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DEPARTMENT OF REGIONAL ECONOMIC EXPANSION  
OTTAWA, DECEMBER 1969

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SALIENT FEATURES OF FEDERAL  
REGIONAL DEVELOPMENT POLICY IN CANADA

Prepared for the Organisation for Economic  
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with the Examination of Canada's regional  
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## PREFACE

Canada is a federal state. In this constitutional framework, programs which, in one form or another, affect regional development are provided by the federal government as well as by the provincial governments. This document is concerned only with the federal government's policies and programs for regional development.

The present federal regional policies came into effect in April 1969 with the establishment of a Department of Regional Economic Expansion. The key purpose of the new policies is to improve opportunities for productive employment in regions of the country where they have been consistently and seriously inadequate. The major programs which will be used to achieve this objective have now been formulated and are in the process of being implemented. A number of earlier programs, which were absorbed into the new federal Department of Regional Economic Expansion, are now being terminated, phased out or integrated with new programs. The Department's expenditures on all programs is estimated to be approximately \$250 million during the twelve months beginning April 1, 1970. In future years, as the new programs become fully operational, development expenditures are expected to rise substantially.

Canada's federal programs for regional development operate in conjunction with the programs of provincial governments, and it is intended that they complement each other. Thus, for example, the 'designated regions' and 'special areas', where the new federal regional policies provide a wide variety of special assistance, are selected as a result of federal-provincial consultations, and the 'development plans for special areas' will be formulated and implemented jointly by the federal government and the provincial government concerned.

This report outlines the new policies and programs against the background of a brief description of earlier regional development activities in Canada. Relevant features of the Canadian economy are described, and information is provided on how these have changed in recent years.

**Part A**

**INTRODUCTION**

# 1. RECENT TRENDS IN THE CANADIAN ECONOMY

Canada has a land area of 3.56 million square miles<sup>1</sup> and a total area (including 'freshwater') of 3.85 million square miles. The country is composed of ten provinces, together with the Yukon Territory, and the Northwest Territories comprising the Districts of Franklin, Keewatin and Mackenzie (Map 1). Excluding the Territories, the three broad divisions of the country are Eastern Canada (consisting of the provinces of Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick), Central Canada (comprising the provinces of Quebec and Ontario), and Western Canada (embracing the provinces of Manitoba, Saskatchewan, Alberta and British Columbia).

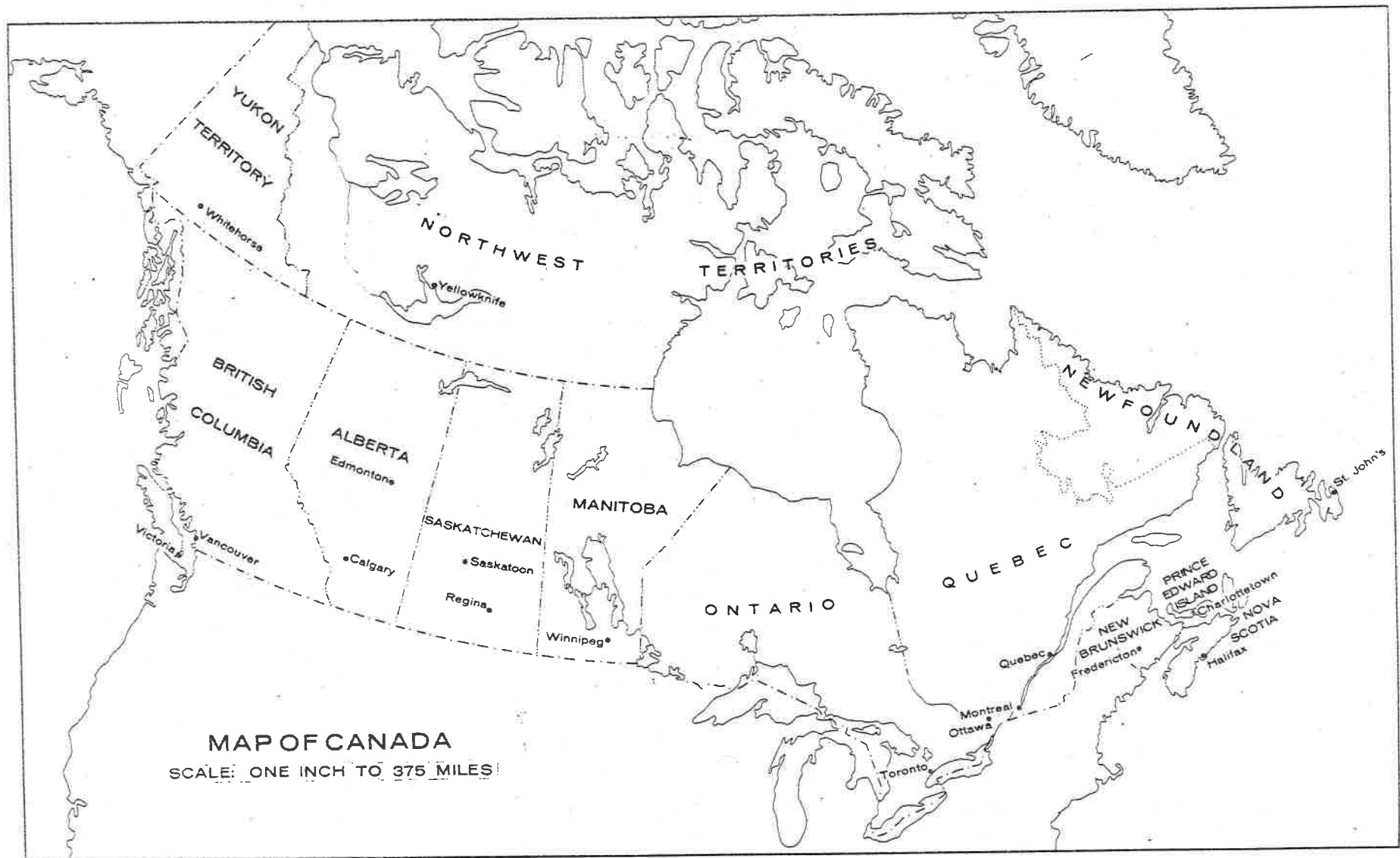
In 1968, Canada had a population of 20.7 million people of whom 9.6 per cent lived in Eastern Canada, 63.8 per cent in Central Canada, and 26.4 per cent in Western Canada (Table 1<sup>2</sup>). The Yukon and Northwest Territories collectively contain 39.3 per cent of the total area of the country but, in 1968, had a population of only 46,000 (0.2 per cent of the national population). Nearly three-fourths of the Canadian population was urbanized in 1966 as compared to about two-thirds in 1951. During this period, there has also been a substantial decline in rural farm population (Table 2).

The Canadian economy experienced steady growth in the post-war years with the exception of some slackness in the recession years of 1957-61. The rate of economic growth in the 1961-66 period was even faster, characterized by near full-employment conditions. In 1967, however, the performance of the economy was significantly lower than that in the preceding expansion years.

Gross National Product in Canada increased at a compounded annual average rate of 7.7 per cent in the 1949-67 period (Table 3). In the relatively slack years of 1957-61, the growth rate was 4.1 per cent; in the

<sup>1</sup>1 sq. mile = 2.59 km<sup>2</sup>

<sup>2</sup>All references are to 'Tables' in the Statistical Appendix.



expansion years of 1961-66, the rate averaged 9.1 per cent<sup>3</sup>. In per capita terms, Gross National Product increased at a compounded annual average rate of 5.2 per cent in the 1949-67 period.

Gross Domestic Product increased during 1949-67 at a compounded annual average rate of 7.9 per cent (and at 8.5 per cent over the years 1961-67). There has, however, been a significant shift in the industrial distribution of Gross Domestic Product in this period: the shares of primary and secondary industry groups declined from 18.9 per cent to 13.2 per cent and 34.3 per cent to 31.2 per cent respectively. Correspondingly, the share of tertiary industry groups increased from 46.8 per cent to 55.6 per cent (Table 4).

Total private and public investment (capital and repair expenditures) averaged 31.6 per cent of Gross National Product over 1949-67. It averaged 31.0 per cent in the 1961-67 period; in this period, private and public new capital expenditures alone averaged 23.3 per cent of Gross National Product. Non-residential construction and new machinery and equipment accounted for the bulk of the new investment activity in recent years; these two components also registered significant increases in the years 1961-67.

Labour force participation rate in Canada increased from 53.7 per cent in 1950 to 55.5 per cent in 1968 (Table 10). During this period, the country experienced unemployment rates from a low of 2.4 per cent in 1951 to a high of 7.1 per cent in 1961. In the recession years of 1957-61, the unemployment rate increased from 4.6 per cent to 7.1 per cent. Though it declined to 3.6 per cent during the course of the steady expansion of 1961-66, the rate has shown some increase since that period. It was 4.8 per cent in 1968.

## 2. SOME DIMENSIONS OF THE REGIONAL PROBLEM

All the regions and provinces of the country did not benefit equally from the kinds of developments in the Canadian economy outlined in Section 1 above. In fact, the conditions of relative prosperity in recent years helped emphasize the existence of significant interregional differences in income and employment opportunities as well as their persistent nature. Some of the more important aspects of the regional problems in Canada follow.

2.1 Personal-income-per-capita in all four Atlantic Provinces and in Quebec have been persistently and significantly below the national average in the post-war years, with Newfoundland and Prince Edward Island at less

<sup>3</sup>Canada's National Accounts and related major statistics are now being revised. The results of this revision are expected to be officially released later in 1969. All the data now included in the 'Statistical Appendix' are, therefore, pre-revision statistics, and all 'value' data are given in current dollars.

than 2/3, New Brunswick at less than 3/4, Nova Scotia at less than 80 per cent, and Quebec at less than 90 per cent of the national average (Table 5). In recent years, there has been some narrowing of the extreme income differences between these and the other provinces of the country. However, a comparison of 'earned-income-per-capita'<sup>4</sup> in the provinces (Table 6) shows that the narrowing of the income gap was by a smaller margin than suggested by the personal-income-per-capita comparison. As a percentage of personal-income-per-capita, 'government transfer payments'<sup>5</sup> have been consistently higher in the four Atlantic Provinces and Quebec than elsewhere in Canada (Table 7). In 1967, for example, this component accounted for about 19 per cent of personal-income-per-capita in the Atlantic Provinces and 15 per cent in Quebec as compared to the national average of about 13 per cent.

