

Census of Manufactures. These moves or reclassifications reflect changes in the activity of the establishments and in some industries the effect for a given year can be appreciable.

Data on such reclassifications are shown in Tables 17.15 and 17.16. In Table 17.15 the two middle data columns show the extent to which figures for an industry group have been affected by establishments reclassified into it from other industry groups of the manufacturing industries. Corresponding columns of Table 17.16 show the extent to which establishments have been moved out of one industry group into another.

These figures are helpful in analyzing the over-all change in data for an industry group between 1971 and 1972. For example, the net change in the shipments of the machinery industries between the two years can be broken down into: the net effect of reclassifying establishments into and out of the machinery industries and out of or into other manufacturing industry groups; the net effect of the new establishments appearing in, or old establishments disappearing from, the Census of Manufactures; and the net change between the two years in shipments of establishments which were in the industry group in both years.

Of course many establishments change their activity to produce goods and services which are characteristic of a related industry in the same industry group. There are thus a large number of reclassifications of establishments within the same industry group. These have no effect on the year-to-year change in the totals for an industry group as is shown in the last two columns of Tables 17.15 and 17.16. These intra-group transfers are identical for the two tables.

The combined effect of the two kinds of reclassification, in and out of industry groups and within them, have some significance for the study of industrial organization. Together, they provide some indication of the extent to which establishments are becoming more (or less) involved in production characteristic of the individual industries belonging to an industry group. This information is, of course, most meaningful for individual industries; the totals for industry groups can only summarize the over-all situation for the industries in the group. The rate of "entry" into a particular industry as shown by new establishments appearing and by existing establishments undertaking activities characteristic of that industry is of interest in studying competitive conditions, price changes and profit levels in an individual industry. The total of the two columns can be thought of as a "proxy" or approximate substitute for an over-all measure of entries into an industry.

## 17.3 Government assistance to manufacturing

### 17.3.1 Federal assistance

The Department of Industry, Trade and Commerce is responsible for stimulating the establishment, growth and efficiency of the manufacturing, processing and tourist industries in Canada, and also for developing export trade and external trade policies. It assists Canadian industries to initiate and take advantage of technological advances, improve products and services, increase productivity and expand domestic and foreign markets through a wide variety of programs and services. At each phase of the product cycle — from research, development and design through production and marketing — the Department can assist with information and financial assistance.

**Program for the Advancement of Industrial Technology (PAIT).** The objective of PAIT is to promote the growth and efficiency of industry in Canada by providing financial assistance for selected projects concerned with the development of new or improved products and processes incorporating advanced technology, which offer good prospects for commercial exploitation in domestic and international markets. The program, initiated in 1965, was revised in 1970 to provide cash grants in lieu of loans, and has been expanded to include assistance for some specific activities outside the development phase.

Financial assistance, normally 50% of the development costs and certain eligible pre-production and marketing expenses, is available to companies incorporated in Canada for projects to be carried out in Canada. Title to any invention or patent is vested in and remains the property of the company. Companies are expected to have the capabilities and facilities to undertake the development work and also to provide for the manufacture and sale of the resulting products.

**Industrial Research and Development Incentives Act.** This legislation, enacted in March 1967, provides cash grants or equivalent tax credits equal to 25% of capital expenditures of corporations for scientific research and development conducted in Canada, and for the