

been integrated as continuing programs of the Division. The need for them has been reconsidered each year and the decision to continue them has been made against the background of the current unemployment situation.

The permanent staff of the Job Creation Branch is quite small. Those working directly in the supervision of approved projects have largely been recruited on a term basis with the option of reappointment annually after the decision to continue the program was made. Thus while these direct employment programs absorbed an increasing share of the Division's budget, their contingency character has been maintained in theory and administration.

The basic concept of the job creation programs was developed in 1971 as a response to rising levels of unemployment which have not abated. The Committee was told that there is virtually nothing comparable to the Local Initiatives Program and the Opportunities for Youth Program in other countries, except those which have adopted the Canadian example. These programs have attracted a good deal of international attention and commendation. The conceptual break-through attributed to them has been the shift of responsibility for finding solutions to problems to localized seasonal unemployment from the administering bureaucracy of the Division to those directly affected. Observers from many countries have seen the Canadian application of direct job creation as providing an effective but flexible instrument of manpower policy capable of application to varied conditions and situations giving rise to unemployment.

As a measure of the effectiveness of LIP specifically the Division cited calculations originally established on the basis of the relevant figures for 1972-73 that unemployment could be reduced by .3 per cent for every \$100 million in LIP funds expended. This statistic was determined essentially to permit the effectiveness of LIP programs to be compared in dollar terms with alternative ways to reduce unemployment, but it has been widely quoted as evidence of the success of LIP. This is an unfortunate simplification of the relationship between the limited reduction in unemployment likely to result from the application of limited funds during the limited period of time authorized. The fact is that LIP and OFY grants have been concentrated on specific areas of unemployment. As Mr. Manion said, they were "not applied like a coat of paint across the country . . . Very large amounts were spent in some areas with particular unemployment problems." (7:10) The LIP 1975-76 Allocation Report showing the distribution of LIP funds by constituency and province was tabled in the Senate on February 10, 1976. It clearly indicates that LIP funds were concentrated on areas of high unemployment.

### **Opportunities for Youth (OFY)**

This program was launched in 1971 to cope with anticipated student unemployment on an unprecedented scale. To make an application for an Opportunities for Youth grant the applicant had to be of legal age to work in the province in which the project operated. Participants were generally between 16 and 25 years. For 1974-75, 8,703 project proposals were received and 3,876