Thus, substantial income differences between provinces still exist in Canada, and the impact of the special programs introduced in the earlier years of the 1960's (discussed in Part B below) does not appear to have been very significant in this regard.

2.2 The provincial distribution of 'value added in goods-producing industries' (Table 8) indicates another aspect of the regional differences in Canada. In 1950, for example, the share of the Atlantic Provinces was 5.9 per cent of the corresponding national total. This figure declined to 5.2 per cent in 1965. Quebec's share declined from 25.9 per cent to 25.0 per cent in the same period. Ontario, Alberta and British Columbia experienced increases in their shares. Besides these shifts in relative shares, the predominance of primary industries in some of the provinces (Table 9) has also contributed to the problem of regional disparities in Canada.

2.3 Labour force participation rates have been consistently the lowest in the Atlantic Region as compared to any other region of Canada, although there has been some increase in the rates here as well as in every other region in recent years (Table 10). Unemployment rates have also been significantly different in the post-war years as between the provinces and regions. The rates in the Atlantic Provinces and Quebec have been consistently about  $1\frac{1}{2}$ -2 times higher than the national average (Table 11). Ontario and the Prairie Provinces have had the lowest unemployment rates over the years. Although the rates differed between the regions, one significant phenomenon with regard to the behavior of unemployment in Canada has been that when the trend in the national unemployment rate was upward, there has been a similar trend in every region, and vice versa. Wide absolute differences in the rates between the regions, however, continue to exist, and hence constitute a major component of the problem of regional disparities in Canada, particularly when they persist at very high levels.

<sup>4</sup>Earned Income = Personal Income MINUS Interest, Dividends and Net Rental Income of Persons MINUS Government Transfer Payments.

<sup>5</sup>These are elements of personal income which are not earnings from the production of goods and services. They include transfers from the federal, provincial and municipal levels of government. Some of the major items are: family allowances, old age security fund payments, unemployment insurance benefits, and pensions to government employees.

Besides differences in the rates of unemployment, the regional distribution of the volume of national unemployment and labour force has also varied over the years (Table 12). For example, the Atlantic Region's share of national unemployment has been declining over the years. However, the data below suggest that this is not an indication of a significant improvement in the economic conditions there because the region also experienced a corresponding decline in its share of the national labour force.

Regional Distribution of National Labour Force  
and National Unemployment, Selected Years,  
1950-1968 (per cent)

	1950		1955		1960		1965		1968	
Region	L.F.	U	L.F.	U	L.F.	U	L.F.	U	L.F.	U
Atlantic	10.1	21.9	9.1	13.5	8.6	13.2	8.6	16.1	8.1	12.3
Quebec	27.8	33.7	28.4	40.0	28.1	36.8	28.3	39.3	28.1	38.1
Ontario	35.4	23.5	36.7	26.9	37.1	28.7	36.6	23.6	37.1	27.3
Prairies	18.4	10.7	17.3	12.2	17.4	10.5	17.2	11.4	16.6	10.0
B.C.	8.3	10.2	8.5	7.4	8.8	10.8	9.3	9.6	10.1	12.3
CANADA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

2.4 There have been significant differences between the provinces in recent years with respect to the degree of urbanization. In 1951, for example, only five of the ten provinces were at least 50 per cent urbanized. Seven provinces were in this category in 1961, and eight in 1966 (Table 2<sup>6</sup>). Quebec, Ontario and British Columbia have been the most highly urbanized of the provinces over the past decades. In Canada as a whole, urbanized population increased from 62.9 per cent to 73.5 per cent between 1951 and 1966.

Although there has thus been a steady upward trend in the degree of urbanization, the differences between the provinces in this respect continue to be very significant. As compared to other provinces, the Atlantic Provinces still have the highest percentages of rural non-farm population. Furthermore, as the following data show, major population centres accounted for lower percentages of the regional population in the Maritime Provinces than in any other region of Canada, and there has been a widening of the differential between the regions in terms of the trend in 'urban' population.

<sup>6</sup>In 1956, "urban" was defined as "all incorporated and unincorporated cities, towns and villages of 1,000 and over, as well as fringe parts of metropolitan and other major urban areas". In 1961, the definition excluded "non-urbanized fringes within metropolitan areas". The data for 1951 and 1961 in the left half of Table 2 are based on the 1956 definition, and those in the right half on the 1961 definition.

Region	1951		Total Popula- tion of Region ('000)	1961		Total Popula- tion of Region ('000)
	% of Popu- lation in centres of more than 100,000 persons	% of Popu- lation in centres of 30,000 - 99,999 persons		% of Popu- lation in centres of more than 100,000 persons	% of Popu- lation in centres of 30,000 - 99,999 persons	
Maritimes	10.7	17.4	1,257	12.8	17.8	1,440
Quebec	43.1	6.1	4,056	46.9	6.1	5,259
Ontario	45.2	12.6	4,598	48.5	13.2	6,236
Prairies	26.6	5.0	2,548	34.3	6.5	3,179
British Columbia	48.2	9.7	1,165	48.5	9.5	1,629
CANADA <sup>7</sup>	38.2	9.4	13,623	42.6	10.0	17,743

<sup>7</sup>Excludes Newfoundland, Yukon Territory and Northwest Territories.

2.5 It is thus evident that, in spite of the recent steady expansion of the Canadian economy and the kinds of special programs introduced earlier in the 1960's, interregional differences in income and employment opportunities persist. There has also been no significant narrowing of the 'gaps' between the regions in these respects. This was the general background which led to the present phase of federal regional policy in Canada.

**Part B**

**THE FEDERAL GOVERNMENT'S APPROACH TO REGIONAL DEVELOPMENT**

## 1. BACKGROUND OF PRESENT FEDERAL REGIONAL POLICY

1.1 In the decades following the establishment of the Canadian Confederation in 1867, the emphasis of federal policy was on national economic development. The assumption underlying this policy was that the development of a national economy, held together by regional specialization and east-west trade, would almost automatically result in all regions sharing as fully as possible in its growth and prosperity. The depression of the 1930's showed that this assumption was no longer sound and exposed the fiscal weaknesses of the poorer provinces. Therefore, after the Second World War, on the proposition that the Canadian fiscal system should make it possible for every province to provide services of average Canadian standards for its people without the necessity of imposing heavier than average tax burdens, a system of 'fiscal equalization' arrangements was adopted. The purpose of this program was the equalization of provincial public services, or provincial revenues, and it worked through the federal government augmenting the revenues of low-income provinces with equalization payments.<sup>1</sup> In a sense, this step marked the first phase of federal regional policy in Canada. The experience under this program has been that, although it played an essential role in preventing the gaps from widening, it has not had the result of reducing inter-provincial disparities in income and employment opportunities for the people.

1.2 The recession of the 1957-61 period and the accompanying unemployment not only emphasized once more the existence of interregional disparities in income levels and employment opportunities, but also helped generate an increasing awareness of the long-term persistence of regional imbalances and their serious economic, social and political implications. This recession led to the second phase of regional policy in Canada.

1.3 The ingredients of federal regional policy in this phase have been many and varied. The programs introduced were rather a reflection of the kinds of problems and needs in particular parts of the country than an overall development strategy. For example, one program was concerned with the low income and land utilization problems in the rural areas of the country; another was to assist in the development of infrastructure projects such as power plants, water systems and trunk roads in a region comprising four provinces, along with evolving a planning framework for this region; a third was concerned with the provision of incentives for industrial development in areas of high and persistent unemployment and low levels of non-farm family income. A brief outline of the main activities under these and other programs of this period will indicate the range of approaches the federal government pursued in this period, and also suggest how the experience of this phase led to the present phase of regional policy in Canada.

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<sup>1</sup>The "fiscal equalization" system is discussed in some detail in the Appendix.

(a) Area Development Program

The objective of this program was to create new employment opportunities and thus raise income levels in the relatively slow-growth areas of Canada by assisting manufacturing and processing firms to locate or expand their operations in these areas. The first stage of the program, which lasted from December 1960 until mid-1963, provided accelerated rates of capital cost allowances as an incentive. This approach was modified in July 1963 when a three-year exemption from income tax was provided as an additional incentive. In June 1965, the tax incentive was replaced by a capital grant. The areas where the assistance was available were selected on the criteria of persistent and high levels of unemployment, slow employment growth and low levels of non-farm family income (in contrast with the 'unemployment' criterion alone in the two previous stages of the program), and they contained about 20 per cent of the national labour force.

Under this program, assistance was provided on a sliding scale of up to 1/3 of eligible capital costs of a facility, subject to a maximum amount of \$5 million. The following data summarize the activities under the program for the period December 31, 1963 to March 31, 1969.

Province	Total new Capital investment stimulated (\$ Millions)	Estimated number of new Jobs	Estimated value of incentives (Grants only) (\$ Millions)
Newfoundland	219.9	4,028	25.9
Prince Edward Island	5.8	971	1.6
Nova Scotia	374.7	8,841	38.7
New Brunswick	297.1	7,861	39.4
Quebec	800.1	16,934	96.8
Ontario	420.9	16,974	43.0
Manitoba	155.5	3,162	31.5
Saskatchewan	87.5	1,423	11.8
Alberta	76.3	954	12.2
British Columbia	116.1	3,172	24.9
CANADA	2553.9	64,320	325.8

This program was absorbed into the new Department of Regional Economic Expansion (discussed below) as of April 1, 1969. Although the program is being phased out, applications for assistance under it will be considered until December 31, 1969, with the stipulation that facilities receiving such assistance must commence commercial production by March 31, 1971. Sixty per cent of the amount of approved assistance will be paid to the facility when it commences commercial production, with another 20 per cent one year later

and the remaining 20 per cent two years later. Thus, expenditures under this program are likely to go on until March 31, 1973. The new Department's budget for the current fiscal year provides \$49 million for this purpose. About one-third of this amount is expected to be spent in the Atlantic Provinces.

(b) Atlantic Development Board

The role of this federal agency, which was in existence from December 1962 to March 31, 1969, was to strengthen the economy of the Atlantic Region, comprising the provinces of Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick, by investments in infrastructure projects, and by evolving a planning framework for the development of this region. During its lifetime, commitments from the Atlantic Development Fund which the Board administered amounted to \$189.5 million on account of infrastructure and other projects. The geographic distribution of this amount was as follows:

	<u>\$ Millions</u>
Newfoundland	60.7
Prince Edward Island	12.6
Nova Scotia	59.1
New Brunswick	54.9
Projects of a regional nature	2.2

The major expenditures from the above commitments have been as follows: trunk highways, \$66.5 million; power projects, \$56.2 million; water systems for fish processing and other plants, \$26.8 million; and industrial parks, \$10.2 million.

