

*Grants to Designated Areas*

firms account for the major increases in new employment and investment. Of the 150 new firms, ten with investments of over \$20 million account for over two thirds of the new investment and something less than one half of the new employment.

Drawing on the experience obtained in the first year of operation, the Government several months ago undertook a thorough review of the whole area development program. From the beginning our main concern was to deal quickly and effectively with situations of serious unemployment. In order to proceed we first needed to devise objective criteria which could be applied in a uniform and consistent manner to all areas across the country, in order to determine those areas in which unemployment conditions were most serious. Members will recall that designation was on the basis of National Employment Service areas and depended upon whether an area had been in a labour surplus category during the summer months of the previous eight years and where employment growth was well below the national average. Consideration was also given to short-run serious unemployment, and several areas were added for this reason.

Our early experience and study indicated that the unemployment situation in the summer months shows up markedly in certain areas where retooling and other production changes are normal in those months. Therefore we now propose to consider unemployment in terms of the ratio between the number of registered unemployed and the number of paid workers in the area for the year as a whole. When this ratio is calculated for each National Employment Service area, it provides a basis for comparing the unemployment situation among all areas in the country and of showing each area relative to the general situation for Canada as a whole. We believe that this is a better technique for identifying the areas where the incidence of chronic unemployment is heaviest.

The second criterion for designation is the rate of employment growth experienced over the most recent five years rather than over an eight-year period. Five years are enough, we believe, to establish a trend and identify a chronic situation. When this factor is calculated for each area, we have an additional basis for comparing areas with one another and with the average for the country as a whole.

**Mr. Nugent:** The hon. Member only asked one question.

[Mr. Drury.]

**Mr. Drury:** The interjector's deskmate is very interested in these employment statistics, Mr. Speaker.

We are proposing a third criterion which provides for the designation of areas in which employment has declined persistently over a period of years. Our concern with unemployment and lack of employment opportunities goes well beyond a simple enumeration of people who might be registered as unemployed with the National Employment Service. To begin with it is well known that not all unemployed are registered with NES as seeking work. This situation may be associated with underemployment, which in general means employment for less than normal full time, or employment in an unproductive and low-paying job. But whatever the circumstances, perhaps the most reliable indicator of unregistered unemployment, and of underemployment, is low income. Accordingly, we are proposing to include as a fourth criterion for designation average non-farm family income as obtained from the national census. As the Canada Pension Plan gets under way we will benefit from more complete and more up-to-date information on family income in all parts of the country. What we will achieve through the application of these criteria is the designation of areas containing a total of about 15 per cent of the labour force in Canada. This is considered to be a reasonable and an acceptable scope for the new program and compares with 10 per cent of the Canadian labour force included in the 35 areas originally designated under the present program.

I have a final comment on this matter of determining which areas are to be designated for special assistance. Hon. Members are aware that industrial development assistance for select areas is relatively new to Canada and to other countries. We are in an early and experimental stage. The United States is in the process of enacting important changes in their program. In Europe, both Great Britain and France have made changes in recent years in their programs for area development.

● (7:20 p.m.)

We must keep in mind that countries with unitary systems of government find it easier to implement regional programs than does Canada. In our system, the provinces have very definite interests in economic development, and these interests inevitably take on a regional character. In developing our program we have been most conscious of pro-