I suggest that the best way of doing this is not by introducing a system of incentives but by introducing a system of disincentives. We should determine the areas in which we wish industry to locate and we should designate those areas in which we wish to discourage the location of industry. I suppose the best way of doing this would be through a form of punitive taxation; we should penalize industries which locate in areas where we believe there is an overconcentration of industry, areas such as those in and around the Great Lakes. We should impose punitive taxes to make sure that industries do not establish in areas where we do not want them. There should be a scale of punitive taxes which would encourage industries to locate in areas where taxes are lower. The result would be that industry would tend to locate in areas of lower taxation. The industry concerned would itself make the choice. For example, if there were a disincentive for industry to locate in and around the Great Lakes, industry might go to Montreal, Vancouver or somewhere else. The industry itself would make the choice; we should not tell it where to go. Thereby, the areas which are most suitable for development would be developed.

I sympathize deeply with my colleagues who insist that we are not doing enough in the Atlantic provinces, for example. But perhaps not much more could be done. If we had a program of disincentives and allowed industry to choose whether it should establish in Alberta or Nova Scotia, and if under such a program an industry chose Alberta, it would be evident that Alberta was the more logical location for the industry because it had made the choice itself and had not been forced to go there.

Tied in with such a program there would have to be a more sophisticated and generous program involving the mobility of labour. No doubt there are areas to which industries just will not go. The result is that the people in those areas will be unemployed; there will be no work for them. We shall therefore have to make sure that the people move. As a result, in those cases we must provide allowances which are much more generous than those now provided. Of course, after people have moved and become acclimatized to new areas, we will hear fewer demands of the sort now being made by many people who find themselves in economically depressed regions.

The immobility of labour is a very real problem and adds to our unemployment. Recently I was talking to a number of mine managers in my riding. I discussed with them the possibility of shipping coal from Alberta and eastern British Columbia to eastern Canada. At present most of the coal used in eastern Canada comes from the eastern United States. I was also talking about shipping coal to Europe, because Europe is facing a coal shortage. The steel mills of Europe want our coal and without doubt they will buy it in future.

I said to these people who manage a number of mines, "Are you doing anything about selling coal in Europe and eastern Canada?" They said, "We would like to, but we cannot. We cannot mine enough coal; we do not have enough miners." In that area there is a shortage of miners; the mines have had to obtain people from Korea,

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Japan, Czechoslovakia, Britain and other parts of the world. This has been necessary because we cannot get Canadian miners to work there, despite very good conditions and the highest wage rate paid in Canadian coal mines. This indicates that we must re-think our position with regard to mobility of labour and regional incentives. We must rationalize the whole structure to make sure that we do not create a continuous cycle of depressed and distressed areas which require federal and provincial assistance through programs such as we are studying today. I hope that eventually our regional economic expansion program will evolve to this point.

● (3:20 p.m.)

Mr. McBride: Mr. Speaker, will the hon. member permit a question? Will the hon. member tell the House whether in his opinion the information as to the need for additional workers in his area is well known in the rest of Canada—for instance, in eastern Ontario?

Mr. Sulatycky: Mr. Speaker, I am not sure whether the need for workers is well known. There is a crying need for experienced underground miners. I presume that Canada Manpower centres are seeking people for areas in which there is underground mining activity. In eastern Ontario there is not that kind of activity and perhaps the need may not be known.

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, with reference to the question asked by the hon. member for Lanark-Renfrew-Carleton (Mr. McBride), I think it would be wiser if the hon. member for Rocky Mountain (Mr. Sulatycky) did not take anything for granted. He should contact the Minister of Manpower and Immigration (Mr. Lang) to make sure that he knows about this problem. In a country as large and as varied as Canada, the minister may not know all the problems. In this case I suggest that the member contact the minister directly. This morning the Minister of Manpower and Immigration dealt with the matter of unemployment. He referred to a "better unemployment picture." The only better picture would be that of no unemployment. Perhaps the minister has coined a new phrase. Most unemployment is of the worst kind and I suggest the minister should consider it in this sense.

The problem of unemployment in Saskatchewan is very bad. In this morning's *Globe and Mail* I read an article dealing with Christmas shopping. The article stated that most of Canada would be in the same position as last year with regard to Christmas shopping but that Saskatchewan retail sales would decrease by 5 per cent. I think this indicates the situation in that province with regard to unemployment and the tightness of cash. I suggest that Saskatchewan suffers the worst kind of unemployment.

I wish to point out to the Minister of Regional Economic Expansion (Mr. Marchand) that if some of the problems of the basic industries in this country were solved, the problem of unemployment would automatically be solved. In this way there would not be such a strain upon