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General
Development
Agreement



Regional
Economic
Expansion

Expansion
Économique
Régionale

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CANADA/ QUEBEC



MARCH 15, 1974

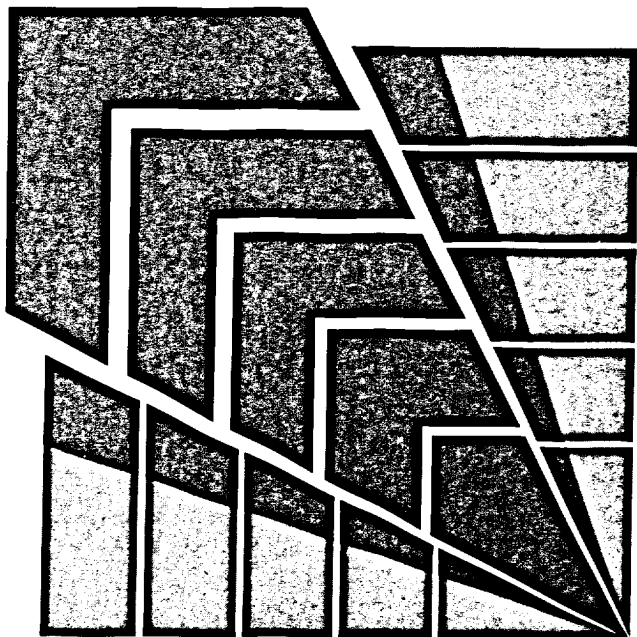
general development agreement



Regional
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CANADA/ QUEBEC



MARCH 15, 1974

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Ottawa, 1974

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THIS AGREEMENT made this
fifteenth day of March, 1974.

BETWEEN

**THE GOVERNMENT OF
CANADA** (hereinafter referred to
as "Canada"), represented by the
Minister of Regional Economic
Expansion,

OF THE FIRST PART,

AND

**THE GOVERNMENT OF
QUEBEC** (hereinafter referred to
as "the Province"), represented
by the Minister responsible for
the Quebec Planning and De-
velopment Bureau,

OF THE SECOND PART.

WHEREAS Canada and the Province wish to establish a general framework within which they agree to co-operate and co-ordinate their respective initiatives in the socio-economic development of Quebec;

AND WHEREAS Canada and the Province are agreed on the general orientation that the socio-economic development of Quebec should take;

AND WHEREAS the Governor in Council, by Order in Council P.C. 1974-5/461 of the fifth day of March, 1974, has authorized the Minister of Regional Economic Expansion to sign this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council, by Order in Council No. 912-74 of the thirteenth day of March, 1974, has authorized the Minister responsible for the Quebec Planning and Development Bureau to sign this Agreement on behalf of the Province.

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement

- (a) "Federal Minister" means the Minister of Regional Economic Expansion and includes anyone authorized to act on his behalf;
- (b) "Provincial Minister" means the Minister responsible for the Quebec Planning and Development Bureau and includes anyone authorized to act on his behalf;
- (c) "Ministers" means the Federal Minister and the Provincial Minister;
- (d) "fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;
- (e) "Agreement" means this Agreement, including the schedule, made between Canada and the Province on the socio-economic development of Quebec;
- (f) "subsidiary agreement" means an agreement made pursuant to section 6;
- (g) "Development Committee" means the Committee established pursuant to section 9;
- (h) "project or program" means any activity or group of activities of a socio-economic nature;
- (i) "strategy" means measures taken to achieve the objectives stated in section 3.

PURPOSE

2. The purpose of this Agreement is to establish the general framework within which Canada and Quebec agree to co-operate and co-ordinate their initiatives in the socio-economic development of Quebec.

Without restricting the meaning of the above, more specifically its purpose is:

- (a) to identify the general objectives of socio-economic development to be pursued in Quebec pursuant to this Agreement;
- (b) to establish provisions governing:
 - The general strategy of the actions undertaken in order to reach the objectives agreed to; and
 - the subsidiary agreements designed to implement certain programs or projects and made pursuant to this Agreement.

