

Statement
Minister for
International
Trade



Discours
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NOTES FOR AN ADDRESS

BY THE MINISTER FOR INTERNATIONAL TRADE,

JOHN C. CROSBIE,

TO

THE ATLANTIC PROVINCES' ECONOMIC COUNCIL

MONCTON, NEW BRUNSWICK

October 3, 1989.

Mr. Chairman, ladies and gentlemen.

I suspect you have all heard it said, "put your money where your mouth is." Tonight, I'm here to tell you, that when it comes to Atlantic Canada, this government has done exactly that.

We have spent more, we are spending more and we will continue to spend more by far for regional development in Atlantic Canada than any other government in Canada's history. And, even more important, by dedicating an agency to Atlantic Canada's needs, by making decisions locally and not in Ottawa, and by concentrating on small and medium-sized businesses, we are spending far more effectively.

That might not be greeted with universal recognition in the streets of Halifax, Fredericton, Charlottetown or my home of St. John's. It might not even win universal acceptance in this room ... though it should.

No one denies there are problems in Atlantic Canada. Some are quite serious, like the Northern Cod situation.

Others are more imagined than real, like the sense that in last spring's budget we were asked to pay a disproportionate share of the cost of keeping the nation's finances in order. Or the sense that proposed changes to the Unemployment Insurance system will seriously disadvantage seasonal workers.

And there are legitimate concerns about the people impacts of necessary adjustments like the base closure in Summerside and the future of various Via Rail routes.

Like all Atlantic Canadians I am aware of these problems and these concerns. As a minister in the Government of Canada I will work with my cabinet colleagues, with provincial ministers, and with groups throughout Atlantic Canada to find effective and innovative means to achieve economically viable and socially responsive solutions.

I want to talk to you tonight about the Progressive Conservative government's vision for Atlantic Canada.

And I want to put paid to the shibboleth that our commitment to regional development has wavered, that somehow the government is backing away from its commitment to Atlantic Canada.

Let me put this in context: where we started as a government, the economic progress to date, and the economic progress to come.

In September of 1984, our government set out to change Canada's economic orientation. We had to. The mismanagement of the preceding sixteen year had Canada barrelling down the road to economic oblivion, with unsustainable deficits, flagging productivity and declining international competitiveness.

We moved to restore investor confidence through means like reducing the deficit, reform of the tax system, dismantling barriers to investment from abroad, economic regulatory reform, privatization and improved labour market strategies.

The results are a matter of public record. In the past five years Canada has out performed virtually every country in the industrialized world.

Since September 1984, the Canadian economy has expanded by 20 percent in real terms. The Canadian dollar is strong. And inflation has been held to the 5% range.

More than 1.5 million jobs have been created. More than half of those new jobs are held by women.

Employment has risen in every province in Canada. The national unemployment rate has fallen from 11.6 percent to 7.4 percent; the drop in youth unemployment is even more dramatic, from 18.2 percent to 11 percent.

Here in Atlantic Canada, some 108,000 new jobs have been created in the past five years. Our region has enjoyed real gross domestic product growth of three (3) percent in each of the last three years.

While our regional unemployment rate of 12.4 percent is still too high, it is a major improvement over the ruinously high level of 16.8 percent in 1984.

We have every reason to look to the future with confidence.

One reason is the Free Trade Agreement with the United States, which provides more secure access to our most important market, while sending a signal to the rest of the trading world that Canada stands ready to compete.

Every reputable study has confirmed that free trade will have a positive impact on investment, employment, incomes and living standards everywhere in Canada, particularly in Atlantic Canada.

The Agreement opens up the American eastern seaboard to us once again, and with it a renewal of the mercantile tradition that was the life blood of our economies before Confederation.

Recently, in my capacity as Minister for International Trade, I had the honor of leading a group of representatives from 27 Atlantic Canadian companies on a trade mission to Boston.

The companies were participating in the New Exporters to Border States program. It is, in effect, a crash course for small and medium-sized businesses in the essentials of exporting to the United States.

The program provides practical information along with first hand exposure to a nearby market place in a northern U.S. State.

The program encourages Canadian firms that are not now exporting to develop markets just across the border as a natural extension of their home markets.

I cannot overstate the enthusiasm and determination of the members of the group. I am confident those companies will soon be doing business in the Boston states.

It is vital that we in government give these entrepreneurs the financial and development support they need to take greatest advantage of new open markets.

And in Atlantic Canada, no instrument of federal policy is more important to this process than the Atlantic Canada Opportunities Agency.

Newfoundland Premier Clyde Wells recently dismissed ACOA as an "abject failure" - the latest in a long line of failed regional development programs.

I want to take the strongest possible exception to that unwarranted and demonstrably wrong assertion.

I share the view of the Atlantic Provinces Chamber of Commerce which recently declared ACOA to be "the best thing to happen in Atlantic Canada for a long, long time."

Without question, the most important feature of ACOA is that, for the first time, decisions are being made in Atlantic Canada by Atlantic Canadians and not in Ottawa.

The financing comes from the centre, but the creative energy, and the entrepreneurial spirit that drive the program come from here.

ACOA is about helping business people identify new opportunities, improve productivity, exploit new technology, develop new markets and create new jobs. It is about helping to build more dynamic, more diversified and more resilient commercial enterprises in Atlantic Canada.

