

WORKING GROUP ON OBJECTIVES,  
GOALS, INDUSTRIES, AND AREAS

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Regional Expansion  
Economic Expansion  
Economic Expansion  
Economic Expansion

August 19, 1978

Mr. Edward W. Oliver,  
Director,  
Operational Planning Division,  
Industrial Incentives Branch.

Dear Sir:

On behalf of the Working Group on Objectives, Goals, Industries, and Areas Committee, I am pleased to present our revised report on the various topics assigned to our Committee.

Canada. Dept of R.-E.-E. WORKING GROUP ON OBJECTIVES,

I wish to point out that we do not consider this report to be a final document. We would suggest rather that it serve as a basis for the examination and consideration of certain aspects of the Regional Development Program, which may perhaps lead to changes in existing policies and legislation.

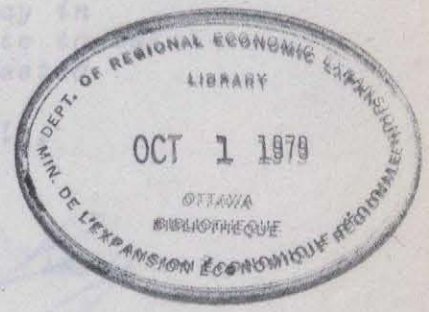
[Report]

I would also like to point out that due to time constraints which did not permit for an in depth analysis of all the points raised, it was not possible and we did not seek to obtain a consensus from all members of the Committee on each and every area of investigation.

We trust that this brief report on such a vast topic will raise several issues which may in themselves be the subject of subsequent debate. We will be pleased to participate if so requested.

Yours sincerely

*Claude Roy*  
Claude Roy





Regional Expansion  
Economic Expansion  
Économique Régionale

August 19, 1976

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Director,  
Operational Planning Division,  
Industrial Incentives Branch.

Dear Sir:

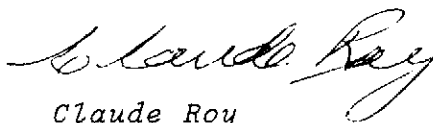
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I wish to point out that we do not consider this report to be complete and final in itself, but would suggest rather that it serve as a basis for the examination and consideration of certain aspects of the Regional Development Program, which may perhaps lead to changes in existing policies and legislation.

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WORKING GROUP ON OBJECTIVES,

GOALS, INDUSTRIES, AND AREAS

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WORKING GROUP ON OBJECTIVES,  
GOALS, INDUSTRIES, AND AREAS

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### Terms of Reference

1. *To identify the objectives and goals of a program of incentives to industry for the different regions of Canada taking into account the nature and achievement of other programs of DREE, the federal government and provincial governments. (A brief review of the policies and programs of other countries would also be desirable).*
2. *To analyse specific aspects of the objectives and goals concerning such matters as preferred and excluded or low priority industries, preferred or excluded/low priority sub-regions and areas, foreign and outside-the-regions entrepreneurs versus domestic and local entrepreneurs; the value and risks relating to new activities versus volume expansions.*
3. *To relate the aforementioned objectives and goals to different goals at different time-frames which a general incentives program could aim for over a period of 10 years.*
4. *To prescribe detailed criteria evolving from the objectives and goals, which then could be considered as specifications for the development of specific types of incentives to be included in the incentives package.*

Terms of Reference (cont'd)

5. *To identify any limitations and constraints evolving from the aforementioned objectives and goals which should be taken into account in designing a package of incentives.*
  
6. *To suggest levels of impact and the order of magnitude of cost and other resources which might be desirable.*



## Need and Role of an Industrial Incentive Program

Every regional development program must follow an established strategy in the pursuit of its well defined goals and objectives, and must be provided with the proper tools to attain these. From this point of view, the Incentive Program becomes an indispensable element for the success of regional development. Such a Program not only directly stimulates the industrial sector but also complements the General Development Agreements, such as those relating to infrastructure and, more particularly, those relating to industrial parks. We must bear in mind that the success of the Agreements will depend upon the social and economic development which will result from these. In other words, incentives, under their different forms, can be utilized separately or jointly with other development methods and measures such as infrastructure, industrial parks, etc.

As we all know, the designated regions invariably are less attractive than the others from the point of view of economic development and, as such, are incapable of attracting, by themselves, viable and interesting firms which could assure their development and growth. We must therefore compensate for this deficiency by appropriate measures such as incentives to industry. Most industrialized countries

have regional development programs which include incentives to industry, which puts us on a par with these countries and even different American States, which often fiercely compete with each other. The Incentive Program must therefore play an integral part in the strategy and methods used by the Department. In a free enterprise system such as ours, incentives can have a considerable impact on the decisions of businessmen, by perhaps enticing them to proceed earlier with the implementation of their project, or by making possible the realization of larger projects in the designated regions. By incorporating our Program with other federal and provincial programs, the Incentives Program could be the instigator in bringing about the realization of important projects for the disadvantaged regions.

We must not forget the primary role of incentives in regional policy, which has a goal to change the conditions which prevent the backward or structurally weak regions from attaining their rightful share of the wealth of the country in today's competitive world. By definition, incentives attempt to remedy various local disadvantages, such as a lack of local capital or local industrial activity base, insufficiently trained manpower, etc, in order that the designated regions will be more in a position to compete with the other regions of the country. Production costs

are often much higher in the disadvantaged regions, especially in those which are the furthest removed and difficultly accessible from the larger industrial centres of the country. In this case, incentives can often cancel out or compensate for these disadvantages. If successful, they will equalize conditions in the various regions and put the disadvantaged regions in a position where they will be able to compete more fairly with other regions.

In this context, it is an absolute necessity to have an Industrial Incentives Program, conceived as a function of the essential role and influence it can have on the economic and social development of the designated regions.

## Objectives and Goals

- A. *The main objectives that should be achieved by the next phase of Incentive Program are identified as follows:*
- a. *The realization of the economic and social potential of the different regions of Canada.*
  - b. *The achievement of a more spacially balanced distribution of social and economic activities and employment opportunities consistent with national demographic and socio-economic objectives.*
- B. *The different goals that the Incentive Program must pursue include the following:*
- a. *The improvement of employment opportunities in quality, quantity, and longevity; with particular emphasis on strengthening and improving the attractiveness of existing jobs.*
  - b. *An increase in the earned income per capita of the labour force.*

Objectives and Goals

- B. The different goals that the Incentive Program must pursue include the following: (cont'd)
- c. An improvement in the earned income per capita of the labour force consistent with the aspirations of the population, taking into account in particular the different options and appropriate context for determining participation rate. (1)
  - d. An increase in the participation rate of women in the labour force, and an upgrading and equalization of their job status.
  - e. The improvement of entrepreneurial capabilities and an increase in the opportunities for their development and utilization.
  - f. An achievement of productivity levels in economic sectors in disadvantaged regions comparable to those in similar ...
- (1) Participation rate in this context includes those working in the home as contrasted with the technical meaning currently applied by the Government and economists.

Objectives and Goals

- B. *The different goals that the Incentive Program must pursue include the following: (cont'd)*
- f. *... sectors in other parts of the country.*
  - g. *The promotion of the development and utilization of human and other resources so as to raise the disadvantaged region's contribution to the National rate of output.*
  - h. *The promotion of industrial activities which have a potential to serve more than the local market.*
  - i. *The contribution to investment opportunities by improving the investment climate and focussing attention on the advantages and opportunities of the regions for appropriate activity.*
  - j. *Diversification, where such is appropriate, especially in single industry communities.*
  - k. *The rationalization of industry and the factors of production where appropriate, having regard to the need for gradual change and for more rapid transition in other situations.*

Objectives and Goals

*It is necessary to underline that the  
aforementioned goals will vary between regions in  
their emphasis; from time to time the emphasis will  
vary in total and by region or area.*

Regional Priorities and Industrial Selectivity -  
Irreconcilable or Complementary Objectives?

A. Preface

*This paper attempts to answer the general question as to whether the priorities relating to the development of certain regions are complementary or in opposition to the priorities of industry. First the question of regional priority is discussed and the concepts of "need for socio-economic development" and of "opportunity to grow" are introduced; at the same time a new approach for designation of regions is proposed. Secondly, the concept of industrial selectivity is explored. Thirdly, the two concepts are briefly explored jointly.*

B. Introduction

*DREE has now been in existence for more than seven years. The overall goal of the federal government back in 1969, when it created DREE, was to achieve a "proper" and "better" regional balance across the country through, among other things, the reduction of prevailing income and employment disparities. To achieve this task, DREE was given various tools which range from specific ...*



B. Introduction (cont'd)

... programs such as RDIA, where the initiative is left largely to the private sector, to more general strategies such as General Development Agreements where both levels of governments play a more direct role. Today wide regional disparities in income levels, employment opportunities and general socio-economic conditions still exist. This does not mean, as suggested recently by many critics of the department, that DREE has failed its original mandate; in fact it could be argued and demonstrated that without DREE intervention matters would probably be worse. It illustrates, however, that the whole issue of regional disparities is a very complex one that cannot be treated by any one or two policy instruments used in isolation, but rather must be dealt with by a multi-dimensional approach. Therefore, having accepted that regional policies will usually have to rely on more than one type of measure to be effective, establishing the proper general strategy becomes a question of deciding how much reliance to place on each measure and what degree of flexibility each should contain.

B. Introduction (cont'd)

At present, the collection of federal programs and policies designed to help regions and industries is large, complex and involves several departments. As such the existing RDIA program is only one of many policy tools currently available to policy makers. Ideally, it could be argued that programs such as RDIA or the IT&C Industrial Incentives Program should be elements of a cohesive national industrial policy designed to address simultaneously national, regional and socio-economic concerns. Though commendable as a goal, a national industrial policy that would at the same time be national, regional and industry oriented in scope, would be very difficult to design and implement. What is feasible, however, is the implementation of a general industrial strategy framework against which specific policies and programs designed to achieve well defined goals (ie: change the industrial structure in a given region or provide better employment opportunities) could be checked for consistency. Herein lies the responsibility for the federal government (and hence DREE) to make its long-term objectives clear so as to encourage discussion and partici-...

B. Introduction (cont'd)

... pation by provincial and municipal authorities, entrepreneurs, and the general public. Since each province, region, and sub-region within a region, represents a different situation with distinct needs and opportunities, the mechanisms that will be selected to implement the policy and programs should be highly flexible and easily adaptable to new circumstances at the national and regional levels. On the other hand, whatever may be the reasons for the differences between regions, a strategic plan is necessary to delimit further the regions which are to be the favoured recipients of discriminatory regional policies. This is so because the larger the portion of the country which is to benefit from regionally differentiated policies, the greater will be the requirement for the resources available to implement these policies. Since the total amount of resources available at a given point in time is limited, the extension of discriminatory policies in favour of more and more areas will tend to weaken the overall effectiveness of the policies. As such, in order to have any chance of success, any "national" regional ...

B. Introduction (cont'd)

... strategy will require an assessment of what is in fact available in total for regional aid, and the effect that such a policy could have on the regional balance of the country as a whole.

C. Regional Priorities

Since the creation of DREE in 1969, the rules and criteria used to define regions (1) in need of DREE assistance have been modified many times. However, little or no thought has been given to date to intra-regional "priorization". Even though depressed or slow-growth areas usually share some common problems (high unemployment, lack of infrastructure, etc.) they are also differentiated by their own particular characteristics. A general solution that does not take into account the existence of such differences would have ...

(1) It is realized here that a need exists for defining what is meant by a region. However since we are still at the conceptual stage, a precise definition can be postponed.

C. Regional Priorities (cont'd)

... little chance of success. Therefore, in order to maximize DREE efforts in the area of industrial incentives and ensure a maximum social return on DREE development dollars, there is a need for better definition of regions and sub-regions insofar as eligibility for a program such as RDIA is concerned, and there is also a need for the institution of priority rankings. A priori, and as much for conceptual as political reasons, no region of the country, except for Montreal, Toronto, and Vancouver, should be excluded from the RDIA program; that is, every region regardless of how it is defined should be entitled, at least on paper, to some kind of assistance. This modus operandi accepted, it is evident that some regions are more economically distressed than others, and conversely, some are far better off. Therefore, if the general aim of DREE remains to equalize opportunities across the country so as to achieve a better regional balance, the more needy regions and sub-regions (which could be identified through a CANGO type approach or some other means) should be favoured in terms of extent of program coverage and budget allocations. Here the concepts of inter-regional and intra-regional selectivity ...

C. Regional Priorities (cont'd)

... must be introduced.

1. Inter-regional selectivity

A general listing of needy regions (in the sense of DREE existing regions) is easy to prepare. However, this is of little practical use since, to a varying extent, all DREE regions and all provinces could use more federal assistance in one way or another. Therefore, a priority ranking of regions (again in the sense of DREE existing regions) or provinces can only be done on arbitrary grounds that could not escape political overtones (ie: should the Maritime region as a whole enjoy higher priority than Quebec or Manitoba? If so why? (1)).

