

*The Address—Mr. Michaud*

economy of the maritime provinces. In spite of declining employment in these three groups of industries they continue to maintain a relatively high proportion of subsistence workers. This was described in the Gordon report as one of the most striking features of the economy of the Atlantic provinces. The report then suggested that the proportionally large number of subsistence workers is an important reason for the region's low income levels. The situation obviously, then, is closely related to the lag in economic growth.

In view of the nature of the markets which are likely to prevail for food products, we expect our agricultural output to expand. However, it is likely that the increased output of farm products will be accomplished by that part of the industry which has adopted the larger size of operation, a higher degree of mechanization and increased productivity. This means that labour which is no longer required must move to other occupations, or become congested in subsistence farming areas, or both.

Owing to the present subsistence character of much primary logging and saw milling activity, there is little long term prospect of any substantial increase in employment opportunities in the lumbering industry. Expanded output will likely be accomplished, as in agriculture, by improved efficiency and productivity resulting from heavier capitalization and larger size of operations. This will result in a continuing exodus of lumber workers from primary operations, accompanied by the retention of considerable subsistence characteristics.

The fish and fish processing industry occupies an important position in the economy. A significant trend during the post-war period has been concentration of activity in fewer ports, accompanied by the building of modern fishing vessels and processing plants. It is suggested that the sections of the industry which have made this adjustment have created a firm foundation for continued growth and prosperity. Unfortunately the entire industry has not been able to make the adjustment, and there remain areas of subsistence operations where productivity is extremely low. In view of these factors it is difficult to foresee any reversal of a recent trend toward a declining labour force in the fish and fish processing industries.

It is therefore indicated that labour has been displaced from the agriculture, lumber and wood using, and fish and fish processing industries. Employment must therefore be found for these displacements. So far indications point to the fact that it is the construction industry and the service trades which have performed the function of absorption. Total employment in the industrial sectors referred

to has dropped by about 40,000 since 1949, but only about 14,000 new jobs have been created in construction in the Atlantic provinces during the same period.

We cannot look to the construction industry to absorb an ever increasing number of workers. It is true that in the years ahead a vigorous expansion of the service industries can be foreseen. It is forecast that employment in Canada will have more than doubled by 1980, and the Atlantic provinces will share in this general increase. However, if some shift of Canadian industrial development to the Atlantic provinces does not take place, the rate of employment growth in the service industries is likely to be correspondingly less pronounced in this region.

Employment now in resource based manufacturing has grown more rapidly since 1949 in the central provinces, the prairie provinces and in British Columbia than it has in the Atlantic provinces. In the Atlantic provinces the increase in the number of workers in resource based manufacturing industries was 2 per cent higher in 1957 than in 1949; in the central provinces it was up by 15 per cent, in the prairie provinces by 32 per cent and in British Columbia by 27 per cent. In spite of the advances made in resource based manufacturing industries in the Atlantic provinces, these industries were not successful in opening employment opportunities to the extent that this has occurred in other regions.

Neither have the Atlantic provinces been successful in expanding non-resource based manufacturing in order to provide substantial new employment. Between 1949 and 1957 secondary manufacturing employment rose by 17 per cent in the prairie provinces, by 18 per cent in the central provinces, by 28 per cent in British Columbia but only by 1 per cent in the Atlantic provinces.

To summarize, may I say this. Chronic unemployment persists in our region. Growth of output is indicated in many of the resource based industries, but their ability to absorb labour is low, and in certain industries like coal mining, agriculture and lumbering, employment has been and still is declining. The expansion of secondary manufacturing has been slow, and few new employment opportunities have been created. The service industries will continue to expand but at what rate is uncertain. The outlook is for lack of job opportunities for our people or a waste of our nation's manpower resources.

One of the great challenges for Canada is to find a way in which to attain a better balance in economic development among the several regions which constitute the nation. This is essentially a national problem, and