ACOA is a strategic partnership between the people of Atlantic Canada and their national government, a partnership designed to boost the traditional entrepreneurial spirit in Atlantic Canada.

To say that ACOA has been a resounding success is to understate the case. ACOA has already out-performed all previous regional economic development schemes and then some.

To date, agency officials have fielded more than 68,000 inquiries, received 13,000 applications, approved 6,100 projects, committed \$600 million and leveraged \$1.7 billion in investment from the private sector.

ACOA aided projects have created 15,000 new jobs and saved 18,000 others. Some 800 new enterprises have been opened, half of those by first-time entrepreneurs.

But, despite all this, Ottawa's commitment to regional development is still questioned in some quarters.

Let me put it to you directly. Our government has confidence in Atlantic Canada and we are backing up that confidence with unprecedented sums of money. Here are the facts.

Federal regional development spending in Atlantic Canada between 1979 and 1984 averaged \$185 million a year.

From 1984 to 1989, with our government in office, that annual expenditure went up by better than 50 percent, averaging \$282 million a year.

More importantly, from now to 1994, the annual federal expenditure for regional development will go up again by better than 50 percent - averaging \$425 million a year.

Now before we go any further, I know spending for this year is in the \$500 million range. And I acknowledge that for reasons of budgetary restraint, the funding period was extended from five years to just under seven.

Short term constraints on regional agency budgets will influence the extent to which new funding commitments can be entered into over the next year or so. And, these funding provisions may fall short of regional expectations in the short term.

But the fact remains that this government has not only maintained but has significantly increased regional development funding over the next five years. We are proud of this.

And, we make no apologies for asking regional development programs to bear some of the burden of getting our deficit and national debt under control. The reason is simple.

If we fail in our attempt to control the federal deficit and if the federal government becomes more constrained by huge interest payments to service the debt, then there will have to be far less money for regional development and for the social programs so vital to our collective well being.

As we in Atlantic Canada know only too well, we will be the first to suffer and the last to recover from any dramatic downturn in the economy. Responsible fiscal management by this government has been critical to maintaining a growing, job-creating economy.

This government has done much to secure the economic future of Atlantic Canada.

The Newfoundland and Nova Scotia energy accords ensure our people will receive their full share of the benefits of development of off-shore resources.

When the cleaning up of Halifax harbour was proposed as an economic and environmental necessity, the Mulroney government was there.

When Saint John shipyards sought one of the largest contracts ever awarded in Canada, the Mulroney government was there.

What do these projects and other projects have in common? They are oriented to the future of Atlantic Canada, not the past. In sharp contrast to our predecessors, we will not waste \$500 million to produce heavy water for which there was no market and no foreseeable market. That was treating regional development like a sink hole. That we will not do.

I am aware of your concerns about the changes to the Action Plan announced last May.

In a review of agency activity necessitated by the deficit situation, we discovered that large projects were consuming a disproportionate share of resources. It was therefore decided to place greater focus on small and medium-sized enterprises ... the kind of companies whose representatives came to Boston with me and the kind of companies that must prosper for Atlantic Canada to prosper.

It is unfortunate that certain applicants proposing larger projects were caught in the pipeline. But I would remind you that large projects will continue to be eligible for assistance in the form of interest rate buy downs and loan insurance.

I would be remiss were I not to signal the importance of the Co-operation Program to Atlantic Canada. We intend to build on the strengths and accomplishments of its predecessors - the ERDAs.

We have changed the previous five-year block funding approach whereby everything was negotiated in year one, all funds committed at the outset, and no new arrangements were considered during the 5 year period that followed.

With the new program, we will operate on a rolling fund concept, whereby each year resources will be set aside and negotiations will be carried out for new agreements. And I want to emphasize that the level of funding for the Co-operation Program will be comparable to the funds allocated for past ERDA's.

The federal government cannot, on its own, solve the economic problems of Atlantic Canada. That was the old way and it did not work. We in Atlantic Canadians must provide the energy, the skills, and the imagination necessary to shape our own economic destiny.

Nor can we in Atlantic Canada succeed if we see ourselves as somehow separate from national and international developments.

I am confident that over time Atlantic Canada will achieve closer integration with the national economy and a more strongly competitive position internationally. Building that strength and diversity in Atlantic Canada is our goal.

ACOA, focussed, flexible, and regionally-directed is the best development agency our region can have for this purpose. It has all the ingredients for success ... the authority, the resources, and the independence.

In spite of the major progress in Atlantic Canada's economic development over the past five years, we have yet to arrive in the land of milk and honey. And, we will not be able to say "enough" until every legitimate need is met and every worthwhile opportunity is taken up. But never before has so profound and substantial a commitment been made.

A few weeks ago, my colleague Elmer MacKay held a consultation on ACOA in Wolfville. An entrepreneur told Elmer, "Minister, do not allow the naysayers to destroy ACOA". I can tell you today, there is no chance of that.

Our commitment to the concept of local decision-making is too strong. Our commitment to the goal of fostering the entrepreneurial spirit is too strong. And our commitment to the future growth and prosperity of Atlantic Canada is too strong to let that occur.