(1) Nevertheless this can still be done as already proven with the GDA approach.

2. Intra-regional selectivity

In order to increase the future effectiveness of the RDIA program, it is essential to go one step further and to take into account intra-regional selectivity. That is, within a given well defined region or area, sub-regions or sub-areas (ie: communities), in a set priority and to a varying extent, should be assigned development dollars. This is in line with the recent proposal of the Quebec Regional office in which they suggest a new way of designing and prioritizing sub-regions of the Province. This new proposal suggests a three-tier designation (1) based on the premise that all regions of the Province are not currently at the same level of socio-economic development (ie: the Lake St-Jean or Gaspesia areas are far behind Montreal, Quebec and other medium size cities in terms of the main leading economic indicators), and that all regions are not equally endowed with regard to infrastructure facilities and/or development opportunities.

(1) For more details see DREE -Quebec working document entitled "Modifications -Programme de Subvention à l'Industrie - Quebec"

2. Intra-regional selectivity (cont'd)

The general application of this concept to the nine other provinces could lead to a new designation mechanism that would generally identify three types of regions or areas as detailed below:

Region 1: strong healthy growth centres (ie: major urban centres, medium size cities with well developed industrial cores);

Region 2: Satellite cities or "hinterland" communities around the region 1 type of community but situated at a certain distance and would not include the "peripheral" communities in the immediate boundary that would be in a "no man's land");

Region 3: "Outerland" areas beyond regions 1 and 2 (peripheral areas).

With such a classification and on the basis of need only, it is likely that communities located in region 3 would have priority over communities in region 2, and ...



2. Intra-regional selectivity (cont'd)

... communities in region 2 would have priority over communities in region 1. This could be explicitly recognized by making the present RDIA program more responsive to regional differences. This could be achieved by making the program more flexible and discretionary in its implementation, so as to discriminate in favour of the sub-regions or areas identified as being in an overall state of greater socio-economic need. To maximize the flexibility and efficiency of such a proposed system, it would be also desirable to identify within regions 2 and 3 those areas most capable of development (opportunity to grow) over and above the areas most in need for socio-economic support and industrial diversification. It is possible that the two lists would overlap to some extent. In such instance, the choice is easy to make both from a policy and efficiency point of view since these communities or areas are in the greatest state of socio-economic need and present the best chances for being successful "aid ventures" because of their good opportunity to grow. For those cases where communities are of the type with a high need and a low opportunity (1) or medium ...

2. Intra-regional selectivity (cont'd)

... to low need with a high opportunity to grow, then the choice of which communities would get priority become a decision for the policy makers (2) and would tend to reflect their inner biases.

(1) Need can be assessed in terms of unemployment rates, level of income, participation rates or attained levels of economic diversification. The opportunity side on the other hand could be assessed in terms of geographical location, linkages, and existing levels of community infrastructure.

(2) With the existence at DREE of various community data banks (ie: Fisheries, CANGO, Infrastructure, Single Industry Communities and Defence Communities), it would be possible to provide officers and policy-makers with varying kinds of information. A trial run is presently being made for the Province of Quebec and should be available shortly.

2. Intra-regional selectivity (cont'd)

At this point another dimension must be introduced, that is, those communities that currently have a surplus of infrastructure (a case in mind is Cornwall). In order to allow for overall efficiency in the management of public funds these communities should be given special attention.

The experience of the Province of Quebec over the last three years indicates that small and medium size enterprises have been the main motivator of new industrial investment. Therefore, small projects (Type A projects in the current RDIA system) should be given more attention, especially for "type 3" regions and communities in Quebec.

3. Advantages of Proposed Approach

The advantages of this new concept of RDIA designation are as follows:

- a. It would allow for a reconciliation of RDIA priorities more in line with provincial goals ...

3. Advantages of Proposed Approach (cont'd)

- a. ... and concerns already identified in the GDA's and sub-agreements.
- b. It allows for a better integration of provincial priorities by more systematically identifying sub-regions with the "highest need" and the "best opportunity to grow".
- c. It would be relatively easy to administer (though not as simple as a standardized and uniform program). At the same time it would remain highly flexible (the status of a region or a sub-region could be easily modified as circumstances warrant).
- d. It would convey to the general public a more precise federal concern about needy areas while at the same time indicate a concern for better efficiency by identifying and selecting, whenever possible, areas which present the highest chances of being successful if helped initially through industrial incentives to attract industries.

D. Industrial Selectivity

*Different forms of industrial activity carry with them different types and levels of economic impact . At the same time, it is likely that some types of manufacturing activity are more appropriate to some areas than to others, since the need for socio-economic diversification ("need" concept) and the potential for growth ("ability to grow" concept) differ from one region to another. Therefore, a program of industrial incentives should be highly flexible and selective in order to take into account the structural and spatial realities of regions.*

*There is a general consensus that a substantial amount of new industrial investment is required in many regions and sub-regions of the country if the communities in these regions are to realize their potential and offer better socio-economic conditions to their population. This raises the problem of which industries should be encouraged and in what order of priority (1). As a partial answer, the following general guidelines are proposed:*

D. Industrial Selectivity (cont'd)

1. *Priority should be given to investments that will be efficient and internationally or nationally competitive, that is export oriented (in a regional sense), or replacement oriented (in an international sense).*
  
  2. *New investments which are mainly for import replacement purposes and that will require support for a sustained period of time should be given a low priority. Similarly, existing industries which require high tariff protection to survive, such as the clothing and knitting industries in the Montreal area and the Quebec region, should not be given assistance for expansion, unless required for the more important objective of national independence.*
- (1) *We cannot ignore the possibility that firms may not want to locate in a particular area. It can however be assumed that any firm can be persuaded if offered the right incentive . It therefore becomes a problem of assessing what level of incentive is required and whether it is worth the cost.*

D. Industrial Selectivity (cont'd)

3. In each region and sub-region priority should be given to industries that will bring about a diversification of the existing industrial structure (1) and an upgrading of the skills of the existing labour force. This is particularly important in the case of single industry communities or poorly diversified communities.

(1) It must be kept in mind however that policies directed towards improving the industrial structure of a region or sub-region may pose a number of problems. For example, the May 1974 report (page 83) of the OECD Task Force on a Re-Appraisal of Regional Policies in OECD Countries noted: "should efforts in a declining or slow growth region be directed towards the older existing industries, to remove the causes of their obsolescence, or, alternatively, should their determination and eventual disappearance be accepted and new industries be established in their place? If so, what kind of new industries? The determining factors will not be only the ability of the region itself to meet the requirements of the industries concerned, but also the way in which ...

D. Industrial Selectivity (cont'd)

(1) ... external conditions affect those industries.

Thus a region may be well suited for the expansion of a certain manufacturing industry but if it is not better suited than other regions or if the industry itself faces a contracting market or greater foreign competition, the room for overall expansion may not exist. In such a case expansion in one region may be possible only at the expense of contraction elsewhere, which may or may not be desirable, and it may be preferable to expand other industries which do not entail such consequences".

4. Preference should be given to the development of the "capabilities" and full potential of existing facilities whenever efficiently possible. Import of new technology should be allowed only when and where existing technology is weak or missing in the area under consideration.



D. Industrial Selectivity (cont'd)

5. Attempts should be made to attract industries that will reduce the levels of "leakages" from a region or sub-region under consideration either because it would supply itself from local resources or because it would provide the impetus for the development of an indigenous supply capability (a case in mind is Jiffy in New-Brunswick).
  
  6. An integrated service industry should be developed. The service sector is playing an increasingly important role in regional economic development. Therefore, the creation of more "direct" (1) service jobs through the relocation of federal or provincial units, or the establishment of research centres could represent an inexpensive (in terms of opportunity costs) and efficient way ...
- (1) As opposed to "indirect" service jobs resulting from the implementation of a new economic activity in a given area (ie: jobs related to the production of goods). These indirect service jobs follow the economic development of a region rather than instigate it.

D. Industrial Selectivity (cont'd)

6. ... of providing some specific slow-growth areas with the stimulus of permanent and high-paying employment.
7. The existing industrial structure should be consolidated. Cases exist where the consolidation and rationalization of the existing industrial population should be given a higher priority than the attraction of new firms. A case in point is the Quebec furniture industry which consists of more than 500 firms, a great number of which have less than 10 employees each.

E. Regional Selectivity - Industrial Selectivity

The Dilemma of Choice?

What should come first? Regional selectivity or industrial selectivity? In fact this is a false problem since the two approaches should be viewed as complementary. At the level of a broad unit of analysis such as a province, it is obvious that regional selectivity should override. However, when the analysis is ...

E. Regional Selectivity - Industrial Selectivity

The Dilemma of Choice? (cont'd)

... carried down to units of a smaller size, the choice becomes more ambivalent. Let's take the example of Quebec. It is obvious that in the case of Metropolitan Montreal, one can afford to be industry-selective; in fact, it is the only reasonable approach if the overall objective of further diversifying and strengthening the existing industrial structure prevails. At the other extreme, for regions like Abitibi - Temiscamingue or Gaspesia, the removal of the existing high regional disparities both inter-regionally and intra-regionally, becomes the over-riding concern. Therefore, due to the very limited potential of these regions, one would be satisfied to attract almost any kind of industry that would be likely to have a positive impact on existing levels of disparities.

It becomes obvious, therefore, that guidelines for the choice between regional objectives and industrial objectives would have to be specific and should vary according to the socio-economic circumstances of each designated region and sub-region. In addition, ...

E. Regional Selectivity - Industrial Selectivity

The Dilemma of Choice? (cont'd)

... provincial views on the matter should be taken into account, as well as the level of interdependence amongst regions and sub-regions.

F. Delivery Mechanisms and Timing

A study of the current body of thought on regional development leads to the conclusion that the investigation of the working of regional policies has not as yet progressed far enough to produce any consensus as to what constitute the right or most effective methods (ie: specific policy tools and delivery mechanisms) for achieving the goal of a given regional policy. Therefore no a priori rules can be offered for determining which types of mechanisms or "incentives" will lead to the best results in any given circumstance. The appropriate mix of delivery mechanisms will therefore have to remain highly flexible, interchangeable, and variable, according to the importance attached to "international competitiveness, the need in a given region for labour rather than capital intensive industry, ...

F. Delivery Mechanisms and Timing (cont'd)

... the stimulation of small rather than large scale enterprise, the avoidance of inefficiency and low productivity and perpetual subsidies and the desirability of locally owned or controlled industry rather than externally based", as pointed out by an OECD Task Force on Regional Policies (1).

Bearing the above in mind, results from a program such as RDIA should not be expected overnight and this should be taken into consideration in appraising the goals and objectives of the current RDIA program, and in the establishment of critical time paths and check points. For these reasons, and in order to ensure more complementarity with the GDA approach and a greater degree of stability, the new RDIA program should be based on a time horizon of at least 10 years.

(1) *Re-Appraisal of Regional Policies in OECD Countries*, OECD, Paris 1974, page 84.

CRITERIA RELATING TO THE  
OBJECTIVES AND GOALS

*Any regional development program must necessarily be derived from an appreciation and evaluation of the criteria used in the formulation of the program. The success and effectiveness of the program depends almost exclusively on the importance one places on these criteria and the method and strategies formulated to attain the sought after goals and objectives.*

*In this chapter, we wish to highlight certain criteria which, in our opinion, must be considered and analysed. These criteria are presented in point form, and there is no doubt that before a complete and appropriate development program can be designed, these criteria will have to be examined in much more depth.*

*The following are the criteria we have considered in this study:*

- 1. There must exist a climate of co-operation, comprehension, and reciprocity between a regional development program, the business community, lenders, and other provincial ...*

1. ... and federal programs.
2. Regional policies must be formulated in consideration of social and economic policies of the provincial and federal governments.
3. Regional policies must be flexible in that they must evolve and adopt themselves to current needs which may vary from time to time.
4. The program must be coherent and rational.
5. We must seek to eliminate the weaknesses and inoperative elements of the present program.
6. To be really effective, a regional development program must be thought of in terms of longevity and permanency.
7. The program should contribute to the improvement of the working conditions of industrial and commercial enterprises.
8. It is necessary to keep in mind the important social and economic changes which are occurring daily and foresee the difficulties in becoming aware of these and evaluating their consequences.