The Board's approach to the development of a planning framework for the region had two major elements: a series of research studies concerned with the problems, prospects, and policies germane to individual sectors and industries; an integrative (input-output) framework enabling the results of the studies to be analyzed in terms of their inter-relationships. Most of these studies were completed when the Board ceased to exist; its research activities and project commitments were absorbed into the new Department of Regional Economic Expansion on April 1, 1969.

(c) Agricultural and Rural Development

The object of this program, established in 1961, was to make public assistance available in meeting the physical, economic and social adjustment needs of rural areas. It provided for the establishment of federal-provincial programs (on a 50-50 shared-cost basis with the provinces) of alternative land use, soil and water conservation, rural development and research aimed at alleviating the problems of low income rural areas. In the first four years of the 1965-70 federal-provincial agreement, federal expenditures under this program, out of a total allotment of \$125 million, amounted to \$52 million, distributed among the provinces as follows:

	<u>\$ Millions</u>		<u>\$ Millions</u>
Newfoundland	1.4	Ontario	11.5
Prince Edward Island	1.0	Manitoba	2.6
Nova Scotia	4.5	Saskatchewan	6.7
New Brunswick	2.6	Alberta	4.5
Quebec	13.8	British Columbia	3.4

Activities initiated under this program have been absorbed into the new Department of Regional Economic Expansion from April 1, 1969. Expenditures of about \$23 million are envisaged under the program for the current fiscal year. Commitments will also have been made during the current fiscal year for the bulk of the balance of the five-year allotment, and expenditures from these commitments are expected to go on for the next three years.

(d) Fund for Rural Economic Development

This program, established in 1966, was developed to meet, in a comprehensive way, the problems encountered in areas of concentrated and severe rural poverty which could not be effectively tackled under the more limited approach of the above ARDA-type program. Under the FRED program, the Government of Canada could enter into an agreement with a province for the joint undertaking of an overall development plan designed to increase incomes and employment opportunities in a rural area of special need. The "1969-1984 Development Plan for Prince Edward Island" illustrates the overall nature of this program. The major sectors of federal assistance in this Plan are agriculture, fisheries, housing, transportation, manufacturing and processing industries, health and welfare, and vocational training. Similar development efforts under the program are also now under way in certain regions of New Brunswick, Quebec and Manitoba. In the aggregate, the federal share of the total cost of these efforts is 66.5 per cent. The following data summarize the expenditures envisaged:

	<u>Total Cost</u> <u>(\$Millions)</u>	<u>Federal Share</u> <u>(\$Millions)</u>	<u>Population</u> <u>of region in</u> <u>1966 ('000)</u>
<u>Fifteen-year program</u>			
Prince Edward Island (First 7-year phase)	243.0	125.0	109.0
<u>Ten-year programs</u>			
Northeast New Brunswick	90.0	62.0	106.0
Mactaquac, New Brunswick	21.0	15.0	10.2
Interlake, Manitoba	85.0	49.5	59.3
<u>Five-year program</u>			
Lower St. Lawrence, Quebec	258.8	212.5	338.2

Activities initiated under this program have been absorbed into the new Department of Regional Economic Expansion from April 1, 1969.

1.4 In contrast with the above specific federal regional development programs adopted in the 1960's, certain others have a longer history. Although they were not introduced specifically as regional development measures, these programs have had some important implications for the development of the regions to which they still apply. The programs are as follows:

(a) Atlantic Provinces Power Development

This program, established in 1958, provides long-term loans to any of the four Atlantic Provinces for the construction of thermal electrical power plants and high voltage, interconnecting electrical transmission lines. The objective of this program is to encourage the development of an inter-provincial electrical grid in the Atlantic Provinces and thereby reduce the cost of power. The program also provides for subvention payments on eastern Canadian coal used in electrical power production in plants located in the Atlantic Provinces. This provision is designed to reduce the costs of Maritime coal used in coal-burning thermal electric power plants in the Atlantic Provinces and thereby reduce the cost of power while supporting the Maritime coal industry. These subventions apply only to Nova Scotia and New Brunswick; there are no coal-burning thermal plants in Newfoundland and Prince Edward Island. In the ten years to March 31, 1968, loans worth \$170 million have been approved, and coal subventions amounting to \$19 million have been paid. This program will terminate by the end of the current fiscal year.

(b) Prairie Farm Rehabilitation

This program was adopted in 1935 as a result of a severe drought in the three Prairie Provinces of Manitoba, Saskatchewan and Alberta. The objective of the program was to rehabilitate the drought-stricken areas and to bring a greater measure of security to Prairie farmers. Since 1939, the activities under this program have proceeded along three main lines: (i) land utilization, whereby marginal and submarginal land have been turned into community pastures; (ii) water development and conservation, whereby large irrigation and water storage projects have been constructed to prevent the critical water supply problem which prevailed throughout western Canada in the 1930's; and (iii) tree planting, whereby tree shelterbelts have been created as an important aspect of agricultural rehabilitation measures. The total cost of the three activities to March 31, 1968 has been about \$365 million. This program was absorbed into the new Department of Regional Economic Expansion on April 1, 1969.

(c) Maritime Marshland Rehabilitation

This program was established in 1948 to assist the three Maritime Provinces of Prince Edward Island, Nova Scotia and New Brunswick in protecting and reclaiming agricultural lands of high potential fertility which are subject to salt water intrusions. Under federal-provincial agreements, the federal government is responsible for the construction and reconstruction of dykes, breakwaters and other works required to protect the land, and the three provincial governments are responsible for the development of the protected lands, including

the provision of internal drainage. Total federal expenditures under this program to March 31, 1968 amounted to about \$17 million. This program will terminate by the end of the current fiscal year.

1.5 In retrospect, the approach to the problems of regional disparity in the second phase has been to deal with them on an ad hoc basis in response to the strongest needs and pressures of the time. This led to the establishment of a variety of programs administered by different agencies, each responsible for a specific aspect of the problem and each reporting to a different minister. The result was that effective program co-ordination on an overall basis was difficult to achieve; a certain degree of overlap, duplication, and wasteful effort was inevitable. Furthermore, in spite of these special programs and the years of relative prosperity in the 1960's, there has been no significant narrowing of the gap in incomes and employment opportunities between the provinces and regions of Canada. Thus, though the tools of public action in this second phase of regional policy have been different from those in the first, the result was not significantly different. As the Economic Council of Canada has stated in its Fifth Annual Review, "the federal policies have, on balance, probably prevented interregional disparities in per capita income from widening... however, there is little indication that the policies have contributed to a stronger basis for self-sustaining growth in the lagging regions of the country".

This realization led to the present phase of regional policy in Canada, which began with the federal Government's decision to set up a new department with comprehensive responsibility for planning and co-ordinating action for regional development.

## 2. OBJECTIVES AND SCOPE OF THE NEW FEDERAL REGIONAL POLICY

The establishment of the Department of Regional Economic Expansion on April 1, 1969, marked the beginning of the present phase of Canada's federal-regional policy. The emphasis is on programs of economic expansion and social adjustment, which will improve the opportunities for productive employment, and provide access to these opportunities for people in regions and areas of the country which have been left behind by economic progress.

The experience of the two earlier phases of regional policy in Canada suggests that the above objective cannot be achieved in any meaningful way by short-term expedients. Major structural changes in the economy and in the society of low-income areas are required to eliminate regional disparities. These changes can be brought about only by special efforts over a sufficiently long period of time. However, this does not mean that, in the name of 'long-term' planning, there is to be no action for a considerable length of time. The time-horizon with which the new regional policy is concerned is somewhere between the two extremes.

The objectives and scope of Canada's new regional development policy may be summarized as follows:

(a) the emphasis is on 'medium-term' development plans, extending over periods up to five years.

(b) the policy is national in scope, but is flexible enough for the program-composition of development plans to vary between areas depending on the magnitude and composition of the economic and social adjustment problem in each area.

(c) the formulation and implementation of development plans will be in co-operation and co-ordination with the work-programs of other federal departments as well as of provincial governments.

(d) the goal of policy is to disperse economic growth widely enough across Canada to bring employment and earnings opportunities in the slow-growth regions as close as possible to those in the rest of the country without generating an unacceptable reduction in the rate of national economic growth. This does not, however, mean that there will be more jobs in every county and a new industrial plant at every crossroads. Some mobility is essential to economic efficiency. Therefore, the objective of regional policy is to facilitate the generation of new opportunities for employment and income at some points in all regions so that economic growth takes place mostly by movement and change within each region rather than by massive attrition of whole regions.

### 3. THE NEW DEPARTMENT OF REGIONAL ECONOMIC EXPANSION AND ITS INITIAL PROGRAMS

#### 3.1 Administrative Framework for Policy Implementation

Besides developing new programs, the new Department of Regional Economic Expansion also incorporates commitments made under earlier programs (discussed in Section 1 above). The agencies which administered the previous programs ceased to exist on April 1, 1969. The organization of the new department provides the framework for planning and co-ordinating, in co-operation with other federal departments, provincial governments and local bodies, the implementation of federal policies and programs aimed at removing large disparities that still exist between regions and areas in Canada.