OBJECTIVES

3. The Ministers agree that any program for the socio-economic development of Quebec by the improvement of the quality of life for Quebecers must include the following objectives as described in Schedule "A" of this Agreement:

- (a) To improve opportunities for productive employment and to consolidate employment in the traditional sectors;
- (b) to improve the standard of living;
- (c) to reinforce the industrial and urban structure of Quebec and promote the optimal development of the various regions;

- (d) to promote increased participation of Quebecers in their own development; and
- (e) to promote balanced development in Quebec in relation to the various regions of Canada.

STRATEGY

4. To pursue the objectives stated in section 3, Canada and the Province agree that the programs or projects which form the subject of a subsidiary agreement must be included in a co-ordinated strategic framework.

Canada and the Province also agree, within the context of this Agreement, to co-ordinate the application of relevant policies and programs of the federal and provincial governments through continuing:

- (a) identification of major development opportunities and assistance in their realization through co-ordinated application of relevant federal and provincial programs, including the definition of special measures required for the development of these opportunities;
- (b) analysis and review of the Quebec situation in relation to the regional and national economy, as these may be relevant to achieving the objectives stated in section 3.

5. The development strategy for Quebec is provided in Schedule "A". The Ministers shall consider at their annual meeting any change which might be required.

SUBSIDIARY AGREEMENTS

6.1 Any program or project which the Ministers agree to implement by virtue of this Agreement shall be the subject-matter of a subsidiary agreement subject to the provisions of subsections 7.3 and 7.4.

6.2 In the formulation of any subsidiary agreement, it is understood and agreed that each party hereto shall consider the relationship of the proposed initiatives to its relevant policies and programs, within the context of the objectives and strategy of this Agreement. It is also agreed that the Ministers will consider the impact and costs of such agreements, having regard to such analysis as they may deem relevant and practical in respect of the following matters and such matters as may be agreed upon by the Ministers:

- (a) the extent to which it would directly create or maintain employment;
- (b) the extent to which it would support or encourage other employment-creating activities;
- (c) the extent to which it would broaden the range of economic activity in Quebec;
- (d) the direct effect, whether short-term, long-term or continuing, it would have upon provincial or federal expenditures;
- (e) the extent to which it would contribute to the stabilization of, or increase in, income levels in Quebec;
- (f) the impact it would have on the distribution of population, the quality of life and the environment; and
- (g) the extent to which continuing subsidiza-

tion may be required for industrial or commercial activity.

6.3 Except as specified in the abovementioned Order in Council P.C. 1974-5/461, all subsidiary agreements shall require the approval of the Governor in Council. All subsidiary agreements shall require the approval of the Lieutenant Governor in Council.

6.4 A subsidiary agreement may be entered into, in order to define programs and projects which Canada and the Province may undertake jointly or individually; it may also be extended to provide one or more of the following:

The identification of the relationships which the Ministers may deem necessary for the implementation of the program or project and any program otherwise implemented by the parties hereto, and the provision for the coordinated measures required;

the provision for the implementation of any supporting program or project deemed necessary for the realization of the program or project, if other governmental programs do not provide for it;

the provision of programs being carried out during this Agreement, of a kind not otherwise available, for the support of development opportunities through reduction or elimination of impediments to development.

6.5 Any subsidiary agreement shall indicate the manner and the extent to which a program or project belongs within the framework of the objectives and development strategy already agreed upon; it shall determine the methods of evaluation of the results

aimed at and provide for each party to make the required information available to the other.

6.6 Any subsidiary agreement shall be signed by the Ministers. Other Ministers of Canada and the Province, who are responsible for programs or projects directly affected by a subsidiary agreement, can also sign that subsidiary agreement.

FINANCIAL PROVISIONS

7.1 The provision of financing by Canada and the Province for the implementation of subsidiary agreements made pursuant to this Agreement is subject to the Parliament of Canada and the Province having provided funds for such financing for the fiscal year in which such financing is required.

7.2 Financial arrangements required for the implementation of each subsidiary agreement shall be established on the basis of the nature of the proposed programs or projects and of any other relevant considerations.

7.3 Where the parties hereto have jointly established, for a fiscal year, the financing requirements for the implementation of any subsidiary agreement, the amount of financing thus determined for each subsidiary agreement and of all other funds which they agree to make available for the realization of projects which are not included in a subsidiary agreement, constitutes the budget for the fiscal year.