9. *The objectives and goals to be attained are also conditioned by the element of time. One should not expect changes overnight and be patient in order to avoid disappointments and frustrations.*
10. *The program must influence the development of the economic structure of the weaker, poorer, and unfavourable regions in absolute terms, and in relation to other more favourable regions.*
11. *The program must endeavour to distribute economic activity more effectively across the country.*
12. *The program must seek out long term investments as these are the essential element which will change the fundamental economic structure of the regions and affect the regional balance.*
13. *In addition, it must encourage the installation of new equipment in existing facilities and the modernization of older buildings, as well as the more efficient utilization of the existing labor force and capacity.*
14. *The program must be adaptable to periods of recession and take advantage of expansionary periods.*



15. *The effect of national and provincial economic policies on regional problems must be evaluated and the program must be easily adaptable to these.*
16. *The social needs of the different designated regions must be answered by the program.*
17. *The differences between the regions such as their geographic configuration, economic structure, population distribution, and urban expansion plans must be kept in mind.*
18. *The economic and social structure of the different regions must be kept in harmony and the unstable influences, be they social or economic in nature, must be taken into consideration.*
19. *The interdependent ties between the problems of the different regions and within the regions must be considered and the factors which affect these national and regional problems must be carefully evaluated.*
20. *The methods used must be adopted to the goals and objectives being sought, and these must be reachable by the methods adopted.*

21. *The regional structure must be considered from all aspects: economic, social, resources, population, etc.*
22. *All the elements of the problem, their precision and their dimension, must be kept in mind. In other words, regional policies must be a balanced appreciation of all the interdependent elements which determine the general evolution of a country.*
23. *Regional policies must have fixed goals and objectives and must establish a link between these different methods and objectives:*
  - a. *The regional problems must be recognized and defined.*
  - b. *The origin of these problems, their causes and their effects must be diagnosed.*
  - c. *All the regional disparities must be analysed and then it is necessary to determine which are more or less acceptable and which are not.*
  - d. *Then determine whether or not, according to the region, it is desirable to support labor intensive or capital intensive industry.*

24. *The regional development program must be able to influence the following areas:*

- a. Policies favouring industry which encourage the investments necessary for its expansion, its modernization, and which increase and improve its efficiency.*
- b. Influence businessmen in their choice of location.*
- c. Favor development in accordance with the urban planning principles of the regions.*

## LIMITATIONS AND CONSTRAINTS

### EVOLVING FROM THE OBJECTIVES AND GOALS

*The implementation of a regional development program and the determination of regional policies designed to attain desired goals and objectives are of necessity subjected to numerous constraints and limitations which can significantly influence the chances of success of such a program and policies.*

*These constraints and limitations are to a great extent the corollary of the criteria to be considered in the formulation of a regional development program and policies. We have not shown all the consequences, inferences, and implications relating to these criteria, but these should be analysed and considered in detail before any adequate, coherent and effective policy or program on regional development is formulated.*

*The planning of such a program and policy must deal with certain limitations and constraints such as:*

- 1. The human and financial resources which may be required to achieve the goals and objectives. There are limitations on what Government can provide compared to that which ...*

1. (Cont'd)

... it is called upon to do.

2. The constraints and limitations which are inherent in our political system and the administrative structure which governs us must be kept in mind.

3. We must also recognize and identify the incompatibility which may exist between various regional programs and other national and provincial programs which may appear at times to be in conflict.

4. In the same vein, the influence of national and international considerations on regional policies must be considered.

5. Any regional development policy or program is limited by the extent of the government's ability to influence or direct the course or the state of the economy of the country and its regions.

6. Various professional groups may exert their influence in support of or against the regional development program.

7. *The importation of certain products may have an effect on the operations of companies which manufacture competitive products, and measures may have to be taken on a national level to prevent these imports if necessary.*
8. *The implications and reciprocal consequences of the economic evolution and social changes in the regions.*
9. *The uncertainty relating to the duration of the program and policies due to the fact that government directives can and do change and this can have an adverse effect on capital investment decisions.*
10. *Attaining fixed goals and objectives is made more difficult as a result of the evolution which the manufacturing sector is undergoing, and the ever increasing significance of the service industry. It is obvious that higher education gives rise to changes in goals and aptitudes of individuals which can result in a move from one socio-economic or professional group to another.*
11. *The formulation of an efficient regional development program and policies is limited by the difficulty in ...*

11. (Cont'd)  
*... the evaluation and appreciation of the possible repercussions and implications of the program and the policies.*
12. *The extent of the understanding and especially the precision given to the goals and objectives are limiting factors.*
13. *The difficulty in clearly defining the elements which we consider as being essential in the national development are all the more a limitation when one has to integrate, embody, and reconcile them with socio-economic, environmental, and other considerations.*
14. *One of the constraints derives from the difficulty in establishing the priorities of the regions, and which industrial sectors are to be promoted.*
15. *We are also limited in some regions by the cost of the required infrastructure, be it means of communication, transportation, essential services, energy, anti-pollution, etc.*

16. *The displacing of workers in certain regions, if required, can present a major constraining factor.*
17. *The sought after goals and objectives can be significantly affected by the size of the territory to be covered in relation to a largely scattered population.*
18. *It is difficult to evaluate quantitatively and qualitatively all the short term and long term effects of a regional development program and relate these to the desired goals and objectives.*
19. *We are as well limited by the difficulty in measuring the effect of a regional development program in relation to the effect of national economic policies.*



COMMENTS ON A REGIONAL DEVELOPMENT  
PROGRAM AND ITS ADMINISTRATION

*From the preceeding, we can see that regional disparities and the solution to change these present a complex problem. We feel that, considering the criteria listed earlier, in order to meet the desired goals and objectives, the regional development program should consist of a more varied array of inducements such as grants, loan guarantees, and other forms of assistance which will meet the different needs of industry. Above all, these inducements must be easily adaptable to the inherent requirements of each region, in consideration of their particular needs, interdependence, and ever changing social and economic requirements.*

*The regional development program which is presented under the form of legislation (an Act and Regulations) must be designed and presented in such a way that it is easily administrable by the Department and easily understandable by the business community and lenders. The program must therefore be flexible in order to meet the aforementioned requirements.*

*All new legislation should consider the following points:*

- 1. It may be appropriate to include in approved capital costs those properly supported costs relating to the start-up of operations.*
- 2. It could be possible to subsidize the applicant's rent for a certain period of time.*
- 3. In order to encourage developments in certain designated regions more quickly and effectively, it may be desirable to provide scaled incentives according to the importance of the proposed project in relation to the value of a company's capital investment already established in a designated region.*
- 4. New industries should receive encouragement commensurate with their contribution to an economy particularly considering linkage and future effects. Suitable weightage should be accorded to the propensity for casualties.*

5. *Entrepreneurial mixtures should be encouraged to provide suitable balance. Foreign investors should be encouraged where they will contribute to Canadian development without hindering established entrepreneurs who are capable and are making reasonable contribution to society as well as recognizing their potential.*
6. *A pre-determined uniform rate of incentive should be established for projects of lesser importance. This rate could vary between regions and be established by administrative ruling.*
7. *Automaticity, at least in some aspects, will be useful at certain times for some industries, particularly to encourage managerial and entrepreneurial development and fulfillment.*
8. *Discretion will remain essential in major undertakings and should be applicable in most program elements for achievement of more effective goals.*
9. *Incentives should be of an adequate level to bring about meaningful activities not otherwise influenceable, but they should not be excessive.*

10. *Section 7 (1) (A) of the Act should be reconsidered. This particular article, to a certain extent, undermines the goals and objectives of the program in that it sometimes legally prevents us from offering assistance to more desirable companies on the basis that some companies have recourse to the necessary funds or that the project has a return sufficiently high in itself to entice the company to proceed. We should concentrate our efforts on the better administered and profitable companies, those which, in the long run, are more apt to contribute towards the development of the designated regions by strengthening the industrial base of the region. This would perhaps represent the best return on our incentive dollar.*
  
11. *Section 9 (1) (B) of the Act should be modified or perhaps be abolished altogether. This section can discredit the program and cause a loss of confidence in the program on the part of applicants and lenders, and lead to much confusion.*
  
12. *The Letter of Offer should firmly commit the Department as long as the conditions therein are respected. Perhaps more attention should be given to the project at the ...*

12. (Cont'd)

... evaluation stage and in certain cases a more elaborate analysis should be undertaken.

13. Section 9 (4) of the Act should be abolished. If we really want to contribute to the development of designated regions and change the industrial base of these regions, companies must be encouraged to operate as efficiently as possible, thus modernize whenever and wherever possible.

14. It may be desirable in certain cases to authorize the disbursement of the incentive prior to the project being in commercial production in order to help in its financing. The incentive could be disbursed fully at the outset in certain cases.

15. The procedures relating to Loan Guarantees could be accelerated if Section 13 (1) of the Act was modified to remove having to obtain the approval of the Department of Finance in all cases. Loan Guarantees are an excellent tool in as much as they may be used effectively.

16. *The administration of the program should stay under the control of the Department. References to other Departments may delay in the decision making process.*
17. *It may be desirable to include among the list of eligible operations those not strictly related to manufacturing or processing, such as laboratories and research centres, and perhaps head offices of financial institutions or commercial enterprises who establish themselves in designated regions.*
18. *The merger and consolidation of enterprises should be provided for in order to improve the adjustment process in certain situations.*
19. *Particular attention should be paid to designing incentives for enterprises which might be induced into long term involvement in the regions.*
20. *A suitable emphasis should be placed on encouraging local entrepreneurial initiatives.*
21. *Provision should be made for close monitoring of cases and for the infusion of additional funds when considered ...*

21. (Cont'd)

... necessary to ensure the success of a particularly worthwhile project.

22. Advisory services should be available under particular circumstances, although generally once an investment has been made it will be used by entrepreneurs who are the most effective in the market place.

23. Administration by other should be avoided where possible. Of course achievement of the program's objective should be paramount and other administrations should be examined to find the best means of accommodating mutual needs where possible.

## NEW FACILITY VERSUS EXPANSION

*The object of this study is to evaluate what are, in general, the costs and risks incurred in the establishment of a new facility as opposed to those relating to the expansion of existing facilities.*

*In general terms, it is necessary to distinguish between the establishment of a new facility by a company already in the particular field which is setting up a new facility to satisfy increasing demand for a particular product, and the establishment of a new facility by a new group. In the later case, the risks involved are greater, deriving from the lack of knowledge of the market, from financing problems, and from unforeseen set up and start up expenses such as employee training, etc, perhaps not provided for in the planning of the facility. These risks are translated into higher labour training and marketing costs, as well as higher start up and production and selling costs. As a result, the costs relating to the establishment of a new facility by a new group are much higher, and they should expect to operate with a generally lower profitability rate than established firms, at least during the first few years of operations.*



We must also distinguish between the establishment of a new facility and the expansion of an existing facility. As can be expected, and in consideration of what has been stated above, the costs and risks incurred in an expansion project will be less than those to be incurred in the establishment of a new facility. Expansions do not involve the same difficulties and risks as do new facilities. As the facility is already established, it has an acquired production expertise, its market is already established, and generally speaking, the planning required for an expansion is much less involved and complex than is the case with a new facility where all possibilities must be considered before getting into production.

In other respects, it is possible in certain cases that the establishment of a new facility could bring about the development of more advanced technology which would be more adaptable to current needs from both a quality and quantity point of view, and consequently, the operating and manufacturing costs will be less than in a simple expansion project. Thus, while the initial costs relating to the establishment of a new facility may be higher, these may be offset by a reduction in operating costs over the years. The new facility therefore becomes more profitable in the long run, and the effective returns may be higher.

*In summary, it can be stated that, in the majority of cases, it is costlier and more risk is involved in the establishment of a new facility rather than in the expansion of an existing one, be it a simple volume expansion or a new product expansion. Existing RDIA statistics indicates that the casualty rate has run in the order of nine to one "in favour" of new ventures.*

*The additional costs and greater risk are attributable primarily to the following factors:*

- a. more complex and difficult planning;*
- b. marketing of the product (ie: development of the market distribution channels, advertising, education of the consumers, etc.);*
- c. recruitment and training of personnel;*
- d. acquisition and preparation of land;*
- e. the construction and installation period, set up and start up expenses;*
- f. unforeseen local factors often unknown by a new investor;*
- g. costs relating to the connection of essential services (ie: sewer, water, electricity, anti-pollution treatment facilities, etc.).*

One must not conclude from the preceeding that new facilities should receive preferred treatment in relation to the expansion of existing facilities. Studies and analysis relating to this problem must be made in order to determine in specific cases whether it would be preferable to encourage the establishment of new facilities in a given area or whether it would be preferable to encourage the expansion of existing facilities. It is not always desirable to break up the market between several firms when it is known that to be viable and profitable, a firm must reach a minimum sales level below which it cannot operate efficiently.

The implications or consequences of the establishment of a new facility to compete against existing facilities can be waste and duplication, and be of benefit to neither the new facility nor the existing ones, and may actually have a long term negative impact for the designated region.

It would be preferable to determine whether established firms can develop further by improving their technology, increasing their production capacity, reducing their unit production cost, improving their marketing plans, etc, before encouraging and supporting the establishment of new facilities.