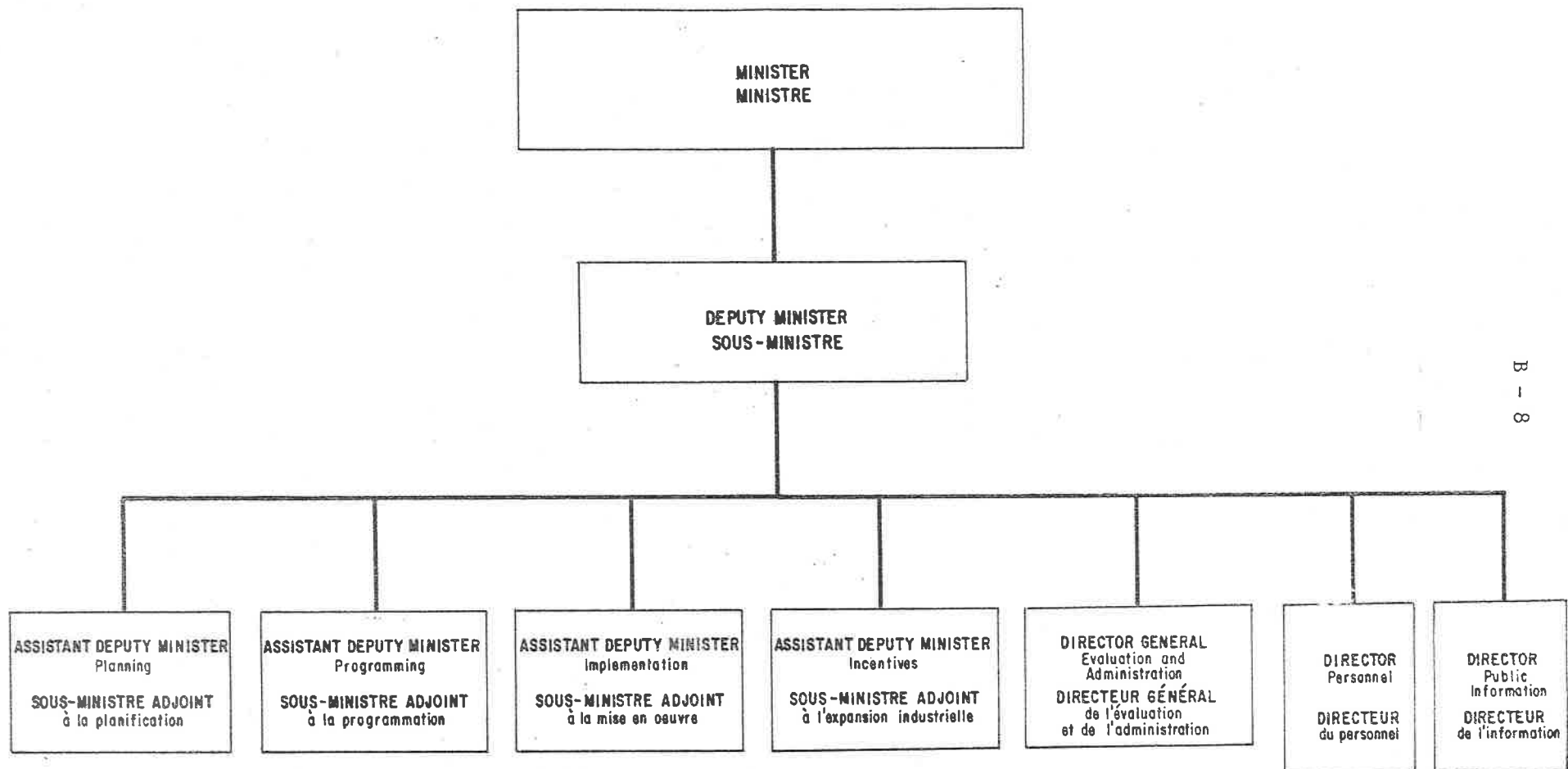
To carry out its responsibilities, the department is organized on the basis of the following functions (Chart 1):

(a) Planning: This function includes economic and sociological analysis of regional problems; identification of needs for regional or area action; assessment of feasibility, effectiveness and costs of alternative plans and programs for special areas; formulation of development plans and programs; and provision of socio-economic analysis and planning service to other elements of the department.

(b) Programming: After approval in principle has been given to the plans and programs for a particular area or region, this division is concerned with detailed program development within each plan, and with negotiation of the detailed plans with provincial governments for their subsequent implementation.

CHART 1

DEPARTMENT OF REGIONAL ECONOMIC EXPANSION - MINISTÈRE DE L'EXPANSION ÉCONOMIQUE RÉGIONALE



(c) Implementation: The function of this division of the Department is the management of approved programs and projects, involving co-ordination with other federal departments and agencies and the scheduling and fulfillment of provincial programs and projects supported by the Department within the framework of joint development plans.

(d) Incentives: This division is concerned with the administration of incentives to industry in designated regions; development grants and loans; and the provision of technical assistance for the development of infrastructure in special areas.

(e) Evaluation and Administration: This division includes the responsibility for information systems, program evaluation and review, financial management, and administrative services.

Besides the above major divisions, the Department has two smaller divisions concerned with Personnel and Public Information matters.

### 3.2. The Approach to Regional Development

#### 3.2.1 Introduction

The concentration of the problem of low incomes and inadequate employment opportunities is in eastern Canada, comprising the eastern half of the province of Quebec and the four Atlantic Provinces (excluding the Labrador portion of Newfoundland). In this region, a relatively large proportion of the labour force is engaged in primary activities such as farming, inshore fishery and coal mining, and productivity in these is generally low. Over the past decades, technological change has tended to lessen the natural advantages of this region, and thus worsen its relative economic position. In the primary sectors, it has called for adjustments that the operators, generally small-scale, were inadequately equipped to make. In the secondary sectors, the thinly dispersed population has provided a poor base for industries serving the local market. With increasing economies of scale in many industries, this handicap has become more pronounced. In addition, low capital-intensity in the private sector, and a relatively low level of public services, contributed to making the region unattractive to new industry.

The regional economy could not generate high growth rates in locally-oriented industries without substantial expansion of industries able to sell outside the region. The national policy of building an economy thinly spread from coast to coast has necessarily meant that eastern industry faces an extra transportation burden in reaching the main markets of Canada. Furthermore, with an inadequate base in either a regional or a national market, there has been little secondary industry in the region strong enough to take advantage of its maritime location for trans-Atlantic trade, nor for trade with the United States eastern sea-board.

These factors inhibiting the rate of growth have set in motion further forces that, by mutual interaction, hold the economy in a pattern of slow growth. Because productivity is low and the stimulus to innovation weak, there has been much less pressure than elsewhere to raise educational standards, as well as less financial capacity to respond to such pressure. There has also been substantial out-migration over the years of people who tend to be the younger, the more adaptable and more enterprising, and the better educated. This has combined with the other factors restraining the quality of management and holding the economy to traditional patterns.

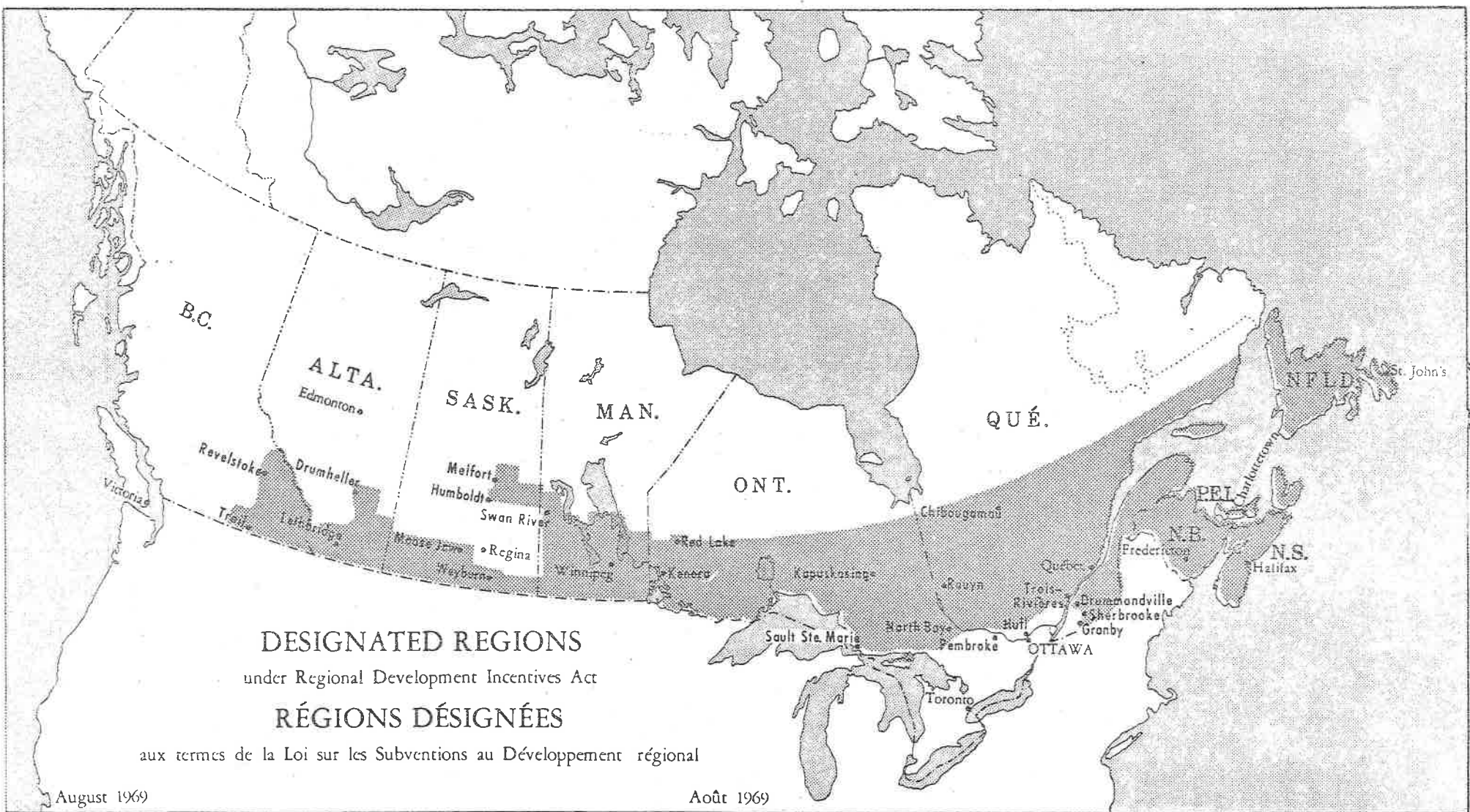
The new regional policy is intended to overcome this kind of economic stagnation, in eastern Canada as well as elsewhere in the country. The approach is one of developing urban-metropolitan growth centres characterized by industrial agglomeration, and smaller industrial centres where a high level of private investment can be stimulated with the aid of special programs. Other components of this approach include the development of medium-sized towns as trading centres, rationalization of resource-based industries, and the provision of social adjustment programs for the people in the lagging areas to enable them to take advantage of the new income and employment opportunities resulting from the development programs. The key elements of this approach are: capital grants for industry in designated regions; and development plans for special areas.

