

write-off and accelerated depreciation will have on grants under the Regional Development Incentives Act. The Atlantic Provinces Economic Council has indicated that in its view the accelerated write-off and capital depreciation provisions in the new budget will in fact dilute the effects of the Regional Development Incentives Act. Questions in this regard were directed to the minister in the House and to the Minister of Finance, but members have not been able to extract any assurances to the contrary. I have also been advised that the Atlantic Development Council, which answers to the minister, has this important matter under study.

May I say in conclusion that we regret that the minister has not revised the whole designated area concept and its application right across the country because we believe this defeats the very purpose of the government's policy to end regional disparity in this country.

**Mr. John Burton (Regina East):** Mr. Speaker, I want to thank the minister for supplying a copy of his remarks to opposition spokesmen ahead of time. The first statement made by the minister is not true. He said,

... following consultations with the provincial governments, the Governor in Council has decided that regions now designated ... should continue ...

The cabinet made a decision on March 30 to continue the present basic designated regions to the end of 1973. The present designated regions were established in mid-1969 and have been in effect for almost three years. The government provided for a review by setting the June 30 expiry date this year. But now we are told there is to be no change. This is evidence that the program has failed. There is great disappointment and there will be great disappointment, particularly among the provinces, that there has been no change in content or in boundaries. The sum of \$250 million has already been committed, much of it still to be spent, and the commitments are accelerating, but we have business as usual for the next 18 months.

In addition, there is no change in policy with regard to grants to foreign-controlled firms. I think we might have expected some change associated with Bill C-201. Why should any foreign-controlled firm want to take over a Canadian enterprise when it can get this type of industrial incentive grant to expand its present operations or to set up a new operation in Canada? In addition, they have over half the country to choose from when picking a location. The government should also note that Ontario is doing away with its program of forgivable loans to foreign-controlled firms because the loans are doing no good.

A great deal of study was given to this program by the committee. There are many problems in its administration, but the minister has allowed the program to be used for short-run objectives. An evaluation program has not been developed even though the minister said last year that they were starting such a program. It is urgently needed now.

A Montreal *Star* editorial in the June 6 issue pointed out the following:

The program, then, is ripe for a thorough reassessment. It is too expensive, and the needs for regional development are too pressing for policies to be taken on faith.

### *Regional Economic Expansion*

In committee I raised a question on the legality of the grants because clause 7 specifies that "no development incentive may be authorized ... if ... (a) it is probable that the facility would be established, expanded or modernized without the provision of such an incentive." Two deputy ministers have said that grants are merely likely to accelerate decisions rather than to effect a negative decision. But the minister has told us that no legal opinion has been obtained from the Minister of Justice on whether any grants can be given under these circumstances, and he gave no undertaking that such a legal opinion would be given.

To sum up, Mr. Speaker, we believe that regional disparities must be overcome. Every Canadian in every region of the country has the right to share in national prosperity. The government is placing emphasis in its program on these give-away grants, now totalling a quarter of a billion dollars. The government has the wrong priorities in its program. The taxpayer is tired of paying money to industrialists, with no results to show for it. The program needs a complete overhaul.

A new program must be developed that includes direct state intervention to establish the nucleus of an industrial strategy in each region, an overhaul of the corporate tax structure to reflect the real social costs of locational choices by industry, a carefully planned infrastructure program co-ordinated with industrial development, and there must also be genuine consultation and co-operation with the provinces and with local groups and organizations rather than the phony consultations that the minister has just reported.

Finally, Mr. Speaker, where is the progress with regard to other programs which I think all of us can go along with, such as the multiplex program already referred to and the agricultural services centre program? These other types of programs certainly need much more priority than has been given to them.

[*Translation*]

**Mr. C.-A. Gauthier (Roberval):** Mr. Speaker, I beg to congratulate the minister for the statement he has just made, namely that it has been "decided that regions now designated for purposes of the Regional Development Incentives Act should continue to be designated for an additional period of 12 or 18 months". I would have liked to receive a copy of his statement earlier, but it has just been put on my desk. It is regrettable because I would have had many comments to make on this matter.

The minister has also said and I quote:

Regions designated in January 1971 for a period ending July 1, 1972, will continue to be designated for a further period of 12 months—that is, until July 1, 1973. These regions include southwestern Quebec and parts of eastern Ontario.

Mr. Speaker, some might say that I talk in a parochial spirit, but I always think about the Saguenay-Lac-Saint-Jean area. I congratulate the minister for the projects that have been carried out in this area, particularly in the Roberval riding, because the constituents are satisfied with the programs that have been implemented, although they are unhappy about the manner in which they were announced. I warn the minister not to use this kind of announcement concerning these programs as a political stepping-stone because I discovered when the last two