*In conclusion, it is preferable for industry in general and regions in particular to have facilities which are operating at maximum capacity and profitability. In a way these facilities constitute a certain security for the region in which they are situated, in that they play a leading role in influencing the economic and social plan, and assure a sense of continuity which could not be provided by weak and unprofitable firms.*

LOCAL ENTREPRENEURS VERSUS

EXTERNAL OR FOREIGN ENTREPRENEURS

*It is evident that, to a great extent, the goals and objectives sought by a regional development program depend on, and are affected by, the contribution of the individual entrepreneurs in society.*

*In this section we shall examine and analyse three (3) principal groups of entrepreneurs as follows:*

- 1. local entrepreneurs;*
- 2. Canadian entrepreneurs from outside the region;*
- 3. foreign entrepreneurs.*

*We shall attempt to determine whether it is preferable to encourage one group of entrepreneurs above the others, and determine what are the implications of such a preference.*

*As entrepreneurs are the key tool in the implementation of a national development policy, their projects must be carefully analysed and evaluated with a complete disregard for any aspect of favouritism, sensibility or...*

(cont'd)

... emotion. Each project must be considered as regards its contribution to the economic development and social adjustment of the region, keeping in mind the distinctive character of each region, such as its customs, principles, traditions, personality, and intellect of its populace. One thus has to consider whether it would be preferable to encourage local entrepreneurs in preference to those from outside the region, or foreigners.

1. Local Entrepreneurs

In our opinion, wherever possible, local entrepreneurs should be favoured. We believe that this group should be the first to benefit from our regional development program. As these people are established in the region and are familiar with its surroundings, they are most likely to be the ones to contribute to the region's social and economic development. Generally speaking, they would be more familiar with the region's needs, problems, advantages, and weaknesses. We must endeavour to create the right conditions which will permit the local entrepreneur to contribute further to the economic development of his region and broaden its market range.

They are necessarily the ones who would naturally ...

(cont'd)

... respect and integrate themselves with the customs, principles, and traditions of their own region. It is normally towards local firms that the local population would tend to be more loyal and sympathetic. However, while these considerations may appear theoretically proper, we know that in the majority of designated regions, the inhabitants and entrepreneurs cannot by themselves contribute significantly to the evolution and transformation of their own regions. We must therefore entice firms and entrepreneurs from outside the region to set themselves up in these regions.

2. Canadian Entrepreneurs from Outside the Region

This group is our second choice. Even though they are not from the specific region, they do know in general terms its characteristics and peculiarities, and are likely to integrate themselves therein with relative ease and rapidity, while gaining the support of the local populace.

(cont'd)

3. Foreign Entrepreneurs

We do not believe that it would be appropriate to adopt a negative stance towards foreign investors when one considers that this group can and often does make a significant contribution to the economic and social development of a region.

These entrepreneurs, as is the case with Canadians from outside the particular region, can be of great benefit to the region by way of the introduction of new technology and innovative ways and means, resulting in industrial diversification. These foreign owned facilities contribute towards the economic stability and help modify the industrial structure of the regions.

However, these firms will generally have greater difficulty integrating themselves to the regions and the local population may not accept their presence very well. As well, we must keep in mind the consequences of having foreign control over our production facilities and the possible ensuing long term ...



(cont'd)

... negative effect. The public opinion and reaction of the regional populace could be negative if these firms do not adopt themselves to the regions, and the ultimate result will not be in the best interests of the social and economic development of the region. We must keep in mind that firms from outside the region, and especially foreign firms, are managed by individuals whose decisions and direction are not necessarily influenced by the same social, economic, and political considerations, as are those based within the region, and are guided by an administrative philosophy based primarily on the facility's contribution as a part of the whole.

In these cases, the utilization of a company's financial resources will be centered around the well being of the company as a whole whether or not it is of benefit to the region. Thus, the payment of dividends, and other inter-company charges, or the like, attributed to the facility by its foreign owners will be made regardless of whether or not these will harm the future expansion of the facility ...

(cont'd)

... established in the region. What can also happen is that the social and economic development of the region can be pushed aside or forgotten in order to meet the common goal of the parent company.

In conclusion, we are of the opinion that it is in our interest to invest our monies and resources with those entrepreneurs who are most likely to help us attain the goals and objectives which we are pursuing, and give us a maximum return on our incentive dollar.

As such, we must seek to integrate companies from outside the region and foreign firms as quickly as possible to their new surroundings, all the while respecting the customs of the regions.

Firstly, however, we must strive to develop to a maximum extent those firms already established in a region. To this end we must develop a spirit of entrepreneurship, initiative, and ambition among the local populace, increase ...

(cont'd)

... their control of the economic environment, and assure them the leadership and control of their own economy. Wherever possible, we must encourage local entrepreneurs to regroup and unite for the purpose of forming stronger economic units which would be in a better position to compete against facilities situated outside of the regions. It would be desirable to find the means of changing the attitude and mentality of the local populace, to inject them with an interest for risk, and incite them to become businessmen and take the initiative in the formation of the economic and social destiny of their region.

On the other hand, entrepreneurs from outside the region and foreigners should be encouraged and supported when it is concluded that they can be of benefit and contribute in a significant way to the growth and socio-economic development of the region.

## RELATION OF GOALS TO DIFFERENT TIME-FRAMES

Even though the desired goals and objectives are related and interdependent, they cannot all be attained simultaneously and each to the same degree. We must strive to attain them progressively, attempting to solve the more urgent problems first, that is, those which are most likely to affect the economic and social recovery of a region and benefit from the regional development program in a tangible manner.

As there are appreciable differences in the social and economic structure of the various regions, it is not possible to determine individually in a precise manner what are the main goals being sought and in what time span these should be attained.

This is an area where one cannot surmise, but rather, where one must proceed with great care. Detailed research and analyses are required in order to evaluate the local conditions prevailing in each region.

We must therefore adapt our strategy and desired goals to the needs and requirements of each particular ...

*... region and modify them accordingly. In other words, the urgency of the needs of one region will determine what are the goals to be strived for in the specific region and what time frame is appropriate to satisfy these.*

*We believe that a fixed span of 10 years is a relatively short period considering the extent of the needs in question. As a consequence, the desired goals for each region will have to be carefully and seriously identified and our methods and strategy of regional development will have to proceed actively to satisfy these as quickly as possible.*

LEVELS OF IMPACT, MAGNITUDE OF COSTS  
AND OTHER RESOURCES REQUIRED

Assessing the Costs and Pay-Offs of  
Regional Programs - a Theoretical Discussion

The adoption of regional policies raises a number of policy and management questions such as:

- a. How much of the federal budget should be devoted to regional policies?
- b. What priority should be given in the management of public funds to the various goals and objectives of regional policies and the programs required to attain these?
- c. What social rate of return is acceptable for these development dollars?
- d. What administrative procedures will ensure the best use of the funds allocated to regional policies?

Similarly, when analyzing regional industrial incentive grants, the following questions should be asked:

- a. How does industrial growth relate to the general objective of regional development?
- b. How successful will the local area or region be in attracting additional industry or in enlarging its market as a result of regional assistance?

*(cont'd)*

- c. What will the additional or expanded firms do to the cost structure of the local area and to the level and composition of local demand?*
- d. How will local market firm react to these changes in costs and demand?*

*These questions serve to indicate that the objectives of regional development policy will usually be multiple, abstract and not reducible to a simple definition or criterion.*

*All government programs are composed of direct costs (manpower, administration, etc...) and indirect costs. The indirect costs can be viewed as the costs to the federal budget as a whole (and to society) of supporting a given program. The difficulty in assessing the indirect costs will in turn vary according to the goals being pursued and the type of programs being implemented. In the case of regional policy, and hence regional programs, another difficulty arises due to the fact that "national" and "regional" policies cannot be considered in isolation from one another. Because both bear on the regional situation, ...*

(cont'd)

... their impact and effectiveness can only be evaluated jointly (1). However, even after allowing for the required interplay between national and regional objectives and for the influence of national policies on the regional dimension, the problem of deciding as to which test or tests should be retained for judging the merits of specific regional programs remains. This is a difficult problem because exclusive ...

(1) It follows as noted by an OECD Working Party on Regional Policies that "When the general (or national) policies themselves are pursued with regional objectives in mind, the need for specific regional measures is lessened, and that when the general policies are pursued without reference to regional objectives and are the main determinant in the allocation of resources, the effect of the specific regional measure will be correspondingly lessened (op. cit. p. 93)!" An example that comes readily to mind could be a transportation policy with a rate structure for the various modes disregarding the special problem of the Atlantic region. The effectiveness of the RDIA program could be greatly affected by such a policy.



*(cont'd)*

*... attention to one criterion or test to the neglect of others could lead to the wrong conclusions being reached as to which program or mix of programs has been effective or which should now be implemented to achieve specific regional goals.*

*It has been suggested in some circles that the effectiveness of regional policies and programs should be assessed through a trade-off efficiency curve. The economic theory underlying this approach is that in many instances it would be more efficient from the point of view of the country as a whole to concentrate economic activity in a few very well developed urban centres rather than try to apportion it in a piecemeal fashion to several regional sub-economies where economies of scale and externalities are likely to be in-existent. The flaw in such an argument is that it ignores the quantum of space, that is, it is based on the standard economic theory of the firm where spatial (and regional) realities are ignored. When space is taken into consideration, transportation costs are introduced in the equation, and the development and/or support of regional economies makes more sense. It must be realized that economic ...*

*(cont'd)*

*... efficiency is not the sole objective of public policy.*

*Many other tests could be proposed to judge the effectiveness of regional assistance programs and of RDIA in particular. It is very unlikely as demonstrated in the above discussion, that any single test carried in isolation will lead to worthwhile conclusions.*

*More and more in government circles, there is a tendency to evaluate programs through cost-benefit techniques (1). However, the application of such techniques to regional development programs is fraught with uncertainties, mainly because the objectives of these programs are often multiple (2), vague and at times abstract, and subject to many outside influences.*

*Despite these difficulties, policy makers still require an indication of the cost magnitude of these programs. To arrive at such an estimate, the approach outlined below could be followed.*

*(cont'd)*

- (1) *"Cost-benefit analysis is a technique for improving the allocation of public funds. It employs an accounting procedure analogous to the double-entry bookkeeping which allows a business firm to calculate its return on investment. It differs from business accounting in two ways: 1. it includes costs and benefits accruing to an entire community, region or nation, not just those accruing to a firm and its customers; 2. it considers a much wider range of costs and benefits than are calculated by business firms, including indirect as well as direct costs and benefits, and both tangible and intangible (not priced by the market and possibly not quantifiable) cost and benefits"* (OECD - Cost Effectiveness Analysis of Regional Development, May 1971, p. 4.)
- (2) *The Working Group on Objectives, Goals and Areas has identified 2 general ojectives and 11 goals.*

COSTS OF RDIA PROGRAMS

(ie: specific measure such as job creation)

Direct Operating Costs  
(Manpower, Administration ...)

Indirect Costs  
(Mainly in terms of additional expenditures from other government programs to support the RDIA initiative ie: M&I programs, DREE and CMHC infrastructure programs, ...)

Offsetting Benefits  
Such as: reduction in UIC benefits, in welfare role, in subsidies to municipalities ...)

less →

General Order of Magnitude of  
Net Cost per job created

From the preceeding, one can see that it is extremely difficult to determine what are the costs and other resources required to carry out and measure the impact of a regional development program, and only an in depth study of the various factors involved would enable us to determine these with any degree of exactitude.

While we recognize that these difficulties are a result of a large number of factors to be considered which are in themselves difficult to forecast and evaluate, we believe it is important to attempt to establish what these costs and resources are, and determine what would be the likely impact of the program. This would allow us to present a complete plan which would include budgetary projections related directly to our goals and objectives, and to the energies we are prepared to exert to attain these. While this may be a long and laborious exercise, it is certainly worthwhile.

Notwithstanding the preceeding, we present the following tentative hypothesis which could serve as a starting point in our analysis.

Impact of Proposed Incentive Program and Cost in Terms  
of Resources

Bearing in mind the objectives identified and the time span for effective achievement of some of the goals, it is necessary to provide some magnitude of impact and of the resources related thereto. It goes without saying that in addition to the aforementioned considerations, there are a number of other factors which make such a projection a delicate one to be developed and to be examined only in the most sensitive way. The roles of incentives to industry performed by the major development approaches, in concert with the provinces and other Federal programs, can be expected to vary from time to time over the next period, as the initiatives exercised by the private sector will change as new opportunities and competing alternatives which take place both within and outside Canada are identified. The tenor of the international situation can be expected to exercise an important influence as competing industrial nations and developing countries seek to reshape their roles.

Accordingly, taking the aforementioned factors into account and projecting activity over the next 10 years, (it is assumed that there will be variations from time to ...

Impact of Proposed Incentive Program and Cost in Terms  
of Resources (cont'd)

... time, both of a positive directive nature and of a more responsive type since the program would be expected to concentrate more on structural change than has been the objective in the past), the broad order of activity impact may be anticipated as involving 10,000 jobs being created annually on a budget in the order of \$100,000,000 based on a \$10,000 cost per job rather than the historical \$5,000-\$6,000 in recent years. Alternately, if the aspiration for jobs is in the order of the historical level of 16,000 direct jobs, the budget requirement would be of the magnitude of \$160,000,000 per annum.