### 3.2.2. Designated Regions and Capital Grants

#### (a) Procedure for Designating Regions

After consultation with the government of any province, a region comprising the whole of that province or a portion of it, but not less than 5,000 square miles in area, that is determined to require special measures to facilitate economic expansion and social adjustment, may be designated as a "designated region" under the Regional Development Incentives Act of June 1969. Two general guidelines are used to select these regions: the existing opportunities for productive employment in the region are exceptionally inadequate; and the provision of development incentives for the establishment of new facilities or the expansion or modernization of existing facilities in the region will make a significant contribution to economic expansion and social adjustment within the region. Thus, although considerations of unemployment and income levels in the regions have gone into their selection as "designated regions", no rigid statistical criteria are used for this purpose (in contrast with the approach under the earlier 'Area Development Program').

Certain regions in every province have warranted designation under the new policy (Map 2). These regions contain about one-third of the total Canadian labour force. Average per capita income in these regions is approximately 70 per cent of the national average, and their average unemployment rate is about 50 per cent higher than the national average.



The present regions are designated for a period of three years, to July 1972. The boundaries of the regions will be reviewed before the end of this time. It is then possible that, depending on the impact of the program on these regions' economic and social adjustment needs, some of the present regions may be de-designated and new ones designated. Thus, the designation of regions is flexible enough for policy to achieve the desired results.

(b) Capital Grants for Industry

The program provides two types of incentives for the establishment of a new facility or the expansion or modernization of an existing facility in a designated region. These are: a "primary development incentive" for the expansion or modernization of a facility; and a "secondary development incentive" for the establishment of a new facility or the expansion of an existing facility to enable the manufacturing or processing of a product not previously manufactured in the operation.

The maximum amount of the "primary development incentive" is 20 per cent of the approved capital costs (i.e. costs of machinery, equipment and buildings) of the facility, or \$6 million, whichever is the lesser amount. The enterprise may include in its capital costs any payment made to a public authority for the provision of services and utilities in connection with the facility. The actual amount of the federal incentive provided is determined after taking into account any assistance received by the firm from other public sources in connection with that facility.

The maximum amount of a "secondary development incentive" is based on the approved capital costs of establishing or expanding a facility in respect of which such an incentive is authorized (i.e. "approved capital costs" here imply only such part of the capital as is employed in connection with the manufacturing or processing of a product not previously manufactured or processed in the operation), and on the number of jobs created directly in the operation. The maximum amount of this incentive is 5 per cent of the approved capital costs plus \$5,000 for each job created directly in the operation.

For a facility receiving both types of assistance, the stipulation is that the combined development incentive shall not exceed \$30,000 for each job created directly in the operation; or \$12 million; or one half of the capital to be employed in the operation, whichever is the least amount. Furthermore, although it has an employment-related component to it, the program is essentially one of "capital" incentives. It does not provide any continuing subsidy; it is a once-and-for-all incentive to companies to start new production in a region where the employment is most needed. Incentives offered under this program are paid in the form of a grant, and are exempt from income tax.

The following are some of the major regulations governing the administration of this program:

(i) for an application for a "primary development incentive" to be considered, the approved capital costs of the facility must be at least \$30,000; it must be at least \$60,000 if the application is for a combined incentive.

(ii) for the establishment of a new facility, the applicant's equity in the operation must be at least 20 per cent of the approved capital costs; for an expansion or modernization of a facility, the applicant's equity must be at least 20 per cent of the total of the approved capital costs plus the book value of the existing facility.

(iii) to be eligible for the maximum incentive, the facility must be either new or expanded to manufacture or process products that were not or could not be economically produced in the existing plants.

(iv) on approval of an application, the offer of a development incentive made to an applicant will be open for a period of only two months. If the offer is accepted, an agreement will be reached with the company as to the date by which it must start construction.

(v) the applicant is expected to train and employ (using facilities for this purpose provided under other public programs), to the maximum extent practicable, persons resident in the designated region in which the facility is proposed to be located, expanded or modernized.

(vi) facilities receiving an incentive under the program must be brought into commercial production before December 31, 1976.

A facility receiving only a "primary development incentive" will be paid up to 80 per cent of the incentive soon after it commences commercial production, with the remainder paid over the following 30 months. For a facility receiving a "combined development incentive", up to 80 per cent of the assistance will be paid when commercial production begins, with the remainder paid over the following 42 months.

This incentive applies only to secondary manufacturing and processing industries. Primary industries, including primary processing activities such as oil refining, mineral concentrates, pulp and newsprint, etc., and service industries are not eligible for such special assistance. This is a once-and-for-all grant: the entrepreneur must decide for himself whether it lowers his capital costs sufficiently to offset the disadvantages of locating or expanding in a slow-growth region. The grant is large enough to offset the initially high investment costs for a fairly large range of industries. The program is structured to encourage the development of growth centres, thereby further ensuring the new firms' long-term viability through agglomeration and linkage effects.

It should exert its greatest attraction not on highly capital intensive industries but on those that are moderately labour-intensive and are most likely, once established, to have operating costs that are fairly favorable to the slow-growth region. Considerations such as the firms' market prospects, economic conditions of the industry nationally and related factors are also taken into account in the choice of facilities which will be assisted under the program.

The Regional Development Incentives Act came into effect on August 7, 1969. Some 100 applications for incentives were received in the first six weeks after the program was introduced, and a number of them have already been approved.

### 3.2.3. Special Areas and Development Plans

#### (a) Procedure for Designating Special Areas

These areas will be designated under Part IV of the Government Organization Act of 1969, which established the Department of Regional Economic Expansion. Under the provisions of this legislation, after consultation with the government of any province, an area may be designated as a 'special area' in that province if it is determined to require special measures to facilitate economic expansion and social adjustment because of the exceptional inadequacy of opportunities for productive employment of the people of that area or of the region of which the area is a part. No minimum size is stipulated for these areas, as is the case with 'designated regions'. Furthermore, a special area may be within a designated region or outside it.

No special area has been designated as yet. Discussions between the Department of Regional Economic Expansion and the provincial governments are now under way, and a first group of special areas will be designated later in the current fiscal year.

The main points of distinction between a 'designated region' and a 'special area' are:

- (i) the main growth program in a designated region is the capital grant for the establishment of new or the expansion or modernization of existing secondary manufacturing and processing activities. In the special areas, assistance can also be provided for the development of infrastructure in major and smaller industrial centres that, on the basis of economic analysis by the federal and provincial authorities, are recognized as key places where development can take place;
- (ii) besides industrial centres, a special area may also be one in which there is a good potential for the development of primary or tertiary industries as a source of employment and income for the people in the area;
- (iii) the legislation provides for the preparation of development plans for special areas. There is no such provision for the designated regions.

(b) Development Plans for Special Areas

If industrial incentives are to be really effective, the centres in the slow-growth regions must be made more attractive to industry. They must also be able to provide the utilities and services that the industry requires, as well as a wide variety of social capital facilities to meet the needs of the growing population. It is the purpose of the development plans to provide these facilities in an integrated way in major industrial centres as well as in smaller industrial centres, and medium-sized towns which could be developed as trading centres to make them more attractive for the location or expansion of activities which can generate new income and employment opportunities for the people there. Population centres which are weak in these facilities, and where a potential for development clearly exists, will be the 'special areas' to which the development plans apply. The plans include programs not only to assist industrial development and improve infrastructure facilities (e.g. transportation, water and sewer systems, housing, education and health facilities, etc.) in the areas, but also others to stimulate the motivation and participation of the people in the process of economic and social change so that they may take advantage of the new employment and income opportunities created. The kinds of programs included in the development plan for a particular special area will depend on the kinds of economic expansion and social adjustment problems and needs of that area. Consequently, the size of public investment in, and the time-horizon of, the development plans vary from one area to another.

The development plans for special areas will be formulated and implemented jointly by the federal government and the provincial government concerned. Under this program, the Department of Regional Economic Expansion may enter into an agreement with any province whereby the provincial government will be assisted through a grant or a loan in respect of a part of the capital cost of establishing, expanding or modernizing any work or facility provided it is determined to be essential to the successful implementation of the development plan for a special area. In addition, if it is determined that the establishment, expansion or modernization of a commercial undertaking in such a designated special area is essential to the successful implementation of the development plan for that area, and that special assistance is required to enable the undertaking to be established, expanded or modernized in that area, the Department of Regional Economic Expansion may enter into an agreement with the person or firm carrying on or proposing to carry on a commercial undertaking in the special area. These agreements may provide for:

- (a) guarantees for loans secured by the person or firm;
- (b) a grant or loan in respect of a part of the capital cost of establishing, expanding or modernizing the undertaking;  
or
- (c) a grant in respect of such part of the costs of bringing into commercial production and operating the new, expanded or modernized undertaking that has been incurred within a period not exceeding 3 years from the commencement of commercial production as is attributable to factors associated with the location of the undertaking in the special areas.

However, where a development incentive under the Regional Development Incentives Act is applicable, an agreement guaranteeing loans secured by a person or firm may be entered into only if the approved capital costs of the undertaking exceeds \$75,000 for each job created directly in the undertaking, or \$30 million in total. Under such conditions, the above provisions (b) and (c) do not apply.

#### 3.2.4. Other Programs

In addition to the above new programs, two others may be mentioned. Although both have been in existence for some time, they operate now under the broad framework of the new federal regional development policy.

##### (a) Canada NewStart Program

This program originated in the federal Department of Manpower and Immigration in 1966. It was designed to identify and test new ways of training and counselling disadvantaged people so that they could more effectively respond to employment opportunities as these developed. Traditional training techniques were considered to be inadequate for this purpose. The need for this kind of experimentation was deemed important in view of the new emphasis which the federal government was giving to manpower programs at the time, and the major expenditures it was starting to make in the field of occupational training for adults.

To provide the greatest freedom for experimentation, the NewStart program was implemented through the establishment of independent corporations under provincial law. Each NewStart Corporation was provided with an annual budget of approximately \$1 million within which it was to design and implement its experimental program, as approved by the Department. There are now five such Corporations in operation; a sixth is to begin its program this year. An experimentation period of three years was provided for in the program, besides an initial planning period of approximately six months and a final wind-up period of another six months.

As these experimental projects came into operation, a number of unexpected problems emerged. For example, it proved very difficult to recruit competent senior personnel. As a result, the initial staffing and planning stages tended to last longer than anticipated. Further, the distinction between experimentation and an operating program became increasingly difficult to maintain. This was intensified in those cases where early evidence suggested that the work program was having some success in relation to its objectives. Finally, the experimental programs were not sufficiently integrated with emerging employment opportunities so that specific problems began to arise as people completed their courses.