7.4 Subject to the approval of the Ministers, commitments made and costs incurred by either party to this Agreement prior to the date of this Agreement may be included in a subsidiary agreement, if such commitments or costs were made or incurred after June 1st,

1973 and if the subsidiary agreement is signed before the elapse of six months from the date of this Agreement.

7.5 Where the costs of a program or project are to be shared between Canada and the Province, the subsidiary agreement shall specify the cost-sharing arrangements and the procedure for payment and reimbursement of claims between the parties hereto.

CO-ORDINATION

8.1 The Ministers shall meet annually and shall consult together at such other times as may be mutually agreed, to assure the successful operation of this Agreement.

8.2 The Ministers have, among others, the following tasks:

- (a) To review the general operation of this Agreement;
- (b) to consider development opportunities that might be pursued and, if need be, to execute the subsidiary agreements required for their implementation;
- (c) to propose certain changes to the subsidiary agreements as needed;
- (d) to determine the annual budgets pursuant to the provisions of subsections 7.3 and 7.4.

9.1 In order to assist and counsel the Ministers, a Development Committee shall be set up comprising an equal number of representatives of Canada and Quebec nominated by the respective Ministers.

9.2 The Development Committee shall meet at least once a year to review the programs and projects undertaken by virtue of this Agreement and to advise on the new programs and projects proposed which might give rise to new subsidiary agreements.

10. The Ministers shall organize, at least once a year, a meeting of the principal representatives of the federal or provincial departments whose policies and programs have a significant impact on the objectives of this Agreement.

RECORDS AND AUDIT

11. Each of the parties hereto shall keep detailed and accurate accounts and records of its expenditures in respect of all programs and projects, the cost of which is to be shared between the two parties to this Agreement, and shall make such accounts and records available at all reasonable times for inspection and audit by the other party. Any discrepancy between the amounts paid by Canada and Quebec and the amounts actually payable by the parties hereto, as disclosed by any such audit, shall be promptly adjusted between the parties.

DURATION

12. This Agreement shall expire on the 31st day of March, 1984, unless terminated earlier by mutual consent; provided, however, that either party may terminate this Agreement at the end of any fiscal year, by giving to the other party two clear fiscal years' notice in writing of such termination, it being agreed that such notice shall not be given sooner than 3 years from the date hereof. Subsidiary agreements implementing programs that cannot be completed by the date of expiration or termination of this Agreement shall continue in

force and effect until completion of the relevant program or expiration of the applicable subsidiary agreements, whichever is the later.

GENERAL

13. No member of the House of Commons or the National Assembly of Quebec shall be admitted to any share or part of any contract, agreement, or commission made pursuant to any subsidiary agreement, or to any benefit to arise therefrom.

14. Where one party hereto is responsible for the implementation of a shared-cost program or project, it shall indemnify the other party, its officers and agents against all claims and demands of third parties arising out of the implementation of such program or project.

15. All construction work done during the implementation of programs or projects shall be carried out in accordance with labour conditions as may be agreed to between Canada and Quebec.

16. All contracts relating to the operation of programs and projects shall be awarded without discrimination by reason of sex, age, marital status, race, ethnic origin, religion or political affiliation. It is agreed, however, that the foregoing shall not prevent the implementation of special measures designed to benefit native people or disadvantaged groups.

17. Canadian material, as well as Canadian professional services, shall be used in respect of all programs or projects, to the extent to which they are available and consistent with proper economy and without prejudice to the expeditious performance of these programs or projects.

18. The parties hereto agree to co-operate on the joint release of any announcements concerning the undertaking of subsidiary agreements; they also agree to include in each subsidiary agreement provisions for an information program designed to explain the roles of the two governments regarding their respective contributions to the activities concerned.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and on behalf of the Province by the Minister responsible for the Quebec Planning and Development Bureau.

GOVERNMENT OF CANADA

Minister of Regional Economic
Expansion

Witness

GOVERNMENT OF QUEBEC

Minister responsible for the Quebec
Planning and Development Bureau

Witness

GENERAL DEVELOPMENT AGREEMENT

Schedule "A"

QUEBEC—CANADA

Study of Problems and Priorities

A. INTRODUCTION

The purpose of this schedule is to briefly describe the problems as well as the general or specific objectives which set the terms of the Development Agreement between the government of Canada and that of Quebec.

