receive the same 10 per cent incentive as the designated area around Montreal. In this regard, there will also be a ministerial discretion. When you consider these things, together with the fact that a maximum grant has only been given to six applicants during the history of this measure, it does not require a complicated computer to realize that the 10 per cent incentive in a heavily populated area will have a much greater effect than a 35 per cent grant to a small company in the Atlantic area.

When the minister appeared before the committee, he indicated he wanted to balance that which was being granted new areas with what had previously been offered in the Atlantic areas. I do not read in any ulterior motives, but the fact is that only six applicants have received the full grant. It is deceptive and highly illusory to suggest that the 10 per cent to newly designated areas will be offset by the same 10 per cent in the Atlantic area.

It should be obvious that industry of greater magnitude will establish in Montreal and other heavily populated areas in the industrial heartland of this country. A maximum grant of 35 per cent for a smaller plant in a smaller populated area will not be equivalent to a 10 per cent grant to a bigger industry in these populated areas. A great deal will depend on how the minister exercises his discretion. If he is not careful, he could effectively stifle new industry in the Atlantic area and smother existing industry. In this way this measure would run completely counter to the direction the Prime Minister

mentioned four days after this bill was given first reading and just before it was presented to the House for second reading. I wonder whether these two ministers ever got together in this regard. The Prime Minister may have been sincere in the speech he made in Saint John, but what he suggested was almost as deceptive as some parts of this bill.

There are other specific problems I could mention, but the government has decided in its wisdom to take this course in helping those areas which need special help. They will have to live with it.

• (5:50 p.m.)

Then, we have my prophecy in respect of this bill. This is my third, perhaps my shortest but more serious point. I still believe, no matter whether the minister be a Conservative, a Liberal, an NDP or of what political stripe, he should not have the unfettered discretion this bill would give him, although for the most laudable objective. Fortunately, the minister did acquiesce in the committee and agree that there shall be a council to sort of supervise the administration of the act. We will be most interested to see what form that council takes, because we know it will not have a legislative effect but only an effect after the fact. However, I would not wish to be in the minister's shoes with the discretion he will have. It is a fantastic commentary on the evolution of politics, at a time when governments delegate authority to delegate authority, that there has not been an expression on this question of the delegation of the appropriate power. I am sure the minister will try to exercise this power most sincerely. But if I were a political animal in any part of the country, which I am, I would be exposed to and involved in almost unnatural pressures to put my signature to an application in my area, or if I were from British Columbia to an application for that area, in respect of the particular problems which arise.

I am amazed that there has not been more of a complaint, because the new designated areas remove part of the restriction we had before. The minister, and any minister, obviously had to look at the facts of life before he granted or disapproved a loan. The history of the economy of a particular area would, in large measure, indicate whether or not a prospective industry would be a viable industry. But when a minister begins exercising discretionary power in half of this country, and particularly in the industrial heartland, it is an entirely different matter.

The other point of principle was the question of the mixture of long-term development or regional policies now being instituted, diluted and/or destroyed by short-term cyclical policies. But the principle of this bill again contains a sort of an irony. Again this should involve and interest all members of this House. A government which campaigned and won a strong mandate on the one-Canada theme not too long ago, and which at federal-provincial conferences has been completely against any form of special status anywhere, has by this bill, again for laudable objectives, sought to give special status to one-half of Canada. I suggest it is thereby making two Canadas.

[Mr. Nowlan.]