Therefore, based on a realization of its natural potential for becoming a key part of the development activities in the slow-growth regions where both economic expansion and social adjustment were required, the NewStart program was transferred to the new Department of Regional Economic Expansion from April 1, 1969. Activities under the program are now coordinated with the development plans and programs of the new Department.

(ii) Cape Breton Development Corporation

This is a federal Crown Corporation established under the Cape Breton Development Corporation Act of 1967, to meet the special problems created by the decline in the coal industry of Cape Breton Island, Nova Scotia. The Corporation is operating the coal mines with a view to rationalizing production and is assisting in financing and development of new industry in order to create employment opportunities outside the coal industry. In effect, the purpose of this program is to provide a new industrial base for the Cape Breton economy to take the place of the declining coal industry, and thus to restructure the Island's economy.

This program has been under the broad framework of the new federal regional policy since April 1, 1969.

APPENDIX

SOME FEDERAL PROGRAMS CLOSELY  
RELATED TO REGIONAL DEVELOPMENT

Certain federal programs in Canada have important implications for regional development although they are national in scope. The impact of some of them is more direct than that of the others. Two such programs are discussed below; one augments the revenues of low-income provinces with "equalization payments"; the other facilitates the development and full utilization of the nation's human resources.

1. Fiscal Equalization

Under the Constitution of Canada, the federal government is given unlimited power to tax; the provinces are also given what amounts to unlimited power to tax "within the province", that is to say, unlimited power to tax persons within their jurisdiction and to impose taxes in respect of property located and income earned within the province. But the framework of their taxing powers precludes them from imposing taxes which would have the effect of creating barriers to interprovincial trade, and generally from taxing persons and property outside the province.

Despite these fairly broad powers, the yield of the provincial tax fields vary markedly from province to province. The federal government has, therefore, found it necessary to make fiscal transfers to the provinces from federal revenue sources with a view to reducing the inequality of the tax revenues that various provinces can derive from provincial tax sources. Since the Second World War, this program has operated in the form of five-year fiscal arrangements between the federal and provincial governments. Under the last fiscal equalization formula adopted in 1967, the federal government undertook to equalize to the national average all revenues raised by the provincial governments. In implementing this program, provincial revenue sources were classified into sixteen categories, and for each category the national average tax rate which would produce revenue equal to what all provinces were collectively gathering from this source was determined. Where the revenue a province could derive from each of the sixteen tax sources at the average national tax rate for that source fell below the national average per capita, the federal government undertook to pay such provinces an equalization payment equivalent to the amount by which the provincial ability to raise taxes at the national average tax rate fell below the national average yield per capita.

In the fiscal year 1969-70, application of the above equalization formula involves a transfer from the federal government to seven of the ten provinces of an amount of \$711.7 million distributed as follows:

Province	Equalization Payments (\$ Million)	Provincial Revenues 1969-70* (\$ Million)
Newfoundland	85.0	115.6
Prince Edward Island	16.9	24.5
Nova Scotia	90.0	195.5
New Brunswick	83.1	211.9
Quebec	383.1	2030.6
Ontario	-	3120.2
Manitoba	42.1	344.1
Saskatchewan	11.5	342.9
Alberta	-	656.7
British Columbia	-	807.4
	<u>711.7</u>	<u>7849.4</u>

\* These amounts are estimated total provincial revenues from own sources (i.e., excluding federal transfers) in respect of which federal equalization payments are calculated. (Source: Department of Finance)

These payments are made unconditionally, and the provinces may use the funds for any purpose that they wish.

Although this program is not an integral part of Canada's new federal regional policy, it has important implications for regional development in that the bulk of the assistance under the program goes to the relatively poor provinces of the country.

## 2. Manpower Programs

Some geographic mobility and a need for occupational adjustment are inevitable by-products of the process of economic growth. However, the motivation, willingness and ability to participate in these adjustments generally vary from one individual to another. Thus, for example, in spite of programs to create new employment and income opportunities, people may be barred from taking advantage of these opportunities by lack of qualification for the new employment created, by the cost of moving to a new location, or by lack of knowledge of job opportunities and living conditions outside their own environment. Often, particularly in a country the size of Canada, all three barriers exist, and are reinforced by the normal human reluctance to change.

Therefore, as part of an active manpower policy, two major and closely related programs were introduced in Canada in recent years, to achieve among other goals, a reduction in the obstacles to change and relocation. One of these, the 'Adult Occupational Training' program, assists people to benefit from new employment and income opportunities, and smooths the path to mobility as a by-product. The other,

the 'Manpower Mobility' program, has as its primary objective the relocation of unemployed and underemployed people into areas of greater opportunity. Both programs are administered by the federal Department of Manpower and Immigration.

(a) Adult Occupational Training Program

This program, introduced in 1967, makes training and retraining available to workers whose skills are becoming obsolete or who need new skills. In many cases, the opportunities for which people are trained will be in a new industry or in a new area. Thus training or retraining can contribute significantly to the willingness of a worker to take a job in a new industry or to move to another area where his skill will command higher wages. The chief objective of this program is to improve the productivity of the labour force by making members more up to date in ability. This may, in the process, make them more mobile geographically and between industries.

This training assistance is available to persons who are at least one year past the school leaving age of the province in which they live, have been out of school for one year, and are able to improve their employability or earning capacities through such training. There is no upper age limit for trainees.

Under this program, the federal government buys training courses from a provincial or municipal institution, from industry, or from a private training school. The courses include a wide range of occupations, as well as training to provide basic skills and academic upgrading so that a worker can enter and advance in a trade or profession. Besides paying the full costs of the training course, the program provides for the payment of a living allowance to the trainees. At present, these allowances range from \$40 to \$103 per week.

(b) Manpower Mobility Program

This program, introduced in 1965, was revised and expanded in 1967. Under the revised program, a worker 18 years of age or over may qualify for mobility assistance if his job has either ceased to exist or is about to become so due to circumstances beyond his own making, provided that there is little prospect of employment in his locality in the reasonably near future, and he has obtained a permanent job in another area. It is not the purpose of the program to pay the costs of moving for everyone who changes a job or leaves a suitable job in the anticipation of better opportunities elsewhere, nor is the program intended to move people to seasonal jobs or other jobs of short-term duration. The two conditions of 'continuing unemployment at home' and 'permanency of employment in the new area' are the key tests for mobility assistance.

Three types of assistance are available under this program:

(i) Relocation Assistance: This scheme provides grants to unemployed workers who cannot obtain suitable employment locally and who have jobs

confirmed in more prosperous areas. The grants cover removal and travel expenses, a re-establishment allowance, and a special allowance for home-owners who buy or sell a home when they move. The re-establishment allowance scheme is structured to favor large families and, under it, an amount of \$100 is available to a single worker, \$400 to a couple with one child, \$700 to a couple with 3 children, and so on. There is no ceiling on the amount of assistance; for any given case, the amount is determined by the size of the family. The home-owners' allowance scheme makes up to \$1,500 available to the relocated worker who owns a home at his former place of residence and either sells it or purchases another one at his new location. This allowance recognizes that home ownership is often a deterrent to mobility and its purpose is to help defray the legal and real estate costs associated with the sale or purchase of a home.

(ii) Trainee Travel Grants: This assistance may be paid to workers when a Canada Manpower counsellor authorizes occupational training (under the Adult Occupational Training program) which is available only at a centre outside the worker's area of residence. The grant pays for the trainee's two-way travel costs, meals and overnight accommodation.

(iii) Exploratory Grants: The purpose of this assistance is to help an unemployed worker look for employment in another area when there is little or no prospect of obtaining suitable employment in his own locality. Normally, this assistance is given to a worker to look for employment only in the nearest centre where the Canada Manpower counsellor has reason to believe that opportunities exist. An exploratory grant will generally result in a relocation of the worker and, therefore, has the advantage of reducing the distance of permanent moves under the program. Costs are minimized, and the program does not take skilled workers away from a province when opportunities exist elsewhere within the same province. This grant pays the two-way travel costs of the worker from his home to the area of exploration and \$20 per week as personal living allowance. While the worker is thus away from home, an allowance up to \$40 per week is also available to his family and dependents. The exploratory grant also permits a job search period of up to four weeks.

Both programs are applicable nationally; they were not introduced as regional development measures. However, they have important implications for regional development in that they are directed to people whose present skills are no longer in great demand and others who are unemployed or under-employed. There is a concentration of problems of these types in the 'regions' now designated and the 'special areas' to be designated under Canada's new federal regional policy. In addition, one of the conditions for the award of an industrial incentive (under the Regional Development Incentives Act) is that the applicant for such assistance will keep the Department of Manpower and Immigration informed of the manpower vacancies and requirements in his proposed facility, and that he will discuss with that Department his long-term plans for recruitment and training of workers in the designated region in which the facility is proposed to be established, expanded or modernized. This requirement not only provides for coordination between the regional development and manpower programs, but also ensures that the chief beneficiaries of the new employment and income opportunities created in a region are the people in that region.

Part C

STATISTICAL APPENDIX

## PART C

### STATISTICAL APPENDIX

#### TABLE

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TABLE 1  
Population and Area, Canada and Provinces, 1968

Province	Population			Area	
	Number (000's)	Per cent	Density per square mile*	Sq. miles (000's)	Per cent
Newfoundland & Labrador	507.0	2.4	3.2	156.2	4.1
Prince Edward Island	110.0	0.5	50.4	2.2	0.1
Nova Scotia	760.0	3.7	35.5	21.4	0.6
New Brunswick	624.0	3.0	22.0	28.3	0.7
ATLANTIC PROVINCES	2001.0	9.6	9.6	208.1	5.5
QUEBEC	5927.0	28.6	10.0	594.9	15.4
ONTARIO	7306.0	35.2	17.7	412.6	10.7
Manitoba	971.0	4.7	3.9	251.0	6.5
Saskatchewan	960.0	4.6	3.8	251.7	6.5
Alberta	1526.0	7.4	6.0	255.3	6.6
PRAIRIE PROVINCES	3457.0	16.7	4.6	758.0	19.6
BRITISH COLUMBIA	2007.0	9.7	5.5	366.2	9.5
YUKON & NORTHWEST TERRITORIES	46.0	0.2	0.03	1512.0	33.9
CANADA	20744.0	100.0	5.4	3851.8	100.0

Source: Dominion Bureau of Statistics: (1) Canada Year Book, 1968; (2) "Estimated Population by Sex and Age Group for Canada and Provinces, June 1, 1968".