First, the text presents a brief outline of the economic situation of Quebec. General objectives of development are then drawn. Finally, we indicate the means of development proposed for the total or partial achievement of the objectives of the Development Agreement.

These objectives and these priorities already govern a large number of programs implemented by the two governments in the framework of their regular policy and in particular of their budgetary policy. However, the Agreement will permit a better co-ordination of their efforts around projects promoting development designed to bring a special contribution to the achievement of the objectives concerned.

B. ECONOMIC SITUATION

The progress which followed the two great wars allowed Quebec to attain a high degree of industrialization and urbanization. Indeed, Quebec has a quite diverse industrial base: 26% of the work force is

employed in the manufacturing sector against 22% in Canada and 27% in Ontario. The population is urbanized in a proportion of 81.2% versus 76.8% and 84.2% in Canada and Ontario respectively. Finally, Montreal is an important asset for Quebec, being one of the great urban centres of Canada and North America.

However, Quebec has a number of weaknesses. Although the per capita personal income is 24% higher than that of the Maritime provinces, it is 11% lower than the national average and 25% lower than in Ontario. Quebec also has a much higher unemployment rate than Ontario or all of Canada and a relatively lower rate of participation in the labour market. Finally, there are important disparities between the various social groups and the various regions in Quebec.

In spite of this, from the end of the second world war until the mid-sixties, the total performance of the Quebec economy compared favourably with that of the Canadian economy. During this period, the increase in investment was higher in Quebec than in all of Canada. The investment expenditures per employed person increased from 79.4% of the national average in 1950 to 91.5% in 1964. Increase of production and productivity is also greater in Quebec, which has led to a perceptible reduction in the disparity of personal income per capita between Quebec and the whole of Canada. The demographic growth was more rapid than in the whole of Canada, except during the period of 1951 to 1956. Appreciably equal to that of Canada in the fifties, the rate of creation of employment was clearly higher in Quebec between 1961 and 1966.

However, since the mid-sixties, the performance of the Quebec economy has deteriorated in relation to Ontario and the whole of Canada. This deterioration is evident in many ways. The Quebec share of Canadian

investments fell from 25.3% in 1964 to 20.1% in 1970. The Quebec manufacturing sector showed many signs of slowing down. The Quebec share of manufacturing investments has gone from 27.0% in 1961 to 19.9% in 1971, but could climb to 23.5% in 1973. In 1972, Quebec had 31.3% of Canadian employment in this sector compared to 33.8% in 1961. The rate of growth in production, productivity and incomes was also weaker in Quebec during the period from 1966 to 1971.

During the same period, employment increased by 1.7% in Quebec against 3.0% in Ontario and 2.5% in Canada. The small growth of employment led to a rapid increase of unemployment which went from 4.7% of the work force in 1966 to 8.2% in 1971. There was also a marked reduction in the growth rate of the Quebec population. From 1969 to 1972, it grew only by 0.4% per annum compared to 2.0% in Ontario and 1.3% in the whole of Canada. During the same period, Quebec recorded a strong net out-migration reaching 80,000 persons. This has had no precedent during the past twenty-five years. Thus Quebec, which had 28.8% of the Canadian population in 1961, had only 27.7% in 1972. During the same period, Ontario's share of the population went from 34.2% to 34.7%.

However, during the last few years, the Quebec economy has shown real progress. After a relatively pronounced stagnation during the years from 1967 to 1970, Quebec has, since 1971, been participating in the North American economic progress. The growth in investments is particularly strong; and the position of Quebec in this area is improving, even in the manufacturing sector, in 1972 and (still more) in 1973. Employment has also shown an unprecedented growth since the beginning of 1973. However, this improvement may be conjectural. Considering the weak structure of the Quebec economy, a massive effort will still be required

to improve long-term economic performance in a sustained manner.

During the next decade, the evolution of the manufacturing sector will be a determining factor in the development of the province. This sector occupies an important place in the Quebec economy, representing 26% of total employment. Although it is no longer the most important source of new employment, the manufacturing industry plays a role in promoting development because of its spillover effects on other sectors.

