

*Western Economic Diversification Act*

Yet, the CFIB says that their enthusiasm has been tempered by growing concern that the western diversification initiative is degenerating into at least one or all of the following: "a political slush fund to support vulnerable constituencies to lure in big business or bail out obsolete industries in hopes of gaining short-term political profile". I do not believe that is what the Government announced as the office's intention. However, when people from the small business sector studied this initiative, they feared that this is what it would become.

They went on to state that it may become: "a bureaucratic slush fund available for other line Departments and Ministers to raid in lieu of other national programs that should have their fair share spent in the West". In other words, they are warning people in western Canada that the \$97 million going into this particular initiative for the close of the fiscal year is not so much found money, given the fact that other programs that could and should be used in western Canada will be short-changed as a consequence.

Their third concern is that it could become: "a narrow and highly centralized approach to diversification with continued emphasis on megaprojects or traditional resource extraction and development" or, finally: "it could turn into a confusing black box lacking clear criteria or policy direction and on a collision course with a myriad of client groups who are inevitably going to see thousands of applications rejected and thousands of hopes dashed".

The Federation of Independent Business proposed that given the resources available and the area where jobs are actually being created in the economy today, the Western Diversification Fund should be focused on the areas of community development, risk financing and equity investment in small business, on the promotion and support of a western entrepreneurial culture and on advocacy through all federal agencies on behalf of the West. They expressed grave concern about the need to salvage the credibility of the Western Diversification Office before it had begun to be established.

The fears as they have been expressed by my colleagues are that there will not be genuine diversification beyond the traditional resource industries. I have those same concerns. I was in western Canada on a very interesting tour of the energy sector that was organized by the Hon. Member for Athabasca (Mr. Shields) in conjunction with the Alberta Government. I thank the Hon. Member for his assistance because as an Ontario resident, albeit a native of British Columbia, I found it extremely useful and helpful.

I learned from that trip that there was this sense of confusion about what the diversification office would actually do. I heard about a number of applications being made and encouraged by the diversification office which did not appear to meet the criteria of diversification. I am not sure whether it was designed to ensure that western Canada would embark upon new areas of industrial development, whether in high tech, international oil servicing or the like, or whether it would simply help the traditional development of the tourist sector. I

understand that \$75 million in funding has been given for the cure of soil erosion and that \$5 million has been given for potash marketing. This does not appear to be diversification in the traditional sense.

If there is a sense of confusion or lack of focus in the Western Diversification Office before it has even been legislated into being, what will happen in two years, particularly if the Government eventually directs the 1988-89 funding for the first full year of the diversification office into areas that are far more important for political pay-off than for economic development in western Canada?

I hope that we in the New Democratic Party are learning from those concerns. We believe the process should be much more open, with an ongoing dialogue in which the provincial governments, western business, working people in the trade unions, and the voluntary sector are all involved in planning the diversification of the economy of western Canada and implementing those plans in ways in which all governments will serve as a catalyst in helping all sectors work toward the common goal of the diversification and strengthening of the economy of western Canada.

**Mr. Shields:** Mr. Speaker, I want to ask my hon. friend, the Member for Ottawa Centre (Mr. Cassidy), why the NDP keep referring to the Federation of Independent Business presentation that was made to the Minister of Indian Affairs and Northern Development (Mr. McKnight) prior to the legislation being introduced to the House. They know full well that it is misleading. I cannot say that it is intentionally misleading because that would be unparliamentary, but one cannot help but question the motives of the Hon. Member for Ottawa Centre.

He knows that when this legislation was sent to committee and studied clause by clause, the NDP and Liberal Members each asked that the Federation of Independent Business be allowed to appear as a witness in front of the committee. The Federation indicated by phone that it did not want to appear before the committee because it was basically satisfied with the legislation. However, it stated that it had received calls asking it to appear and would do so if requested.

In order to accommodate New Democratic and Liberal members of the committee, we called the Federation of Independent Business to appear before the committee. That organization agreed to come, but only at our insistence. Why then does the Hon. Member present his case based on the Federation of Independent Business proposal that was submitted to the cabinet Minister in charge of western diversification prior to the legislation? Why would he do that?

● (1140)

The Member indicates that there is a sense of confusion out there because people are making applications under the Western Diversification Program and the applications are being turned down. Why is the Member talking about this confusion when the legislation which allows the Minister for