\* 1 sq. mile = 2.59 km<sup>2</sup>.

TABLE 2

Distribution of Population in Terms of Rural-Farm, Rural-Non-Farm and Urban Categories 1951, 1961 and 1966, Canada and Provinces

Province	1951			1961			1961			1966		
	Rural			Rural			Rural			Rural		
	Farm	Non-Farm	Urban	Farm	Non-Farm	Urban	Farm	Non-Farm	Urban	Farm	Non-Farm	Urban
Newfoundland	4.3	53.0	42.7	3.8	44.3	51.9	2.0	47.3	50.7	1.7	44.2	54.1
Prince Edward Island	47.5	27.4	25.1	35.9	31.7	32.4	33.0	34.6	32.4	28.4	35.0	36.6
Nova Scotia	17.1	27.6	55.3	11.0	32.4	56.6	7.7	37.9	54.4	6.0	36.0	58.0
New Brunswick	28.0	29.5	42.5	16.5	34.4	49.1	10.4	43.1	46.5	8.4	41.0	50.6
Quebec	18.7	14.3	67.0	12.3	12.8	74.9	10.7	15.0	74.3	8.5	13.3	78.2
Ontario	13.9	12.7	73.4	8.1	12.7	79.2	8.1	14.5	77.4	6.9	12.7	80.4
Manitoba	27.6	15.8	56.6	18.7	16.3	65.0	18.6	17.5	63.9	16.6	16.3	67.1
Saskatchewan	47.9	21.8	30.3	33.1	23.8	43.1	32.9	24.0	43.1	29.3	21.7	49.0
Alberta	36.1	15.9	48.0	21.7	14.4	63.9	21.5	15.2	63.3	19.0	12.2	68.8
British Columbia	8.7	20.6	70.7	5.2	18.1	76.7	4.8	22.7	72.5	4.5	20.2	75.3
Canada	19.8	17.3	62.9	12.3	16.6	71.1	11.4	19.0	69.6	9.6	16.9	73.5

Source: Dominion Bureau of Statistics, Census of Canada, 1951, 1961 and 1966.

NOTE: The definition "urban" and "farm" changed between 1956 and 1961 as follows: In 1956, "urban" was defined as "all incorporated and unincorporated cities, towns and villages of 1,000 and over, as well as fringe parts of metropolitan and other major urban areas". In 1961, the definition excluded "non-urbanized fringes within metropolitan areas".

In 1956, "farm" was defined as "three acres or more, or agricultural production of \$250 or more". In 1961, the definition was "one acre or more with sales of \$50 or more".

TABLE 3

Gross National Product per capita and Personal Income  
per capita, Canada, 1949-67

Year	G.N.P. (\$ Billions)	Personal Income (\$ Billions)	Population (Millions)	G.N.P. Per Capita (\$)*	Personal Income Per Capita (\$)
1949	16.3	12.6	13.4	1215	940
1950	18.0	13.4	13.7	1313	979
1951	21.2	15.8	14.0	1511	1130
1952	24.0	17.4	14.5	1659	1203
1953	25.0	18.3	14.8	1685	1235
1954	24.9	18.4	15.3	1627	1205
1955	27.1	19.7	15.7	1728	1257
1956	30.6	21.9	16.1	1902	1361
1957	31.9	23.2	16.6	1921	1396
1958	32.9	24.7	17.1	1926	1445
1959	34.9	26.0	17.5	1997	1489
1960	36.3	27.4	17.9	2031	1535
1961	37.5	28.5	18.2	2055	1564
1962	40.6	31.0	18.6	2183	1667
1963	43.4	32.9	18.9	2293	1740
1964	47.4	35.2	19.3	2457	1822
1965	52.2	39.1	19.6	2657	1988
1966	58.1	43.1	20.0	2904	2152
1967	62.1	47.2	20.4	3042	2313

Source: Dominion Bureau of Statistics, National Accounts - Income and Expenditure (Annual).

\* Can. \$1 = U.S. \$0.93 (approximately)

TABLE 4

Gross Domestic Product at Factor Cost,  
by Major Industry Groups, Canada, 1949-67

Year	\$ Billions				Per Cent			
	Primary	Secondary	Tertiary	Total	Primary	Secondary	Tertiary	Total
1949	2.8	5.1	7.0	14.9	18.9	34.3	46.8	100.0
1950	3.2	5.6	7.7	16.5	19.5	34.0	46.5	100.0
1951	4.1	6.4	8.6	19.1	21.8	33.4	44.8	100.0
1952	4.1	7.3	9.9	21.3	19.4	34.1	46.5	100.0
1953	3.8	7.8	10.6	22.2	17.2	35.2	47.6	100.0
1954	3.5	7.6	11.1	22.2	15.6	34.3	50.1	100.0
1955	4.0	8.2	12.1	24.3	16.5	33.6	49.9	100.0
1956	4.5	9.4	13.3	27.2	16.5	34.4	49.1	100.0
1957	4.2	9.8	14.5	28.5	14.6	34.6	50.8	100.0
1958	4.3	9.7	15.4	29.4	14.5	33.1	52.4	100.0
1959	4.5	10.2	16.5	31.2	14.3	32.6	53.1	100.0
1960	4.7	10.2	17.4	32.3	14.7	31.4	53.9	100.0
1961	4.6	10.3	18.4	33.3	13.9	31.0	55.1	100.0
1962	5.3	11.3	19.5	36.1	14.8	31.2	54.0	100.0
1963	5.8	12.0	20.9	38.7	15.0	31.0	54.0	100.0
1964	5.8	13.2	22.6	41.6	14.0	31.7	54.3	100.0
1965	6.4	14.7	24.7	45.8	13.9	32.1	54.0	100.0
1966	7.2	16.3	27.2	50.7	14.2	32.1	53.7	100.0
1967	7.2	16.9	30.1	54.2	13.2	31.2	55.6	100.0

'Primary' includes: Agriculture, forestry, fishing and trapping, mining, quarrying and oil wells, electric power, gas and water utilities.

'Secondary' Includes: Manufacturing and construction.

'Tertiary' includes: Transportation, storage, communication, wholesale trade, retail trade, finance, insurance and real estate, public administration and defence, service.

Source: Derived from Dominion Bureau of Statistics, National Accounts - Income and Expenditures (Annual).

TABLE 5

Personal Income per Capita in each Province Expressed as a  
Percentage of the National Average, 1949-67

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon & NWT	Canada
1949	50	58	74	69	84	119	102	102	107	119	*	100
1950	51	56	74	69	85	121	100	87	103	123	*	100
1951	50	54	69	66	82	117	100	118	116	119	74	100
1952	49	59	70	64	83	117	97	119	113	119	76	100
1953	51	53	72	63	85	118	94	107	110	120	78	100
1954	54	57	75	67	88	120	93	77	103	122	83	100
1955	54	55	73	65	85	120	95	93	103	122	85	100
1956	55	58	71	66	84	117	97	102	107	122	102	100
1957	56	55	74	65	86	119	94	83	102	122	97	100
1958	55	59	74	66	86	119	100	86	106	117	82	100
1959	55	62	75	66	85	119	100	87	104	118	81	100
1960	57	64	76	68	85	118	101	96	101	116	90	100
1961	60	62	77	68	88	118	97	78	102	116	85	100
1962	58	62	75	67	87	116	101	102	102	113	75	100
1963	58	63	75	67	87	116	97	107	101	114	74	100
1964	59	66	76	70	88	116	99	92	99	114	74	100
1965	60	67	76	72	89	114	97	99	101	115	76	100
1966	62	64	75	71	88	113	96	104	104	114	78	100
1967	62	66	77	72	89	113	100	94	103	112	78	100

\* Prior to 1951 Yukon and Northwest Territories are included with British Columbia.

Source: Dominion Bureau of Statistics, National Accounts - Income and Expenditure (Annual).

TABLE 6

Earned Income per capita in each Province Expressed  
as a Percentage of the National Average, 1949-67

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon & NWT	Canada
1949	51	55	74	68	84	123	105	103	112	119	*	100
1950	50	54	73	68	84	123	100	85	105	123	*	100
1951	48	51	67	64	81	118	102	120	118	116	79	100
1952	47	56	69	62	82	118	99	122	117	117	83	100
1953	49	49	71	61	84	119	96	110	113	117	85	100
1954	52	54	74	64	87	121	95	77	105	119	94	100
1955	52	51	72	64	85	121	95	91	104	121	97	100
1956	52	54	70	64	84	118	98	104	109	121	117	100
1957	54	51	73	62	86	121	95	83	103	119	110	100
1958	51	54	73	62	85	120	100	84	107	115	92	100
1959	52	58	73	63	85	119	101	87	106	116	95	100
1960	56	60	75	65	86	118	100	95	102	114	104	100
1961	59	57	76	65	88	119	96	76	104	115	98	100
1962	57	57	73	64	86	117	101	102	104	112	87	100
1963	58	58	73	64	86	117	96	111	102	112	85	100
1964	59	63	73	66	87	117	99	93	100	113	88	100
1965	60	65	75	69	87	115	97	101	102	115	87	100
1966	61	60	73	69	87	114	96	107	105	114	89	100
1967	60	62	75	70	88	114	101	96	104	113	90	100

\* Prior to 1951, Yukon and Northwest Territories are included with British Columbia.

Source: Derived from Dominion Bureau of Statistics; National Accounts - Income and Expenditure (Annual).