Should a more balanced emphasis be required of directed new industries, responsive industries, expansions, etc., then the reported job increments would be in the order of (a) 13,000 jobs on a budget of \$100,000,000 at an average cost of \$7,500 or (b) 16,000 jobs on a budget of \$120,000,000.

It may be surmised that if a more directive approach is undertaken, there will be a more progressive build up over the period than otherwise would be the case. As well, ...

Impact of Proposed Incentive Program and Cost in Terms  
of Resources (cont'd)

... it should be emphasized that where major opportunities are realized and this GDA type of activity changes the economic structure of an area, the area will become more competitive, which will in turn improve the opportunities for realization of incremental activities at lower cost. Accordingly, it is concluded that since four to five years is a minimum time frame during which to start to achieve some significant improvements, it would be in the latter half of the 10 year planning perspective before the benefit-cost ratios of general programs improve significantly.

In operational terms, the manpower required to handle a more directive program can be expected to increase as a result of the heavier rate of incentives required and the higher quality of evaluations required. While significant variations could occur depending on the specific incentives and the method of application thereof, it is considered that a 15-25% increase in work force could be required. Alternatively, if the more balanced emphasis respecting existing industries and new industries were followed, then the increase would tend to be less - perhaps in the order of 10-15%.



## CHOICE OF PROGRAMS FOR REGIONAL DEVELOPMENT IN OTHER COUNTRIES

Three types of programs are generally used to implement regional development policy: (a) stimulation of new industrial activity in selected parts of the country; (b) development of infrastructure (which may be either specific, or involve the coordination of public investment programs in general); and (c) manpower training, mobility and related programs. To some extent, these three types of aid overlap, especially in countries where there is a strong trend toward integration of regional policy with national economic and social policies.

The combination of these types of positive measures within the overall regional development strategy varies from one country to another. The beneficiaries of such aid may be sub-national administrations (provinces and municipalities) or individuals (entrepreneurs and workers).

Experience in some countries has shown that poor infrastructure facilities can often offset the subsidies and other benefits gained by firms locating in the assistance areas, and hence adversely affect the future prospects of growth in the areas. As a result, they have come to give a high priority to infrastructure development. In others, the ...

... emphasis is on financial and fiscal incentives to industry and on manpower adjustment programs. In still other countries, the focus of policy varies as between urban and rural areas. The particular strategy and mix of programs adopted in each country is largely shaped by the nature of the problems and the framework of economic, political and social priorities and constraints within which they exist.

In Belgium, the emphasis in regional policy is on direct measures to promote industrial development, while in the Netherlands the primary emphasis is on coordinated infrastructure development. Improvement of infrastructure facilities is also a major element of regional policy in France and the United States. Both infrastructure and industrial development programs play a major role in Italy and the United Kingdom. Among the Scandinavian countries, Norway uses a wider range of measures than the other countries for assisting project planning and development at the local level. In several parts of the country, state-owned 'cornerstone enterprises' have also been set up to serve as 'industrial nuclei'. Sweden puts great emphasis on the promotion of geographic and occupational mobility. The National Labour Market Board's expenditures on manpower programs have generally been greater than direct assistance to industrial location. Efforts are also now under way in the country toward a better integration ...

... of regional and national economic and physical planning.

Attention is also given in some countries to the development of service sector activities (e.g., tourism facilities) in areas where there is a potential for them, and which are ill-suited for large-scale industrial development, mainly because of their remoteness or geographical configuration. In France, for example, measures have been taken to provide incentives to tertiary activities which can generate at least 50 new jobs. The amount of assistance varies from 10-20 per cent of the investment involved, according to the geographic location and the kind of activity. This assistance is available in the 'métropoles d'équilibre', in medium-sized towns outside the Paris area, and in the areas eligible for the 'regional development grant'. Germany also provides assistance to tourist enterprises in the promotion areas.

Several countries have also taken special action with regard to problems arising from the contraction of the coal industry. For example, in the United Kingdom, a number of coal mining areas, generally remote from the urban centres and where general measures of assistance are either inappropriate or insufficient, have been designated 'special development ...

... areas'. Additional inducements have been made available to industry to move into or expand in such areas. Regional policy in Belgium, the Netherlands, France and Germany also provide for comparable reconversion programs.

A number of countries are making special efforts at industrialization in rural areas. For example, in rural areas suffering from serious structural disequilibrium in France, special action is being concentrated on occupational training, modernization of farm structures, encouragement of tourism, and the development of craft trades and small-scale industries in order to ensure the maintenance of a rural way of life and to direct the population into activities other than farming.

Certain additional 'positive' measures have been tried in some countries in the context of regional development. These include: (a) in Germany, priority in government contract awards is given to the 'zonal border areas'; in the United States, the federal government tends to give preference in procurement to areas where the unemployment rate is relatively high; a similar provision also exists at present in the United Kingdom's regional policy; (b) decentralization of central government functions (e.g., in Denmark, Sweden and Italy;

and (c) assistance to centres of higher learning and research as magnets of location (e.g., in France, Sweden, the United Kingdom and the United States).

Besides the above 'positive' measures to stimulate regional economic expansion and manpower adjustment, some countries have also adopted negative measures in the form of controls or penalties with a view to decongesting particular parts of the country, or for obtaining a better interregional balance.

In France, since 1955, prior authorization is required for any extension of industry in the Paris area. This is granted only if the firm can prove that the proposed activity cannot be carried out elsewhere. Furthermore, building controls apply to the entire country, and are designed to prevent any disproportionate relationship between the size of the locality and that of the factory. In certain parts of the Paris region, a payment is required for permission to construct industrial buildings. If an industrial or office space in the region is freed, then a corresponding grant is given to the proprietor of the premises.

In Italy, prior authorization is required for activities with investments over Lit. 5 billion which are ...

... considering to locate in the highly industrialized zones of northern and central Italy. Violation of this provision involves penalties up to 25 per cent of the investment involved.

In the United Kingdom, the system of 'Industrial Development Certificates' is used to control the growth of new industrial buildings. At present, certificates are required for erecting buildings of more than 10,000 square feet in the South East, East Anglia and the Midlands, and of more than 15,000 square feet in the rest of the country. The building of offices is also controlled in the congested parts of the country (e.g., the South East) by means of 'Office Development Permits'. However, these provisions do not apply to the 'development areas' and the 'special development areas'.

## SOME RESULTS OF REGIONAL DEVELOPMENT POLICIES IN OTHER COUNTRIES

*In most industrialized countries, specific policies and programs for regional development did not come into force until the early 1960's; the two important exceptions to this are Italy and the United Kingdom. In Italy, the major regional development effort began with the establishment of the Cassa per il Mezzogiorno in 1950. In the United Kingdom, the history of such measures dates back to 1934 when the Special Areas (Development and Improvement) Act was adopted.*

*In general, the relatively short history of special regional development measures, the post-war cyclical movements in economic growth and modifications in economic and social structures, and the frequent changes in the regional policy tools over the years make a realistic assessment of the impact of regional policies rather difficult. Although trends in employment and unemployment suggest that the policies have had some positive results, more markedly in some countries than in others, it would seem that the correction of serious interregional imbalances cannot be achieved in the short run. Furthermore, the experience in many industrialized countries has been such that the extent of success in combating regional income and employment disparities depends increasingly on the management of the economy on a broad scale.*

Although, in most countries, there has been some narrowing of the 'gap' between disadvantaged areas and the rest of the country, this is taking place rather gradually, and more slowly in some countries than in others. Progress is, in general, faster with regard to industrialization than with regard to standards of living because of the time-lag. However, one consequence of this industrialization in its early stages has been an influx of unskilled manpower from the rural areas to the towns; this has resulted in a continuation of the imbalance in the labour market. Another aspect of recent experience is that the rapid growth of the service sector is adding a new degree of complexity to regional problems. Such growth, in so far as service activities tend to concentrate in the expanding regions of the country, makes the pursuit of an industry-spreading policy even more difficult.

It is becoming apparent that more attention will have to be given in the future to the improvement of the social environment in the development areas since it is being increasingly recognized that human and psychological factors are key ingredients of successful regional policies. The general tendency, therefore, is toward greater selectivity in the range of special assistance programs used rather than, as in many countries in the past, continuing to provide blanket incentives ...



... which, in some instances, have attracted the less viable firms.

The experience to date with regional development policies suggests that direct incentives by themselves are insufficient to achieve the objectives of policy. In fact, they need to be integrated into a comprehensive regional planning strategy covering aspects such as infrastructure development, manpower mobility and training and, in some cases, restriction on development in congested areas. In addition, a conclusion that emerges from recent studies on special aid activities is that, for better effectiveness, the incentive machinery needs to be simplified, the incentives need to be better publicized, and that changes in geographical coverage, rates and conditions under which they are granted should not be too frequent.

When different kinds of incentives have been used, the effects of policy have generally been more satisfactory than when such assistance was concentrated in one type of incentive. However, the increasing range and sophistication of the incentives offered in the stimulation areas in most countries carry with it not only complex problems of coordination among these measures themselves and between such aids and the general policies for economic management, but also a risk of possible ...

... distortion in international competitive conditions. Given this and the trend in most industrialized countries toward the provision of special regional development action within the broad considerations of national economic growth and structural adjustment, such an integrated framework would be a more realistic one rather than individual, and in some cases isolated, programs for the assessment of regional policy. However, the present stage in the evolution of regional development policy, both in terms of concept and strategy, is so recent as to make any attempt at meaningful evaluation rather difficult.

The major results of regional development efforts in the individual countries may be summarized as follows:

Belgium: Although state-aided investment has helped create, on the average, some 21,000 new jobs annually in industry throughout the country during 1960-67, and over 36,000 annually during 1968-70, the most adversely affected regions, especially in the southern part of the country, have not received an adequate share of the new industry and jobs. Coal mining and other traditional industries continue to decline and, in several regions, the creation of new activities and jobs have not kept pace with the losses. In view of these trends, one of the major objectives in the present economic ...

... development program (1971-75) is to create about 40,000 new jobs annually in industry.

Netherlands: The stimulation of industrial growth outside the western part of the country has resulted in a relative fall in that region's share of the national labour force (from 44 per cent in 1950 to 39 per cent in 1964), and an increase in that of the southern and northern regions. In spite of this, present trends suggest that regional industrialization efforts will need to be continued, and even intensified, as the problems of the congested west are likely to grow over the years.

France: During the period of the Fifth Plan (1966-70), there has been a marked economic improvement in the west, new growth in the south and south-east, and a persistence of problems in the north and east due to the continuing decline of traditional industries. In contrast, in spite of the measures taken to restrict its growth, Paris continues to exert its attractive force.

Regional development assistance programs in France have helped create 40,000 - 50,000 new jobs annually during 1968-71, as compared to about 12,000 - 15,000 annually in the preceding five-year period.

Italy: In many respects, the regional problem in Italy contrasts with that in almost all other industrialized countries as it derives primarily from the historical 'structural dualism' which has characterized the national economy. Consequently, following the limited programs of the immediate post-war years, there has been a steady intensification of the development efforts for the South since the establishment of the Cassa in 1950.

During the first twenty years of the Cassa, the Mezzogiorno's share of total industrial investment in the country rose from about 15 per cent to 26 per cent. Within the region itself, there have been major structural changes, e.g.: (a) shift in the contributions of the primary, secondary and tertiary sectors to the regional product from 39, 27 and 34 per cent respectively, to 22, 33 and 45 per cent respectively; (b) the three sectors' share of total employment in the region changed from 57, 20 and 23 per cent respectively, to 32, 32 and 36 per cent respectively. The margins of gain in employment in the secondary and tertiary sectors in the region have also been higher than those in central and northern Italy.

*Regional policy in Italy has been successful in attracting technologically advanced industries to the under-developed areas, and in providing employment to local labour. This has also had a favourable impact on the rate of outmigration. With improvement in transportation, the Mezzogiorno seaboard is proving to be well-suited for the location of such industries as oil refining and petro-chemicals.*

*Up to the mid-1960's, regional policy in Italy has been mainly concerned with depressed areas and regions. With the adoption of the first national development plan in 1966, regional policy became an integral part of it. This plan included provision for the creation of 82 agricultural development districts, 17 industrial development areas, 24 industrial nuclei and 29 tourist industry development districts in the Mezzogiorno. In addition to reinforcing these programs, 30 new urban centres are expected to be created in the region during the second plan period (1971-75). Thus, besides having a specific 'regional' content, the present national development plan also recognizes that the problems of urban development and excessive concentration call for a national economic as well as physical planning strategy.*

Besides substantially increasing the amount of resources for the development effort in the Mezzogiorno during 1971-75 (more than what was spent in the first fifteen years of the Cassa), the present development plan also provides for more flexibility in the assistance programs, especially those for industrial stimulation. To some extent at least, this is a reflection of the findings of recent surveys of assisted firms in the South. For example, a 1969 survey of some 855 manufacturing firms in the region revealed, among others, a pronounced preference for low-interest loans, capital grants and ten-year exemption from corporation tax, in that order, as stimulants to industrial location and expansion. The incentives have also attracted the relatively large firms rather than small and medium-sized ones.

