

*National Location of Industry Council*

this particular problem. I personally believe that there is a national responsibility and that a national agency should apply remedies to all areas of Canada, not only the Atlantic provinces but all areas which are facing this particular difficulty. While I welcomed the concept behind the Atlantic provinces development board, it would be my preference that economic problems be handled on a national basis with techniques and tools applied to localities no matter where they are located in Canada.

The hon. member has referred, of course—and correctly—to experience in the United Kingdom and the United States in dealing with problems of depressed areas or areas of chronic and persistent unemployment. One of the first things that President Kennedy did, something for which he fought very fiercely during his senate career, was to establish an area development agency to deal with the problem of depressed areas. One of the early reports defines the kind of area that we have in mind in this particular resolution; that is, a depressed area is typically a pocket of chronic unemployment which persists even during relatively prosperous times in the rest of the nation. It is especially hard hit in time of recession. When the current unemployment rate is over 6 per cent, the depressed area rate is over 10 per cent. It is a fact that one province in Canada in the period of highest unemployment in the winter months has an unemployment rate of between 16 and 20 per cent. There are various communities in the Atlantic provinces especially in Nova Scotia and New Brunswick which at certain periods of the year have between 10 and 20 per cent of their paid workers idle. This situation continues over a period of years, amounting to a permanent pool of unemployment.

Now we have to try, as a civilized community, to do something about putting new economic life into these depressed areas. We have taken the attitude as a party that we need a special agency within the federal government to deal with the problems of depressed areas. Whether such a body is called a national location of industry council or, as we have suggested, an area rehabilitation agency, is immaterial provided it is set up to do this job. The first thing such an agency has to do is designate the areas to which special assistance should be granted. That has not been done in this country. It has been done in the United States under their development plan and it is being done in the United Kingdom. Based on their unemployment experience, certain areas are known and designated as areas in need of special assistance.

[Mr. MacEachen.]

We in this party believe there ought to be an agency set up which would first of all designate such areas and then be in a position to apply a variety of special aids in order to put new life and new economic activity into those communities. This is a problem which cannot be tackled or solved by private initiative. It cannot be solved by municipalities or by provinces. It requires the assistance of the federal authority.

Efforts in other countries have been much more than mere noble experiments. They have been highly successful. I have a report of the United Kingdom board of trade in which department the development programs there are administered. In reviewing the success of their policy, the following statement appears:

There is no doubt that these powers taken together have had a considerable effect in creating employment in the areas needing it and in diverting industry from the areas which are short of labour. By the end of May, 1960, there were about 1,100 factories being administered by the managers of the corporations. These factories were built at a cost of £80 million (sterling) and are giving employment to just over 200,000 workers.

The Atlantic provinces economic council has made various forecasts as to the number of new jobs needed in the Atlantic provinces for the next ten years. A realistic estimate of jobs required in that region in the next ten years is about 200,000. If we could have 200,000 new jobs in that area in the next ten years we would reduce unemployment levels and solve the major problem facing that segment of our economy. It has been done in the United Kingdom. Maybe it is easier to do it there for various reasons, but by these means they have succeeded in producing the equivalent of the number of new jobs required to place the Atlantic economy in a balanced state.

My hon. friend the leader of the Liberal party set forth the policy on this subject for his followers in a speech made in the House of Commons in March of 1961. In calling for the establishment of an area rehabilitation agency and for the designation of depressed areas he referred to a number of techniques which ought to be followed in encouraging the location of new industries in such areas. One of these is a flexible fiscal policy adapted to the needs of such areas and designed either to develop primary resources or to establish new secondary manufacturing industries. In detailing the phases of this policy the leader of the Liberal party advocated, first of all, capital grants for development. These grants would be available not only to companies but also to municipalities which required services for new industries. We have advocated tax incentives such as temporary tax exemptions which