The relative decline of the Quebec manufacturing sector is largely attributable to deficiencies in its structure. In comparison to Ontario, Quebec industry is more concentrated in the sectors of non-durable goods and resource-processing. In spite of this relative specialization, the productivity of these industries is lower in Quebec than in Ontario. This state of affairs reveals an aging process in Quebec's industry, which has not adapted itself rapidly enough to new conditions. In contrast, high productivity and rapid growth industries represented, in 1970, less than 13% of manufacturing employment in Quebec versus more than 26% in Ontario; furthermore, Quebec is gradually losing ground in this group of industries. The development of these industries, which are among those with the longest production processes, is not in fact sufficient to give rise to agglomerative effects and so maintain a rapid and sustained growth in the entire manufacturing sector.

Furthermore, the economic and demographic growth in Quebec is divided unequally within its territory. During the past twenty years, most regions have been affected by increased disparities. Four types of regions stand out in particular:

- *the Montreal region*, which dominates by its enormous size and continues to

increase, although at a slower rate than in the past;

- *the North Coast region*, which experiences the most rapid growth, but the net effect of which is small;
- *the Quebec and Ottawa regions* with medium growth;
- *the other regions* which are in stagnation or in regression.

Obviously, the Montreal region predominates: more than 56% of the population, two thirds of the production and 70% of the secondary employment is concentrated there. This region has the most diverse manufacturing structure; almost all high productivity industries are found there. The tertiary sector of Montreal is proportionately much more developed than in the other regions, including the Quebec and Ottawa regions. It is also the leading agricultural region of Quebec. The Montreal region has not ceased to increase in importance during the past twenty years. However, since 1960, there has been a lessening of the role of Montreal in certain key sectors, notably in the secondary sector and in transport, communication and finance. On the other hand, the demographic importance of Montreal continues to increase and to accentuate the interregional unbalance.

The North Coast is the only region which is really experiencing rapid growth in Quebec. It is also the only one, together with Montreal, whose relative share of the population and production has increased since 1950. Centered on primary industry, the North Coast has profited from the development of its many mineral, forest and energy resources. Its influence in the whole of Quebec is still very weak: only 1.9% of the population (1971) and 2.1% of the production (1966).

The Quebec and Ottawa regions have recorded medium growth. The tertiary activities predominate and the secondary is little developed there, particularly in the Ottawa region. During the past twenty years, their relative share in the whole of Quebec has diminished. However, the Ottawa region has manifested lately a remarkable demographic dynamism which comes from the rapid growth of the Quebec section of the Ottawa-Hull agglomeration. As an example, between 1966 and 1971 this region recorded the highest demographic growth rate of all Quebec.

The other regions (Lower St-Lawrence-Gaspe, Saguenay-Lac Saint-Jean, North West, Trois-Rivières and the Eastern Townships) are in stagnation or in regression. The economy of Trois-Rivières and the Eastern Townships relies on the secondary sector. Furthermore, the tertiary activities there are relatively little developed. On the whole, these two regions have known only slow growth during the past twenty years. The Saguenay-Lac Saint-Jean area resembles the Eastern Townships and the Trois-Rivières area in the importance (but not the nature) of its secondary sector. This region thus finds itself in an ambiguous situation, being at the same time industrial and geographically remote. The economy of the other two resource regions, the Lower St-Lawrence-Gaspe and the North West, relies on the primary sector, and their growth has been particularly slow, especially in the North West. All these regions, except for the Eastern Townships, have suffered a considerable demographic erosion: during the past five years, they have experienced a net loss of population.

In summary, there is on the one hand a relative weakening of the central regions of Quebec (Trois-Rivières and the Eastern Townships) and of the resource regions (except for the North Coast) and, on

the other hand, the continuous predominance of Montreal.

Thus, during the past twenty years, the regional disparities of production and population have increased to the benefit of Montreal. However, the gap in incomes has decreased appreciably, with certain important exceptions. For example, in 1951, the disposable income per capita in the Montreal region was 46% higher than that of the remainder of Quebec. In 1970, the gap decreased to 35%. The Lower St-Lawrence-Gaspe region has the lowest income of Quebec; in 1970, it was lower than that of Montreal by 60%.