An important element in the record of effectiveness of regional development policy in Italy is the continuity with which it has been pursued and the size of resources devoted to it. However, in spite of the efforts of the past twenty years, the Mezzogiorno's contribution to the national income in 1970 was still less than 25 per cent, and per capita income in the region in the same year was still less than 50 per cent of that of the industrial north, and about two-thirds of the national average. Nevertheless, it is felt that, against ...

... the background of the relatively fast rate of growth in the region in recent years, in contrast with the more or less constant rate in central and northern Italy, improved infrastructure, and the additional resources now provided, the disparities between the Mezzogiorno and the rest of the country would be significantly reduced by the end of the current five-year development program.

Germany: Until recently, the federal government's role in regional development has been limited as the Laender were primarily responsible for such action. The present Federal-Laender 'common task' for the 'improvement of the regional economic structure', adopted within the framework of the 1972-75 development plan, is concerned with the creation of jobs for people leaving agriculture and for those affected by structural changes in industry, as well as with the establishment of new industries in the rural areas and zonal border areas. The planning and programming efforts of the two levels of government have also become more coordinated with the establishment of a Federal-Laender 'Planning Committee'.

A general idea of the effects of regional policies in the Scandinavian countries can be obtained from the number ...

... of new jobs created by the special programs. A large part of the effectiveness of such policies in these countries is due to the existence of closely coordinated programs and of structures to implement them. To some extent, this also makes a precise evaluation of the impact of specific regional development programs more difficult.

Denmark: Regional development programs have created, on the average, 1,000 new jobs annually since 1958.

Finland: About 1,000 new permanent jobs per year have resulted from regional development measures in Finland since 1966. The experience in the country with special assistance programs for industrial location, as revealed by a 1969 survey of 500 manufacturing firms which located or expanded operations in the development areas, has been an overwhelming preference for 'tax concessions' as opposed to other types of assistance. In fact, "some (firms) felt that direct grants tend to make entrepreneurs indifferent and regarded such measures as not compatible with sound entrepreneurship".

Norway: About 1,000 - 2,000 new jobs are being created each year through the activities of the Regional Development Fund.



Sweden: The special measures introduced in 1965 have created about 3,000 - 4,000 new jobs annually since that year; of this, nearly two-thirds have been in the 'aid area'.

United Kingdom: Recent trends show some reduction in interregional disparities, both in terms of unemployment and distribution of new investment. During 1967-70, over 40,000 new jobs have been created annually in the development areas. The new programs introduced in 1972 are expected to yield substantially improved results.

As for the tools of regional policy, a 1969 survey of 850 manufacturing firms in the development areas indicated that the majority of them preferred 'investment grants' over other forms of aid. However, a 1970 pilot survey on the effectiveness of investment incentives revealed that nearly two-thirds of the firms surveyed preferred 'free depreciation', and this largely because of "administrative simplicity and quick benefits to liquidity".

United States: A comprehensive regional development policy is of more recent origin in the United States than in most other industrialized countries, and planning at the ...

... regional level (e.g., through Regional Development Commissions) has been under way only since the latter part of the 1960's. Until recently, the special measures introduced have been largely aimed at short-term results.

The history of regional policy in the United States shows a continuing evolution, i.e., starting with the experience of the Tennessee Valley Authority, to the Area Re-development Administration's 'depressed area' approach (1961-65), to the Economic Development Administration's 'worst first' strategy (introduced in 1965), which has since evolved into an approach based largely on 'economic development districts' and multi-state 'economic development regions', with emphasis on the 'growth centre' concept. Thus, the relatively short history of specific regional development action and the major shifts in strategy during that period make it rather difficult to assess the precise impact to date of regional policy. As for the future, it would seem that even with the proposals for further decentralization now being considered in the strategy and programs for regional development, the emphasis on an approach based on the 'growth centre' concept is likely to continue in the United States.

COMPARISON OF PUBLIC SPENDING ON  
REGIONAL DEVELOPMENT PROGRAMS  
IN OTHER COUNTRIES

*According to the O.E.C.D., in most countries public spending relating to particular objectives of regional policies appears to have increased, in absolute dollars, during the five year span from 1967 to 1972. The figures reported are not always comparable from one country to the next, primarily as a result of lack of information on infrastructure spending considered as regional policy oriented in nature. The following schedule is in millions of \$U.S., expressed at the then prevailing exchange rates.*

*(See following page)*

## APPENDIX 1

BELGIUM	<i>Annual average</i>	1962/66	\$ 17.5
	<i>Annual average</i>	1967/70	\$ 92.4
	<i>Annual average</i>	1971/73	\$ 118.2
CANADA		1969/70	\$ 203.5
		1973/74	\$ 474.5 (estim)
FINLAND		1971	\$ 10.1
		1974	\$ 40.8
FRANCE	<i>Annual average</i>	1961/63	\$ 40.4
	<i>Annual average</i>	1970/72	\$ 207.0
GERMANY	<i>Annual average</i>	1961/63	\$ 29.5
	<i>Annual average</i>	1967/70	\$ 54.7
	<i>Annual average</i>	1972/74	\$ 372.4
ITALY	<i>Annual average</i>	1965/70	\$ 745.6
	<i>Annual average</i>	1971/75	\$2,448.0
NETHERLANDS	<i>Annual average</i>	1967/71	\$ 38.6
		1972	\$ 77.1
NORWAY		1962	\$ 11.0
		1967	\$ 31.0
		1972	\$ 103.1
SWEDEN		1967/68	\$ 43.8
		1972/73	\$ 111.7
UNITED KINGDOM		1967/68	\$ 326.9
		1971/72	\$ 579.4



## CENTRAL GOVERNMENT REGIONAL DEVELOPMENT INCENTIVES IN INDUSTRY

(As of March 1974)

Type of Incentive	AUSTRIA	BELGIUM	CANADA
Investment Grant	---	Capital subsidy equivalent in value to the interest subsidy (see below) as an alternative.	Up to 25% of capital costs and up to 30% of wages and salaries for 1 year (subject to the overall ceiling of \$30,000 per direct job created) for new plants and new product expansions, and up to 20% of capital costs for modernizations and normal expansions.
Interest Subsidy	---	Up to 7% provided the effective interest rate is at least 12. The subsidies may relate to the total amount of the loan in the first 3 years, and to 75% for the next 2 years.	---
Loans	At 5% for up to 10 years. In special cases, 15-year loans at 1% for the first 5 years and at 5% thereafter, with 5-year exemption from repayment. (Loans are also available to tertiary activities).	---	---
Loan Guarantees	---	For up to 75% of loan secured from a private institution.	For up to 90% of the advances, provided the amount of the loan is less than 80% of the firm's investment net of public assistance. Loan guarantees are also available to certain types of tertiary activities.
Grant Toward Labour Cost	---	---	---
Tax Concessions	---	Five-year exemption from real estate tax on buildings, land and equipment, exemption from the maximum 2% capital registration tax on capital to establish or expand a company; accelerated depreciation.	---
Assistance for Raising Capital	---	---	---
Assistance for Costs of Buying Equipment	---	---	Taken into account in the calculation of investment grant.
Support and Other Public Service Concessions	---	---	Grants and loans to provinces for community infrastructure.
Assistance for Factory Buildings and Utilities	---	Subsidies for setting up and equipping industrial zones.	Grants and loans to provinces for industrial parks.
State Participation	---	---	---
Assistance in Investment Contract	---	---	Available (national program).
Labour Aide	Training and mobility grants to companies or workers.	Special training grants (up to 50% of wages) to companies	Training and mobility grants (national program)

CENTRAL GOVERNMENT REGIONAL DEVELOPMENT INCENTIVES TO INDUSTRY  
(As of March 1974)

Type of Incentive	DENMARK	FINLAND	FRANCE
Investment Grant	Up to 25% of capital costs.	---	Up to 25% of capital costs, for secondary industry, and up to 20% of capital costs for tertiary activities.
Interest Subsidy	---	Given on loans for up to 60% of capital costs; subsidy could be up to 100% of the interest for the first 2 years, and up to 50% for the next 2 years.	---
Loans	Up to 90% of capital costs. (Net of public assistance), at about 3% below market rate, with 5-year exemption from repayment.	Loans (at market rate) for up to 75% of total investment cost.	Up to 1/3 of total investment to encourage industrial decentralization and reconstruction, at 2% below the market rate.
Loan Guarantees	For working capital loans, for up to 5 years.	---	---
Grant Toward Labour Cost	---	---	---
Fiscal Concessions	---	Free depreciation for 10 years; exemption from income and property taxation of fixed assets for 10 years following their acquisition	25% depreciation of cost of buildings in the first year; 50% reduction of capital gains tax on sale of developable land; reduced transfer tax.
Assistance for Working Capital	Working capital grants are available on a selective basis; loan guarantees (see above)	---	---
Assistance for Costs of moving equipment	Grants to cover the cost of moving industrial and service enterprises (and key personnel) to a development area from other parts of the country.	---	Up to 60% of cost of removal of equipment and personnel from the Paris region, provided the industrial building space vacated is at least 500 sq. km.
Transport and Other Public Concessions	---	Subsidies up to 40% of freight charges for transporting industrial products from development areas depending on the mode of transport and distance.	Subsidization of cost of energy. (e.g., natural gas, electricity).
Assistance for Factory Buildings and Sites	30-year, low-interest loans to municipalities for factory building for sale or lease.	Interest-subsidies to municipalities for factory buildings; assistance for building industrial estates.	Subsidy toward cost of land.
Share Participation by the State	---	---	Up to 35% of total investment for a maximum of 15 years.
Preference in Government Contract Awards	---	---	---
Power Aids	Training grants.	Training grants; grants and loans to compensate firms for employment of inexperienced labour in development areas.	Training grants to firms locating in the provinces; mobility grants.

CENTRAL GOVERNMENT REGIONAL DEVELOPMENT INCENTIVES TO INDUSTRY  
(As of March 1974)

Type of Incentive	GERMANY (F.R.)	IRELAND	ITALY
Investment Grant	Up to 25% of capital costs.	Up to 50% of capital costs for major industry, and up to 60% of capital costs for small industries; up to 35% of investment for modernization.	Up to 50% of capital costs.
Interest Subsidy	---	Available, but it is not a major program.	---
Loans	10-year loans at 3½% interest with 2-year exemption from repayment (maximum size of loan: 10% of total investment); 20-year loans at 6% (maximum size of loan: 30% of total investment).	---	Up to 50% of fixed investment, and up to 40% of investment for materials. Loan period is 15 years for new plants and 10 years for extensions. Interest rate varies from 3-6% depending on size of investment.
Loan Guarantees	For up to 90% of a loan (and to a maximum of DM5 million).	Available but it is not a major program	---
Grant Toward Labour Cost	---	---	---
Fiscal Concessions	Special depreciation provisions (up to 50% for equipment and 30% for buildings) in eastern border areas.	15-year tax-exemption of profits from exports of manufactured goods; exemption of imported plant and machinery from duties; 100% depreciation and 20% investment allowance (i.e., 120% write-off) in the first year; reduced taxes on land, building and investment in equipment.	10-year exemption from tax on profits; up to 50% reduction of transfer tax; up to 50% reduction of consumption tax on electric power.
Assistance for Raising Capital	---	---	---
Assistance Costs of Raising Equipment	---	---	---
Transport and other Public Service Concessions	Freight subsidies to firms in eastern border areas	---	Reduction up to 50% of freight charges for transporting equipment to the Mezzogiorno and for transport of finished products out of the Mezzogiorno.
Assistance for Factory Buildings and Sites	---	Low-cost factories and sites; assistance for housing for key personnel.	---
State Participation in the State	---	Share participation in the capital of a firm	---
Preference in Government Contract	Available in eastern border areas.	---	Government departments, public enterprises and enterprises with State participation are obliged to reserve 30% of their supply contracts for enterprises in the Mezzogiorno. Also at least 40% of new investment by public authorities and 80% of new investment by companies with State participation must be made in the Mezzogiorno.
Government Aids	Reimbursement of wages and social charges during training period (maximum: 30 weeks).	Training grants to firms.	Training grants (national program).