TABLE 7

Government Transfer Payment per capita Expressed as a  
Percentage of Personal Income per capita in Each Province  
and in Canada, 1949-67

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon & NWT	Canada
1949	11.7	13.6	10.8	11.0	8.0	5.7	6.9	9.3	6.8	10.1	*	7.4
1950	12.5	13.2	10.6	10.9	8.6	5.5	8.6	9.9	7.6	9.5	*	7.7
1951	13.2	11.6	9.7	10.5	7.3	5.1	6.2	6.3	5.8	8.4	4.8	6.5
1952	13.7	12.7	11.3	12.6	8.4	6.5	7.5	7.0	6.4	9.8	4.3	7.8
1953	14.4	15.2	11.0	12.7	8.7	6.4	7.7	7.5	6.9	10.3	4.2	7.9
1954	14.7	14.5	11.4	13.5	9.5	7.1	8.4	11.5	8.3	10.9	3.7	8.9
1955	15.1	15.9	11.4	13.1	9.6	6.8	9.0	11.9	8.4	10.3	3.2	8.8
1956	15.1	14.1	10.8	12.5	9.1	6.4	7.9	8.5	7.4	9.6	2.3	8.1
1957	15.2	15.8	11.8	15.0	9.6	7.0	8.8	11.5	9.2	10.7	4.8	9.0
1958	19.5	18.8	13.9	17.0	11.7	8.1	11.2	15.2	11.0	12.3	7.7	10.7
1959	18.5	17.2	14.3	16.5	10.8	9.0	11.1	13.1	10.3	11.7	4.9	10.6
1960	18.5	19.6	14.8	17.5	11.5	9.5	12.3	14.6	12.0	12.3	8.0	11.4
1961	18.2	19.8	15.3	18.7	13.3	9.9	12.7	16.4	11.4	12.9	8.2	12.1
1962	18.2	20.7	15.7	18.6	13.5	9.8	12.7	13.7	11.7	12.8	8.0	12.0
1963	17.8	20.3	15.3	18.1	13.0	9.9	12.4	10.9	11.4	12.3	9.4	11.7
1964	17.5	18.9	15.7	18.2	12.9	9.9	12.2	12.9	11.7	12.1	7.0	11.7
1965	17.0	17.8	15.3	17.0	13.3	9.9	11.9	11.8	11.9	11.6	9.7	11.7
1966	17.9	20.5	15.2	17.2	13.1	10.0	12.0	11.3	12.3	11.4	8.4	11.7
1967	21.2	21.5	17.3	17.9	15.0	11.5	12.6	12.6	13.6	12.1	8.9	13.2

\* Prior to 1951, Yukon and Northwest Territories are included with British Columbia.

Source: Derived from Dominion Bureau of Statistics, National Accounts - Income and Expenditure (Annual).

TABLE 8

Provincial Shares of Census Value Added in Goods-Producing Industries, Canada, Selected Years, 1950-65. (Per Cent)

Province	1950	1955	1960	1961	1962	1963	1964	1965
Newfoundland	1.0	1.2	1.3	1.3	1.3	1.3	1.4	1.3
Prince Edward Island	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Nova Scotia	2.4	2.2	2.2	2.0	1.9	1.9	1.9	1.9
New Brunswick	2.2	1.9	1.8	1.6	1.5	1.5	1.7	1.7
Quebec	25.9	26.2	25.8	26.1	25.5	24.6	25.3	25.0
Ontario	41.2	40.6	41.3	42.1	41.2	41.7	41.9	42.0
Manitoba	4.6	3.7	3.9	3.7	4.0	3.9	3.9	3.7
Saskatchewan	6.0	5.5	5.4	4.2	5.8	6.7	5.4	5.5
Alberta	6.9	8.2	8.1	8.9	8.6	8.8	8.7	8.6
British Columbia	9.4	10.1	9.8	9.7	9.9	9.3	9.5	9.8
Yukon and North- west Territories	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.2
Canada	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Dominion Bureau of Statistics, Survey of Production, 1966.

NOTE: "Goods-Producing Industries" includes the Primary Industry Groups of Agriculture, Forestry, Fisheries, Trapping, Mining and Electric Power, and the Secondary Industry Groups of Manufacturing and Construction.

TABLE 9

Relative Importance of Goods-Producing Industries in Canada and in each  
Province - Percentage Distribution of Census Value Added,  
Selected Years, 1950-1965

Year		Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Yukon & NWT	Canada
1950	Primary	41.4	60.7	45.4	35.0	23.3	19.0	49.5	82.7	63.8	37.1	96.7	31.6
	Secondary	58.6	39.3	54.6	65.0	76.7	81.0	50.5	17.3	36.2	62.9	3.3	68.4
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	Primary	46.0	55.6	39.2	31.0	20.4	15.4	35.0	69.1	53.1	32.9	95.3	26.7
	Secondary	54.0	44.4	60.8	69.0	79.6	84.6	65.0	30.9	46.9	67.1	4.7	73.3
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1960	Primary	42.9	53.3	32.3	29.7	17.9	17.7	33.5	70.4	48.9	31.2	96.4	26.2
	Secondary	57.1	46.7	67.7	70.3	82.1	82.3	66.5	29.6	51.1	68.8	3.6	73.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1961	Primary	40.8	47.9	35.7	31.1	19.7	20.1	38.4	65.4	55.0	34.0	97.3	27.9
	Secondary	59.2	52.1	64.3	68.9	80.3	79.9	61.6	34.6	45.0	66.0	2.7	72.1
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1962	Primary	38.3	44.6	35.8	29.5	19.3	18.5	46.5	76.3	58.2	36.1	95.7	29.2
	Secondary	61.7	55.4	64.2	70.5	80.7	81.5	53.5	23.7	41.8	63.9	4.3	70.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1963	Primary	44.9	45.4	34.7	29.3	18.5	16.9	42.5	79.4	59.8	30.6	94.7	28.6
	Secondary	55.1	54.6	65.3	70.7	81.5	83.1	57.5	20.6	40.2	69.4	5.3	71.4
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1964	Primary	48.5	54.5	34.8	32.4	18.2	16.0	45.6	75.3	58.7	30.8	93.6	27.3
	Secondary	51.5	45.5	65.2	67.6	81.8	84.0	54.4	24.7	41.3	69.2	6.4	72.7
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1965	Primary	49.5	52.5	34.7	33.3	17.8	15.7	46.4	73.2	57.2	29.1	97.7	26.8
	Secondary	50.5	47.5	65.3	66.7	82.2	84.3	53.6	26.8	42.8	70.9	2.3	73.2
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source and notes same as in Table 8.

TABLE 10

Population, Labour Force, and Labour Force Participation  
Rates, Canada and Regions, Selected Years, 1950-68

Year	Region	Total Popu- lation (000's)	Population 14 years and over (000's)	Labour Force (000's)	Labour Force Participation Rate (%)
1950	Atlantic	1597	1052	483	45.9
	Quebec	3969	2672	1433	53.6
	Ontario	4471	3293	1826	55.5
	Prairie	2514	1753	951	54.2
	British Columbia	1137	835	429	51.4
	Canada*	13688	9615	5163	53.7
1955	Atlantic	1736	1102	478	46.4
	Quebec	4517	2975	1591	53.5
	Ontario	5266	3694	2059	55.7
	Prairie	2808	1884	969	51.4
	British Columbia	1342	943	480	50.9
	Canada*	15669	10597	5610	52.9
1960	Atlantic	1867	1168	492	47.1
	Quebec	5142	3362	1803	53.6
	Ontario	6111	4170	2377	57.0
	Prairie	3112	2039	1115	54.7
	British Columbia	1602	1092	565	51.7
	Canada*	17834	11831	6411	54.2
1965	Atlantic	1968	1269	611	48.1
	Quebec	5685	3800	2032	53.2
	Ontario	6788	4611	2614	56.7
	Prairie	3365	2211	1228	55.5
	British Columbia	1797	1237	666	53.8
	Canada*	19603	13128	7141	54.4
1968	Atlantic	2001	1334	643	48.2
	Quebec	5927	4105	2227	54.3
	Ontario	7306	5081	2934	57.7
	Prairie	3457	2322	1318	56.8
	British Columbia	2007	1422	797	56.0
	Canada*	20698	14264	7919	55.5

\* Excludes Yukon and Northwest Territories.

Source: Dominion Bureau of Statistics, Labour Force Survey (Annual)

TABLE 11

Unemployment Rates, Canada and Regions, 1950-68

Year	Atlantic	Quebec	Ontario	Prairies	British Columbia	Canada
1950	7.8	4.4	2.4	2.1	4.4	3.6
1951	4.3	2.9	1.7	1.6	3.5	2.4
1952	4.6	3.7	2.2	1.9	3.8	2.9
1953	5.5	3.8	2.1	1.9	4.0	3.0
1954	6.6	5.9	3.8	2.5	5.2	4.5
1955	6.5	6.2	3.2	3.1	3.8	4.4
1956	6.0	5.0	2.4	2.2	2.8	3.4
1957	8.4	6.0	3.4	2.6	5.0	4.6
1958	12.5	8.8	5.4	4.1	8.6	7.0
1959	10.9	7.8	4.5	3.2	6.5	5.9
1960	10.7	9.1	5.4	4.2	8.5	7.0
1961	11.2	9.2	5.5	4.6	8.5	7.1
1962	10.7	7.5	4.3	3.9	6.6	5.9
1963	9.5	7.5	3.8	3.7	6.4	5.5
1964	7.8	6.4	3.2	3.1	5.3	4.7
1965	7.4	5.4	2.5	2.6	4.1	3.9
1966	6.4	4.7	2.5	2.1	4.5	3.6
1967	6.6	5.3	3.1	2.4	5.1	4.1
1968	7.3	6.5	3.5	2.9	5.9	4.8

Source: Dominion Bureau of Statistics, Labour Force Survey (Annual)

TABLE 12

Regional Distribution of National  
Unemployment, 1950-68 (per cent)

Year	Atlantic	Quebec	Ontario	Prairies	British Columbia	Canada
1950	21.9	33.7	23.5	10.7	10.2	100.0
1951	17.5	33.3	25.4	11.9	11.9	100.0
1952	14.7	35.9	26.9	11.6	10.9	100.0
1953	17.2	35.6	25.2	11.0	11.0	100.0
1954	13.2	36.8	30.8	9.6	9.6	100.0
1955	13.5	40.0	26.9	12.2	7.4	100.0
1956	15.7	40.4	25.7	11.1	7.1	100.0
1957	16.3	36.5	27.8	9.7	9.7	100.0
1958	15.5	35.4	28.2	10.0	10.9	100.0
1959	15.9	37.2	27.8	9.4	9.7	100.0
1960	13.2	36.8	28.7	10.5	10.8	100.0
1961	13.7	36.1	28.3	11.4	10.5	100.0
1962	15.9	35.5	26.8	11.8	10.0	100.0
1963	14.7	38.0	25.1	11.8	10.4	100.0
1964	14.2	38.3	25.6	11.4	10.5	100.0
1965	16.1	39.3	23.6	11.4	9.6	100.0
1966	15.0	37.6	25.6	9.8	12.0	100.0
1967	13.3	36.7	28.2	9.5	12.3	100.0
1968	12.3	38.1	27.3	10.0	12.3	100.0

Source: Derived from Dominion Bureau of Statistics, Labour Force Survey (Annual)

