

for sound decision-making. Clearly, the availability of output-oriented social indicators with their socio-economic characteristics would have a positive effect on the quality of decision-making.

Social indicator work permits entry into a number of areas of concern. At the present time the Council is developing indicators in three fields — education, urban systems, and health — and intends to undertake work on indicators concerned with cultural and linguistic relationships. This choice should not be viewed as restrictive, since the testing and application of these indicators will lead to other areas as well. For example, using educational outputs as inputs in a labour force production function could provide additional information for the study of manpower policies. In a similar way this work would have a considerable impact in studies of poverty, the economics of leisure, etc. The Council's past concern with distribution questions would be continued in this program, since the most important aspect of an indicator, from a policy viewpoint, is not so much its aggregate value as its distributional dimensions.

Financial markets. Financial markets are an important element of the Canadian economy, and the Council proposes to undertake research in this field. The type of study envisaged would cover the topic from two broad perspectives. First, the structure and evolution of domestic capital markets would be analyzed and the capacity of these markets to meet the needs of Canadian lenders and borrowers assessed. Second, an examination of the external environment would relate the operations of foreign financial markets to Canadian requirements and study the impact on the economy of financial flows into and out of the country. The implications of such flows for Canada's internal and external balance would be considered.

Labour force and labour market. The Council will undertake a comprehensive study of the characteristics and structure of the labour force and labour market. Sources of information in these matters will be reviewed and an analysis conducted into how employment opportunities and the evolving system of social programs affect the supply of labour.

4.5.2 The Department of Regional Economic Expansion

When the Department of Regional Economic Expansion (DREE) was created in 1969 to integrate and develop federal efforts to overcome regional economic disparities, the establishing legislation authorized the Department to prepare and implement, in co-operation with other federal agencies and with provincial governments, development plans and programs designed to meet the special needs of areas where growth in both employment and incomes was lagging behind other parts of Canada. A second major legislative measure, the Regional Development Incentives Act (RSC 1970, c.R-3), provides a program of industrial incentives to encourage manufacturing and processing industries to establish, expand or modernize in designated parts of the country where new jobs are needed. The original designated regions included all of the Atlantic region except Labrador, much of eastern Quebec, and parts of every other province.

The Act was amended in December 1970 to provide for incentives to regional development in the form of loan guarantees for manufacturing and processing facilities and selected new commercial operations. The amendment also introduced a special incentive which can be offered for plants brought into production not later than December 31, 1973 in the counties of Stormont, Glengarry and Prescott in eastern Ontario and in the southwestern portion of Quebec, areas not previously designated. In the Atlantic Provinces this special incentive is available in addition to the regular incentives.

The over-all program provides for incentive grants of up to \$30,000 per job or one half of the capital to be employed in the operation, whichever is less. The amount of incentive offered in an individual case is determined by assessing the various financial and economic implications of each project. Factors analyzed include the project's economic impact on the region concerned and the company's need for an incentive in order to create a viable operation in the designated region. Experience to date has shown that these incentives exert a strong influence on industry to undertake new activity in the designated areas. From the program's introduction in July 1969 to January 1, 1973, 1,957 applicants accepted offers of incentives totalling approximately \$324.4 million for projects involving an estimated total investment of \$1,616 million, and the creation of some 81,750 new jobs in various parts of the country when the new operations are brought into production.