CENTRAL GOVERNMENT REGIONAL DEVELOPMENT INCENTIVES TO INDUSTRY  
(As of March, 1974)

Type of Incentive	JAPAN	NETHERLANDS	NORWAY
Investment Grant	---	Up to 25% of capital costs for a new activity and 15% for extensions. Grants up to 25% of investment are available to tertiary activities.	Up to 35% of capital costs.
Interest Subsidy	---	Up to 3% per annum for a maximum period of 15 years.	---
Loans	3-year loans at 7% for up to 80% of investment.	---	Medium and long-term loans at market rate.
Loan Guarantees	---	For loans at market rate, and for up to 15 years, with 5 years free of redemption.	Available for loans at market rate.
Grant Toward Labour Cost	---	---	---
Local Concessions	Accelerated depreciation of buildings and equipment; reduced local taxes.	Accelerated depreciation on 1/3 of the buildings; provision for offsetting losses in the first 6 years against later profits for an unlimited period.	Tax-free deductions of up to 50% of taxable income, for purposes of investment in development districts.
Assistance for Working Capital	---	---	---
Assistance for Costs of Moving Equipment	3-year loans at 8% to cover up to 50% of removal cost of equipment.	---	Grants to cover cost of moving (from a developed to a less developed district) of machinery, equipment and personnel, as well as losses caused by interruptions of production.
Transport and Other Public Service Concessions	Grants to local governments and communities for environmental protection facilities as necessitated by new industry.	---	Grants up to 40% of transport costs incurred by manufacturers in development areas, depending on distance involved.
Assistance for Factory Buildings and Sites	Industrial parks; subsidization of 2% of interest on loans for construction of industrial parks by local governments or by development corporations.	---	Industrial estates - industrial land and buildings for sale or lease.
Share participation by the State	---	Share participation in new or existing establishments or establishment of state corporations.	---
Preference in Government Contract Awards	---	---	---
Wage Aids	Training grants (national program).	Training grants available on a selective basis; mobility aids (applicable nationally).	For new enterprises and relocation, grants are available for wages and living expenses of instructors (or key personnel) and 50% of wages or workers for up to 3 months.

CENTRAL GOVERNMENT REGIONAL DEVELOPMENT INCENTIVES TO INDUSTRY

APPENDIX 2

(As of March 1974)

of Incentive	SPAIN	SWEDEN	UNITED KINGDOM
Investment Grant	Grants up to 20% of capital costs.	Grants up to 80% of capital costs; up to 85% in exceptional circumstances (in the Inner Aid Area only).	Up to 22% of capital costs in development areas, and up to 20% of cost of industrial buildings only in "intermediate areas".
Interest Subsidy	---	---	Available on a selective basis.
Long-term loans at low interest.	---	Available on the condition that the sum of loans and investment grants does not exceed 2/3 of the total investment cost. Under special circumstances, loans may be interest-free for 3 years, with a 5-year exemption from repayment.	Available on a selective basis, and at lower than market rate when additional employment is created.
Guarantees	---	Available for loans for working capital.	---
Toward Cost	---	Available only in the Inner Aid Area to firms receiving location aid increases in employment. If the increase is maintained over a 3-year period, the subsidy would amount to SKr. 17,500 per employee.	Regional Employment Premium: maximum of 1.5 p r week per employee in manufacturing undertakings in development areas. (This scheme is being phased out).
Concessions	Free depreciation for the first 5 years; exemption from duties on imported machinery and equipment; reduced income tax and real estate tax.	Up to 40% of pre-tax annual profits may be kept with the Investment Reserve Fund. When the funds are authorized for use, they are exempt from income tax. An additional tax deduction of 10% of the funds used is also available.	Free depreciation of investment in plant and machinery and 40% write-off in the first year of investment in buildings (applicable nationally).
Guarantee for Capital	---	Loan guarantees (see above)	---
Guarantee for Costs of Equipment	---	Grants for removal costs of enterprises which move their activity to a locality within the General Aid Area.	Grants for 80% of cost of transferring industrial undertakings and key personnel to assisted areas; also grants for housing of such personnel.
Transport and Other Service Subsidies.	---	Subsidization of up to 35% of freight charges for bringing raw materials into and finished or processed goods out of the General Aid Area, depending on distance involved.	---
Guarantee for Factory Buildings and Sites	---	---	Industrial estates - sites and factories for sale or rent at market value. For manufacturing projects providing additional jobs, rent may in certain circumstances, be waived for 2 years.
Participation State.	---	---	Available on a selective basis.
Grants in Gov't Awards	---	---	Available, but does not involve price preference.
Training Aids	Training grants (national program).	Training grants for 6 months or more in connection with the establishment or expansion of enterprises in the General Aid Area; mobility grants.	Grants to industry for training workers for additional jobs in assisted areas; mobility aids.

CENTRAL GOVERNMENT REGIONAL DEVELOPMENT INCENTIVES TO INDUSTRY  
(As of March 1974)

Type of Incentive	UNITED STATES
Investment Grant	---
Interest Subsidy	---
	Low-interest (up to 3% below market rate) loans up to 65% of capital costs of manufacturing and service activities.
Guarantees	For up to 90% of working capital loans
Contribution Toward Labor Cost	---
Special Concessions	---
Assistance for Working Capital	Loan guarantees (see above).
Assistance for Costs of Purchasing Equipment	---
Transport and Other Special Service Concessions	---
Assistance for Factory Buildings and Sites	---
Local Government Participation in the State	---
Priority in Gov't Contract Awards	Priority in government contracts
Worker Aids	Training grants (national program).

## GENERAL INCENTIVE PROGRAMS (FEDERAL)

### HIGHLIGHTS OF GENERAL INCENTIVE PROGRAMS

PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
CANADA DEVELOPMENT CORPORATION (CDC) (£ 81,100)	To provide Canadian equity for the development of Canadian resources	Publicly owned	N/A	N/A	Not an incentive program
DEVELOPMENT OF MANAGEMENT COURSES (£ 80,700)	To help develop management retraining courses	Department of Industry, Trade and Commerce	Non-profit professional, industry, business or management associations	Grants of up to 100% of costs of developing new courses—maximum of \$50,000	
CANADA MANPOWER PROGRAMS (£ 80,700)	To increase productivity and reduce unemployment	Department of Manpower & Immigration	Employers and employee associations	Direct training costs are normally reimbursed for off-the-job training. A negotiable percentage of trainees' wages are reimbursed	
FEDERAL BUSINESS DEVELOPMENT BANK (£ 81,000)	To provide medium and long-term financing to companies unable to borrow reasonably elsewhere	Department of Industry, Trade and Commerce	Almost every type of business	No limit on term loans. FBDB can also take equity positions	Replaces the Industrial Development Bank
	To enable small companies to improve productivity and profitability	Federal Business Development Bank	Small businesses all over Canada	One third of CASE counsellor's daily fee of \$30	
EXPORT DEVELOPMENT CORPORATION (EDC) (£ 80,800)	To insure foreign trade receivables and foreign investment	Export Development Corporation	All corporations carrying on business in Canada	(1) Insurance for export receivables (2) Long-term export financing by purchase of long-term receivable from exporter (3) Insurance for Canadian investment abroad	
PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD) (£ 80,410)	To enhance the export of Canadian products	Department of Industry, Trade and Commerce	Canadian corporations with potential for competitive performance in foreign markets	50-50 sharing of costs of soliciting export orders. Repayable only if exports are arranged as a result	No repayment if project is unsuccessful—Export Consortia eligible for special assistance

General Incentives Programs—Highlights

APPENDIX 3

PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
PROMOTIONAL PROJECTS PROGRAM (1970)	To promote the export of Canadian products and services	Office of Export Programs & Services, Department of Industry, Trade and Commerce	Canadian companies with export capabilities	Variety of sponsored promotions and cost-sharing assistance for trade fair participants	
GENERAL ADJUSTMENT ASSISTANCE PROGRAM (1975)	To help manufacturers adapt to disruptive import competition and to assist manufacturers to take advantage of new opportunities	General Adjustment Assistance Board (Department of Industry, Trade and Commerce)	Canadian companies which have viable development, expansion or adjustment projects and who are unable to obtain financing from other sources on reasonable terms	(1) Guarantee of loans of conventional lenders (2) Pay fees of external consultants (3) Direct Loans	Reimbursed consultant's fees not deductible for Income Tax purposes
PROGRAM TO INCREASE PRODUCTIVITY (1985)	To improve the productivity of companies	Department of Industry, Trade and Commerce	Canadian companies actively engaged in manufacturing	Grant to a maximum of \$50,000	R & D expenditures not eligible
DESIGN PROGRAM (1975)	To improve product design in Canada and ensure availability of design talent in Canada	Office of Design, Department of Industry, Trade and Commerce	Virtually any individual group, institution or corporation in Canada could be eligible for assistance	(1) Short courses (2) Design scholarships and fellowships (3) Design Canada Awards	Office of Design also oversees IDAP and the Fashion Design Assistance Program
INDUSTRIAL DESIGN ASSISTANCE PROGRAM (IDAP) (1980)	To improve the quality of Canadian product design	Department of Industry, Trade and Commerce	Canadian corporations who are able to carry out the project on a sound financial basis	50% of industrial design and operational costs	Company's share of IDAP costs deductible for Income Tax purposes—Concentration is on short-term projects
INDUSTRIAL RESEARCH AND DEVELOPMENT INCENTIVES ACT (1975)	To encourage scientific research	Department of Industry, Trade and Commerce	Taxable corporations incorporated in and carrying on business in Canada	Grant of 25% of capital expenditures and certain current expenditures on R & D	This program will not be making grants for any period after Dec. 31, 1975. The Act will remain to permit the management and audit of grants made to that time
PROGRAM FOR ENCOURAGEMENT OF INDUSTRIAL TECHNOLOGY (1980)	To encourage specific research projects	Department of Industry, Trade and Commerce	All companies incorporated in Canada	Cost sharing up to 50% of total cost of approved R & D expenditures	Prior approval of all expenditures is a condition of eligibility
INDUSTRIAL RESEARCH ASSISTANCE PROGRAM (IRAP) (1980)	To encourage long-term applied research	National Research Council	Corporations incorporated in Canada	Grant of up to 50% of salaries and wages of R & D staff and of certain fixed assets	Grants reduce current R & D expenditures and the capital cost of fixed assets for Income Tax purposes. A group of companies may combine to select a project of mutual interest
INDUSTRIAL RESEARCH CENTRE PROGRAM (IRIP) (1980)	To assist Canadian universities to undertake contract research for industrial clients	Department of Industry, Trade and Commerce	Canadian universities	Grants to cover the first three years administrative costs of providing this type of service	Support will be provided for the formation of industry research associations
GRANTS FOR RESEARCH TECHNOLOGY PROGRAM (1975)	To assist programs of research relevant to industrial needs	Department of Industry, Trade and Commerce	Canadian universities and other organizations with research capabilities	Grants to cover the costs of establishing and operating a Centre	Five centres are operating at the present time
REGIONAL DEVELOPMENT INCENTIVES ACT (1980)	To establish, expand or modernize manufacturing or processing in slow growth areas	Department of Regional Economic Expansion	Anyone establishing or expanding a manufacturing or processing facility in a designated area	Grant for a percentage of approved capital costs and jobs directly created. Loan guarantees are also available	Grants are not taxable but to the extent they relate to capital costs—the capital cost is reduced for Income Tax purposes. Prior approval of all expenditures is absolutely mandatory
CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA) INVESTMENT PROGRAM (1980)	To encourage Canadian business to establish or expand operations in developing countries of the world	Canadian International Development Agency	All Canadian businesses	Reimbursement of costs investigatory studies. Cost-sharing on feasibility studies	Particular encouragement is given to joint venture proposals