C. OBJECTIVES

The general objectives of the program for the economic development of Quebec may be described as follows:

1. *To improve opportunities for productive employment and to consolidate employment in the traditional sectors.*

The underutilization of human resources is one of the weaknesses of the Quebec economy. We must strive to reduce the unemployment rate to an acceptable level; this objective cannot be reached by maintaining clearly lower rates of employment than in Canada or by widening the gap. Also, emigration in itself is not a desirable solution to the problem of unemployment; it would not allow Quebec to regain a rate of demographic growth similar to that of more dynamic regions, of Ontario in particular.

2. *To improve the standard of living.*

Furthermore, there are large disparities of income

between Quebec and the whole of Canada which a reduction of the unemployment rate can not completely eliminate. Therefore, the employment created must generate higher income, i.e. a higher productivity from the employment created. This implies an improvement in the productivity of existing viable employment and a greater orientation of the economic structure of Quebec towards the more modern types of employment in the economy. This type of employment, which relies upon innovation and which can influence large markets, requires a very highly qualified labour force. It becomes a normal channel for school-leavers entering the labour market.

3. To reinforce industrial and urban structure and promote the optimal development of the various regions.

A strong and diversified urban structure is capable of producing outside economies which can accelerate economic development by providing, more economically, the various services and trade needed by modern industry.

On the other hand, it is possible to contribute to overall development by allowing the various regions to realize their full natural potential by promoting a better exploitation of their resources, by appropriate means of transportation and by the active support of local entrepreneurship.

4. To promote increased participation of Quebecers in their own development.

Canadians in general are now willing to participate more in the ownership and management of enterprises. It is important to promote this willingness more especially in Quebec, where the French speaking people, who represent approximately 80% of the population,

control less than 20% of the economy. This situation is generally considered as an obstacle to the maintenance of a high rate of long-term economic development for any region.

5. To promote balanced development in Quebec in relation to the various regions of Canada.

In spite of the real progress in economic development made in Quebec since the beginning of the fifties, there are still, as we have observed earlier, great disparities between the level and the rate of development in Quebec and that of several provinces in Canada; of Ontario in particular. Furthermore, considering the special cultural character of Quebec and the importance of its contribution to Canada's own personality, it appears essential that its development be satisfactory in relation to that of the other regions of this country, so that Quebec may be able to continue to provide this original contribution.

D. PRIORITIES FOR INTERVENTION

The achievement of the general objectives stated earlier, while appearing within the normal framework of the policies and programs of the two governments, will receive an additional impetus through the implementation of proposals promoting development in accordance with the following sectoral and regional priorities:

(a) *Primary sector*

The programs proposed in this sector comprise three elements: to increase incomes through high productivity; to aim for a development of the natural resources of Quebec which maximizes their impact on the manufacturing sector; and to add additional steps to the production processes.

In the agricultural sector, we will encourage the diversification of production as regards cereals and oil seeds for industrial purposes. This diversification will also be pursued jointly with programs for the increase of livestock breeding for slaughter, particularly beef. To promote this diversification and to increase the productivity of the land, we will intensify land reclamation programs and promote protection and zoning policies for the best agricultural lands so that they may be conserved for the most efficient type of agriculture, as is appropriate.

In the forestry sector, we will attempt to rationalize sources of supply and to facilitate access to them. Also, we will undertake programs for the modernization of existing processing plants when this is required, as well as promote opportunities for new enterprises.

In the mining sector, we will give greater impetus to exploration programs, particularly in areas bordering populated regions or which are easily accessible. We will promote greater processing of minerals in Quebec, particularly of non-metallic minerals.

In the fisheries sector, we will continue our present efforts to concentrate operations in well-equipped centres and to modernize fishing, processing and commercialization methods.

(b) *Manufacturing sector*

The analysis of the industrial structure of Quebec leads to the formulation of development programs centered on two fundamental facets.

We must first consolidate the traditional indus-

trial sectors of non-durable goods and resource-processing. As an example, we may mention the leather, textile, clothing, hosiery, wood and furniture industries. The pulp and paper industry is a separate case but shows the same symptoms. These industries are well integrated in the industrial structure of Quebec, but they risk gradually losing their comparative advantages in relation to countries with low prime costs or even in face of the increasingly strong competition from other North American regions. It is thus important to support the measures already taken and to propose others in order to consolidate the position of this group of industries by reducing fragmentation, by rationalizing, or by giving new orientation to production, modernizing equipment and marketing methods and otherwise taking full advantages of these industries.

