

The Council concluded that efforts to promote more regionally balanced growth should be aimed at achieving a more rapid increase in the incomes of the lagging regions by methods which do not retard the development of the faster-growing areas of the country. In this way the economic growth of the national economy would be improved for the benefit of all regions in Canada. The Council said that, in order to accomplish this result, it is essential that regional development policies be directed to two basic objectives—the increase of opportunities for high-productivity employment and the acceleration of programs which can make the maximum contribution to improvements in productivity generally in the region. The Council suggested the following guidelines for action:—

- (1) the avoidance, as far as possible, of subsidies merely to create temporary activity or to sustain indefinitely low-productivity industries and declining occupations;
- (2) encouragement of efficient agglomerations of activity—growth centres—within the different regions in order to achieve increasing economies of scale, larger markets and more useful pools of skills, and to avoid uneconomic scatter and dispersion;
- (3) the taking of decisions in respect of investments in social capital in accordance with an adequate consideration of the economic and social benefits to be obtained in relation to costs;
- (4) the recognition of the urgent need to make available additional financial resources to the governments of the lower-income regions and through the appropriate federal agencies in order to help break the vicious circle of low productivity, low incomes, low government revenues and low investments in growth-promoting services which are needed to improve the quality and effective utilization of the available human and material resources—in particular, education, training, research, health, transport facilities, resource and industrial development and the development of wider markets;
- (5) the necessity for close co-ordination in the formulation and implementation of consistent regional development policies and programs among all levels of government; this is particularly important in view of the wide range of programs and policies affecting regional development, both on the part of the provinces and through certain federal agencies such as the Atlantic Development Board, the Area Development Agency and the Agricultural and Rural Development Administration; and
- (6) the avoidance of self-defeating restrictive and divisive measures which interfere with the free flow of goods, capital, labour and enterprise between all the provinces; such measures must be avoided if we are to achieve simultaneously the twin goals of more satisfactory growth in every region and a rapid expansion of the national economy from which all would benefit.

The Council observed: "It is clear that the narrowing of inter-regional income disparities and the achievement of a more regionally balanced economic growth involve large, urgent, and especially challenging tasks. Many decades of experience have shown that these tasks cannot be accomplished by piecemeal expenditures, superficial expedients, unproductive works and mere transfers of income. The appropriate policies and programmes will need to be formulated within a long-run consistent framework and carried out with a continuing regard for the real and underlying problems involved."

In its *Third Annual Review*, the Council looked at the economic performance of the various regions during the general expansion that began in 1961. It found that the benefits of this long and vigorous advance were quite widely diffused throughout the country. All regions participated in the growth of income and the rise in living standards, and achieved rates of increase on a per capita basis considerably higher than their long-term historical experience. The growth in employment and the reduction in unemployment was widespread. The capital investment boom was extended to all regions and a substantial expansion of provincial-municipal services was accomplished. Of particular interest was some tentative evidence of inter-regional convergence in earnings per employed person, implying, as it does, some moderation in the wide differences in productivity levels among the major regions. It is clear, nevertheless, that the inherent diversity of the country has made for widely different patterns and an uneven pace of development among the various regions. Briefly stated, the strongest and most diversified gains were achieved in the two highest-income regions, Ontario and British Columbia, where broadly based expansion in total income and employment enabled these provinces to maintain a substantial lead over the remainder of the country.