

lack of action on the part of his government will severely hurt people and regions which simply cannot afford to be hurt one more time?

What about the increase in premiums for unemployment insurance? The Minister of Finance announced in the budget that employee contributions will increase from a rate of \$1.35 per \$100 of insurable earnings, to a rate of \$1.80 per \$100 of insurable earnings, a 33 per cent rise. Does he look at these black and white figures and think to himself that 45 cents per week for \$100 is not very much? Does he think it is not too bad, or does he see that the change in the contribution scheme is really a regressive tax and an extra burden on working people, especially on those who can afford it less?

One would hope the Minister of Employment and Immigration would have been able to supply his colleague with better advice as to how to increase revenues from the unemployment insurance program. But he has received bad advice from that minister. The government should be getting better advice, especially at this point in history, so that it can spend those millions of dollars on public relations advertising good programs instead of the useless and sometimes harmful programs introduced in the last few years.

I should like to look at some other factors in the budget. The Liberal government realized ten years ago that the economic direction in which they were taking the country would ultimately mean that certain regions would become increasingly disadvantaged. Since it evidently realized the injustice which would be created by the existence of a federation with such great disparities of wealth, it decided to create the Department of Regional Economic Expansion. This would be the flagship of the government's concern for regional disparities. After all, in a country as wealthy and prosperous as Canada, it would be nothing but an embarrassment for those inequities to continue to exist.

We all had great optimism at the time the program was announced, a program with a specific mandate to ensure that individual Canadians in disadvantaged regions would not fall too far behind. Unfortunately the department was an optimistic child of the late sixties. Now that child is middle aged and cynical. It is well known that the DREE budget has dropped dramatically since its inception as a proportion of total federal spending. It has dropped from 2 per cent of the budget to less than 1 per cent. I will not push this point because it is a fact that the government has lost any concern for regional disparity.

The real tragedy of DREE is that in the last ten years it has failed in its mission to enlighten budgetmakers and Treasury Board presidents. It has failed to convince these decision makers that economic policy must be a policy for all areas of the country. The Department of Regional Economic Expansion has in many ways played an advocate role. It has fought for disadvantaged regions both inside and outside the cabinet room with some success. However, in the final analysis there has been little progress in the last ten years, especially when it comes to the economic development of the regions concerned, most of all because what DREE gives with the one hand, other federal policies take away with the other.

The Budget—Mr. Murphy

I have seen very little co-operation and co-ordination between DREE and other departments. One problem is that the government does not know what it wants to do in eastern Canada. In the budget there is a special investment tax credit program provided for areas of greatest disparity. The program announced within the body of the budget a week ago was designed specifically to combat regional disparities. It was supposed to increase investment in areas of Canada suffering from high unemployment and low income levels. The 50 per cent investment tax credit will apply to investments in new plants and equipment for processing and manufacturing. My first glance at this proposal made me think it was something I had seen in the Conservative budget but packaged slightly different by Liberal budget writers. At first I was optimistic about the program, but once I looked at it, I found that it was watered down and would not provide the types of assistance the Atlantic region needs. Most notably, the other departments are still not co-ordinated with this program. The increase in energy costs in eastern Canada will probably dilute the effect of this program. Moreover, the new program will not create the types of jobs eastern Canadians need. This program is also most notable for the kind of activities which the government is not going to encourage through the 50 per cent investment tax credit. The exclusions are pulp and newspaper production, petroleum refining, farming, fishing, logging and mining, which work against Atlantic Canada due to the area's dependence on those resource-based industries. They need these industries in order to stabilize their economies and create jobs; excluding them from the program cannot help eastern Canadians.

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A further concern I have about this tax credit program is one I have in general about DREE funding. There is little evidence that the companies which locate in the Atlantic region, subsidized by government funds, do so because of the incentive programs. In many cases these companies have little commitment to the region or its population and the subsidies do nothing more than add to private profits, with little regard for continuity. I fail to understand why these incentives are being offered immediately effective budget night. They are supposed to encourage companies to relocate or to invest in eastern Canada. If it is an incentive to bring these companies to eastern Canada, why is it being backdated in such a way that companies which are already planning to relocate there are to receive this 50 per cent credit? You do not encourage companies that are planning to build or companies that are already building there. You encourage companies that may be induced to move there two or three years down the road, companies which are making their plans at this time. In other words, this measure, like so many other measures, will just be another tax rip-off for the companies. If the government were really concerned it would be making plans for the future by offering incentives for the future and not just giving tax write-offs to companies that are already building in those regions.