# SPECIFIC INCENTIVE PROGRAMS (FEDERAL)

APPENDIX 3

## HIGHLIGHTS OF SPECIFIC INCENTIVE PROGRAMS

PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
BUILDING EQUIPMENT ACCESSORIES AND MATERIALS PROGRAM (BEAM) (\$ 85,065)	To increase efficiency and productivity in the manufacture of building equipment	Department of Industry, Trade and Commerce	Not applicable	This is not a funding program	
INCENTIVE PROGRAMS NORTH OF 60 (\$ 85,500)	To aid both companies and individuals in exploration and development activities in the Yukon and Northwest Territories	Department of Indian Affairs and Northern Development	Individuals and companies contributing to the development of the North	(1) Road and resource airport cost-sharing assistance (2) Prospectors' grants (3) Small business loans (4) Northern Exploration Facilities program	Feasibility studies are eligible for financing in some cases
NORTHERN MINERAL EXPLORATION ASSISTANCE PROGRAM (\$ 85,285)	To stimulate interest in northern mineral exploration	Department of Indian Affairs and Northern Development	Canadian companies undertaking explorations in the Yukon or N.W.T.	Up to 40% of approved exploration program expenditures	Grant portion of assistance taxable
PHARMACEUTICAL INDUSTRY DEVELOPMENT ASSISTANCE PROGRAM (\$ 85,325)	To improve efficiency of Canadian pharmaceutical companies	Pharmaceutical Industry Advisory Committee (Department of Industry, Trade and Commerce)	Companies incorporated in Canada in or proposing to enter the pharmaceutical field	Direct term financing at going rates of interest	Assistance is available for mergers, annexations, marketing research and manufacturing
SMALL BUSINESS LOANS (\$ 85,360)	To help small business enterprises obtain term credit	Department of Finance—Guaranteed Loans Administration	Canadian companies with gross revenues under \$1,000,000	Government guarantee of loans to a maximum of \$50,000 by an approved lender	All loans must be secured
SHIPBUILDING IN INDUSTRY ASSISTANCE PROGRAM (\$ 85,090)	To provide incentive for improved performance to increase productivity and efficiency	Department of Industry, Trade and Commerce	Shipbuilder must be a Canadian Citizen or a Company incorporated in Canada	Subsidy of 14% of approved costs of vessel. Subsidy to be reduced by 1% per year to 8%	This program replaces the Ship Construction Subsidy Regulations and the Ship-Building Temporary Assistance Program
PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
CANADIAN FILM DEVELOPMENT CORPORATION (CFDC) (\$ 85,525)	To foster and promote the development of a feature film industry in Canada	Department of the Secretary of State	Canadian feature films and Canadian feature film productions	Loans, grants and awards for production. Cost sharing available for publicity programs	A separate section of the program is designed to assist low-budget productions
DEFENCE INDUSTRY PRODUCTIVITY PROGRAM (DIP) (\$ 85,160)	To sustain technological capability of Canadian defence industry	Department of Industry, Trade and Commerce	Companies incorporated in Canada	Cost-sharing of up to 50% of current and capital R & D expenditures for defence-oriented R & D	Income tax treatment is not clearly defined
FASHION DESIGN ASSISTANCE PROGRAM (FDAP) (\$ 85,390)	To increase the international competitiveness of Canadian apparel, textile, leather and footwear industries	Department of Industry, Trade and Commerce	Canadian fashion industries and Canadian fashion designers	Bursaries Fashion/Canada awards	Also sponsors consumer-oriented awareness programs
FOOTWEAR AND TANNING INDUSTRIES ADJUSTMENT PROGRAM (\$ 85,450)	To encourage firms in the footwear and tanning industries to accelerate necessary adjustments in their operations to enable them to meet international competition	General Adjustment Assistance Board (Department of Industry, Trade and Commerce)	Canadian footwear and tanning firms in existence on January 1, 1974	Sharing of up to 80% of outside consultant's fees. Loans on a lender of last resort basis	Program scheduled to expire at end of 1978
MACHINERY PROGRAM (MACH) (\$ 85,250)	To simplify tariff treatment of imported machinery	Department of Industry, Trade and Commerce	Canadian importers and manufacturers of machinery	(1) Tariff protection a Canadian machinery manufacturers (2) Remission of tariff if like machinery is not manufactured in Canada	Canadian manufacturers should advise the Department of their manufactures
PROGRAM TO STIMULATE THE DEVELOPMENT AND DEMONSTRATION OF POLLUTION ABATEMENT TECHNOLOGY (DPAT) (\$ 85,025)	To stimulate the development of pollution abatement technology which will have wide application in Canada	Environment Canada	Canadian companies developing and demonstrating abatement or technology	Negotiable level of cost-sharing	DPAT contracts require that any technology development be made freely available to other Canadian businesses

# PROVINCIAL INCENTIVE PROGRAMS

## HIGHLIGHTS OF PROVINCIAL INCENTIVE PROGRAMS

PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
ALBERTA OPPORTUNITY COMPANY (£ 90,600)	To promote the development of resources and diversification of the Alberta economy	Alberta Department of Industry and Tourism	Manufacturers and processors	Loans and loan guarantees, business management consulting	There are no forgivable loans under this program
BRITISH COLUMBIA DEPARTMENT OF ECONOMIC DEVELOPMENT (£ 90,750)	To encourage industry to expand foreign trade and to investigate matters of economic importance	British Columbia Department of Economic Development	Companies resident in British Columbia	Cost sharing of Trade shows, trade missions, market investigations, incoming buyers, feasibility studies. Advice and information is provided to small businesses	Assistance will only be granted once a year under any given program
BRITISH COLUMBIA DEVELOPMENT CORPORATION (BCDC) (£ 90,350)	To encourage and assist the establishment, expansion and continued operation of industry in the Province	British Columbia Department of Economic Development	All types of business enterprise including agriculture and tourism	Loans and loan guarantees, equity participation, leasebacks	
MANITOBA DEVELOPMENT CORPORATION (MDC) (£ 90,950)	To attract new industry to Manitoba and expand existing industries	Manitoba Development Corporation	Manufacturing and processing industries—Tourist and recreation facilities	Mortgage loans, financial and management counselling	Lender of last resort
PROVINCE OF MANITOBA INCENTIVES TO INDUSTRY (£ 91,150)	To assist in the growth of Manitoba industry	Manitoba Department of Industry and Commerce	Manitoba firms engaged in production, processing, distribution or specialized construction	½ of the cost of a project \$20,000 max. to any one program; \$30,000 max. for any combined programs	The initial special incentive is ¼ of first \$2,000 of total cost. ½ of next \$3,000 to total cost
COMMUNITIES ECONOMIC DEVELOPMENT FUND (£ 91,250)	To provide funds for business development in rural Manitoba	Manitoba Department of Industry & Commerce	Small, locally owned businesses engaged in manufacturing, tourism, or services	Loans and loan guarantees in respect of land and buildings	For businesses in remote parts of the province

Provincial Incentive Programs — Highlights

PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
NEW BRUNSWICK DEVELOPMENT CORPORATION (\$ 91,466)	To assist in the growth of New Brunswick Industry	New Brunswick Development Corporation	All companies wishing to establish in the Province or existing companies	Loans or loan guarantees	The Corporation also administers three industrial parks
NEW BRUNSWICK INDUSTRIAL FINANCE BOARD (\$ 91,450)	To assist in the development of New Brunswick	New Brunswick Department of Economic Growth	Available to all new and expanding industries in the Province, including agriculture, lumbering and fishing	Loans and loan guarantees for purpose of establishing or expanding operations	It is necessary for a borrower to have approached a bank or the Industrial Development Bank before applying
NEW BRUNSWICK RESEARCH AND PRODUCTIVITY COUNCIL (\$ 91,506)	To aid local companies and individuals in the manufacturing sector	New Brunswick Department of Economic Growth	All companies	Free technical information	Limited industrial engineering services also available
NEWFOUNDLAND DEPARTMENT OF RURAL DEVELOPMENT (\$ 91,750)	To provide incentives to small business not eligible under other government assistance programs	Department of Rural Development	Small business engaged in manufacturing, processing or resource development	(1) Grants of 50% of capital costs up to \$30,000 in some cases (2) Interest-free loans (3) Management training programs	Assistance aimed mainly at rural-based industries
NEWFOUNDLAND AND LABRADOR DEVELOPMENT CORPORATION LIMITED (\$ 91,860)	To assist the growth and development of Newfoundland industry	Newfoundland and Labrador Development Corporation	Newfoundland enterprises generating employment	Term loans for machinery and buildings. Equity participation in some cases	The Corporation does not provide loan guarantees
NOVA SCOTIA RESOURCES DEVELOPMENT BOARD (\$ 91,950)	To ensure that the expansion of the resource-based industries is not hampered by the lack term financing	Resources Development Board	Resource-based enterprises in Nova Scotia	Term financing in the following areas: —Industrial Loans —Tourist Loans —Farm and Timber Loans —Fisheries Loans	Loan financing is available up to a maximum of 75% of the value of a project. Funds available for the purchase of land
NOVA SCOTIA INDUSTRIAL ESTATES LIMITED (\$ 92,050)	To assist in growth of Nova Scotian Industry	(Nova Scotia) Industrial Estates Ltd.	Any secondary industry wishing to establish in Nova Scotia and existing industry	100% financing of land and buildings and 60% of equipment	Emphasis on assisting existing small Nova Scotian Industries



ONTARIO DEVELOPMENT CORPORATION (ODC)

NORTHERN ONTARIO DEVELOPMENT CORPORATION (NODC)

EASTERN ONTARIO DEVELOPMENT CORPORATION (EODC)

SEE ALL ODC PROGRAMS BELOW

ONTARIO BUSINESS INCENTIVES PROGRAM (OBIP) (§ 92,219)	To provide incentive loans	ODC	Secondary manufacturing industries, service industries in support of manufacturing and tourist operations	Incentive loans with deferred repayment and interest-free or interest-reduced terms	Extent and level of assistance varies with region of Province. In Central and Southwestern Ontario only new operations qualify
LOANS TO SMALL BUSINESSES (§ 92,240)	To assist small businesses to expand in Ontario	ODC	Ontario-based Canadian-owned small businesses	Term loan to a maximum of \$75,000, 10-year repayment period	
VENTURE CAPITAL FOR CANADIANS (§ 92,245)	To assist small businesses to diversify in Ontario	ODC	Ontario-based Canadian-owned small businesses engaged in high technology industries	Term loan to a maximum of \$100,000	Designed to assist ready-to-market technology
POLLUTION CONTROL EQUIPMENT LOANS (§ 92,250)	To provide funds for pollution control equipment	ODC	Any Ontario-based company	Term loans to a maximum of \$250,000 with repayment over 10 years	The equipment must be certified to be operating satisfactorily
TOURIST INDUSTRY LOANS (§ 92,255)	To improve the Ontario tourist industry	ODC	Resort operator located in a tourist area	Term loans up to \$500,000 with repayment and amount geared to needs of the individual	Tourism must be of prime importance to locality
INDUSTRIAL MORTGAGES AND LEASEBACKS (§ 92,260)	To provide term financing through mortgages	ODC	Any company in a small centre of population in Ontario	Term loans to a maximum of \$500,000 repayment over 20 years	

PROGRAM	PURPOSE	ADMINISTERED BY	ELIGIBILITY	EXTENT OF ASSISTANCE	OTHER COMMENTS
EXPORT SUPPORT PROGRAM (S 92,275)	To supplement the services of the Export Development Corporation	ODC	Ontario based companies exporting goods of significant Canadian content and unable to obtain other means of export financing	Term loans for financing of export sales, inventories held for export or production for export	Repayment is normally made by the purchaser of the goods directly to the ODC
ONTARIO POLLUTION ABATEMENT INCENTIVES ACT (S 92,455)	To provide an incentive for the abatement of pollution	Ontario Ministry of the Environment	Virtually any owner of a source of pollution (other than an automobile)	Grants equal to retail sales tax paid on pollution abatement equipment	Portion of R.S.T. covered by grant is discretionary
PRINCE EDWARD ISLAND INDUSTRIAL ENTERPRISES INCORPORATED (S 92,500)	To assist in the development of P.E.I.	(P.E.I.) Industrial Enterprises Incorporated	Any resident manufacturing or processing industry or tourist attraction	(1) First mortgages (2) Source of information (3) Research and Management services	Corporation may consider taking an equity position
PRINCE EDWARD ISLAND LENDING AUTHORITY ACT (S 92,550)	To provide working capital for small P.E.I. businesses	Lending Authority Board, Department of Industry and Commerce	Any person, corporation or co-operative engaged in manufacturing, processing, farming, fishing or tourism	Loan guarantees and direct term loans	This Act replaces the Fishermen's Loans Act, P.E.I. Industrial Corporation, Industrial Establishments Promotion, Tourist Accommodation, and Young Farmers Loan programs
QUEBEC INDUSTRIAL DEVELOPMENT CORPORATION (IDC) (S 92,650)	To encourage development in Quebec	Quebec Department of Industry and Commerce	Secure, competent companies in manufacturing or processing	(1) Low interest rate loans (2) Guarantees of loans (3) Forgivable loans (4) Construction of plants for sale or rent (5) Equity investment (6) Leasebacks	Replaces the Quebec Industrial Credit Bureau and extends its services
QUEBEC TAX REDUCTION FOR MANUFACTURING INDUSTRIES (S 92,700)	To promote industrial development through fiscal advantage	Quebec Department of Industry and Commerce	Companies making investments in the Province of Quebec in excess of \$150,000	Cumulative deduction from taxable net income of up to \$10 million	Replaces Bill 24
SASKATCHEWAN ECONOMIC DEVELOPMENT CORPORATION (S 92,800)	To supply financial assistance for establishment or expansion of industrial enterprises in Saskatchewan	Saskatchewan Economic Development Corporation	Primarily for industrial enterprises or specialized agricultural operations	Mortgage loans and working capital loans Industrial sites and buildings research grants	Retail and service enterprises eligible
SASKATCHEWAN INDUSTRY AND COMMERCE DEVELOPMENT ACT (S 92,900)	To create new business opportunities and revitalize existing enterprises, including tourism	Ministry of Industry and Commerce	All enterprises excluding farming	Loans or grants; consulting service; promoting marketing of goods and services	Loans administered by SEDCO