The other facet of the industrial strategy is oriented towards the accelerated transformation of the industrial structure of Quebec. We must change the interdependent structures between industries and add new links to the chain of activities of high growth, high productivity, industries. This new orientation will have, as one of its focal points, the steel industry, considering its strong relationship with industries located up-river which use steel and which generally appear the most dynamic. Among these are obviously metal product industries, but we refer chiefly to those in machinery, transportation material and electrical products. The last-named, together with electronic products and scientific and professional instruments, are sectors of rather less importance in the industrial structure of Quebec than that of Ontario: that is 24% of the

goods exported and 27% of the employment in Quebec, versus 38% and 44% respectively in Ontario.

We will also promote the accelerated development of chemical and petro-chemical industries which maintain close ties up-river with important or dynamic industries such as those of synthetic textiles, plastics, pharmaceuticals.

These industries are also generally highly tributary, the beneficiaries of research and development expenditures which could thus receive a new impetus in Quebec.

Priority in the development of new activities will thus be granted to these sectors: steel, chemical and petro-chemical, machinery, transportation material, electrical and electronic devices and materials, and scientific and professional instruments; for the most part, we will seek to establish in these sectors a better balance in the distribution of activities between Quebec and Ontario.

(c) *Tertiary sector*

By its nature and functions, the tertiary sector is generally the result rather than the generator of a development. Its evolution is tied to that of the other sectors. However, we can still identify certain activities which can play a promoting role in development.

First, we have the case of tourism, whose impact can be felt over the entire territory. The programs will aim at accelerating the development of recreational and cultural touristic resources and at facilitating their access, while assuring the co-ordination required and a satisfactory level of operation of the equipment

already set up or expected, in order to maximize profitability.

As for other activities of the tertiary sector which promote development (transportation, finance and research), they play a greater role in the large urban centres. The construction of an intermodal terminal connected to the Mirabel airport could maintain and reinforce the advantages which Quebec holds in matters of air freight.

The infrastructure of Montreal's financial sector remains important in spite of a relative shifting towards Toronto. We must halt this movement by consolidating Montreal's role in the fields of international commerce and connected industries. Finally, we will insist upon the development of a strong scientific community, first in the Montreal region and then in other large centres, by integrating the efforts of the private university and governmental sectors; particularly the governmental sector, by promoting the deconcentration of federal establishments there.

(d) *Regional balance*

Efforts will be made to distribute growth among the various regions of Quebec in order to achieve a better urban balance and reduce interregional disparities. To avoid scattering, which could compromise Quebec's chances for development, and considering the modern factors of location, efforts will be centered on a limited number of urban centres which will be developed according to their potential.

This orientation will rest on the consolidation of Montreal's role as a centre of development

for Canada and Quebec. The interventions proposed for Montreal will be selective. They will aim at a qualitative, rather than a quantitative, development in order to better share with the other cities of the Montreal economic region the general industrial development which does not require location in the metropolitan region itself.

Outside the Montreal urban centre, we should ensure that a certain number of centres reach a level of development sufficient to bring about an independent growth pattern. These will help to slow down Montreal's development in relation to the entire Quebec territory.

In order to bring about this pattern, we must particularly assist those cities which are located far enough from the metropolitan region to bring about true interregional distribution, but close enough to benefit from the outside economies resulting from the Montreal urban centre. Cities such as Trois-Rivières and Sherbrooke seem to meet these criteria. Other centres of relatively less importance such as Drummondville, Joliette, Granby or Sorel, where there is heavy industry, could also participate in this effort.

Furthermore, we will continue to pay special attention to Quebec City because of its status as the provincial capital and the second urban centre of Quebec.

In the other regions, we will attempt to reinforce the role of the regional capitals and of the main intermediary centres in general, by taking steps towards the reconversion or consolidation of their economies, or the acceleration of their development.

The realization of these programs for industrial and urban development implies rapid means of communication between the various urban centres. A program of key highway networks will accelerate the construction or reconstruction of secondary roads capable of facilitating this communication. We will also promote the development of new railway networks and new air services. Finally, programs will offer financial assistance to municipalities, if need be, to permit them to pay the cost of public works essential to the realization of large industrial projects.

