QUÉBEC ON THE MOVE

opportunity for growth

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The energy and drive of Québec have attracted increasing attention over the past few years. Tremendous efforts are being made at all levels to ensure a larger participation of the population in the social and economic development of the province. The government has been particularly active in this mobilization of human, natural and financial resources.

The Department of Industry and Commerce has laid the foundation for a comprehensive program to create a favorable climate for economic and social development.

This new approach, which has its roots in a general awareness of our potential and a common will to excel, holds great promise for the future of the Province of Québec. The decade which has just ended has revealed the urgent needs of the younger generation and the deficiencies of many of the institutions which had previously been thought adequate to respond to these needs.

The present government is taking vigorous steps to remedy this situation by creating new institutions and modifying existing institutions so that the aspirations of Québec can be fully realized.

This publication — "Québec On The Move" — is intended to inform industrialists outside the province in a brief and factual manner of the importance of the economic developments which are taking place within the province. It also describes the services which the Department of Industry and Commerce and other government-sponsored institutions can place at the disposal of businessmen.

The ten subjects which are covered in this brochure are divided into two parts:

I) An analysis of Québec's economic situation
- a) Scope of the economy
- b) Manufacturing
- c) Markets
- d) Labor force
- e) Hydro-electric power

II) Services available to industry
- a) Services of the Department of Industry and Commerce
- b) Financial and economic assistance to industry
- c) Taxation: exemptions and deductions
- d) Economic Advisory Council and planning

The examination of the contents of this brochure will demonstrate that the Québec economy is moving ahead strongly. The average increase in gross provincial product has averaged 4.7 per cent over the last four years. In 1963, the growth rate has been estimated at 5.1 per cent.

A considerable increase in investment in the private and public sectors has been brought about by the urgent social requirements as well as the need to modernize industrial plants and equipment. In 1963 alone, over $3 billion was invested in Québec, an increase of 3.4 per cent over the preceding year. Of this amount, $2 billion was invested in new construction, machinery and equipment. The provincial government and other public institutions spent $600 million in improvements in the social welfare and education services.

The government does not confine its capital investments to the provision of improved social services such as education and transportation. It expects to play an active role in developing the economy. The material in the brochure outlines the many measures taken by the government towards this end, including the nationalization of electricity generation and distribution, the passage of the Industrial Funds Act, the establishment of the General Investment Corporation, the study of the possibilities for the development of a steel complex, etc.

The first five sections of this brochure summarize the importance of the Québec economy, both in its present activity and potential growth. The study of manufacturing activity, in particular, demonstrates the rapid rise of this sector of the economy. The analysis of markets and consumer behaviour shows the need for long term planning to meet the rapidly increasing demands upon production.

One of the dominant considerations in the evolution of the Québec market is its population growth. It is estimated that by 1971, Québec's population will have reached 6,380,000 of which 58 per cent, or 3,700,000, will constitute the active labor force.

The large labor force represents, for both the public and private sectors, a challenge and an asset. The challenge is to create new employment opportunities. The asset is represented by the human resources available to support the tremendous growth in production which lies ahead.

In this context, economic planning, with particular emphasis upon the mobilization of the resources in remote areas of the province, is being introduced at the most opportune time. The government has taken the lead in this direction by nationalizing hydro-electric power and placing generation and distribution of electricity under the jurisdiction of Québec Hydro, an autonomous corporation of the government. Québec Hydro is already actively engaged in the development of several important industries in remote regions and will be expanding that role in the years ahead.

The Department of Industry and Commerce offers a complete range of technical, economic and financial services for businessmen wishing to study the location of industrial and commercial establishments in the province. These services are detailed in a section devoted to them in this brochure. The economic and financial aid obtainable from the federal government is also described. This includes the services of the Industrial Development Bank, the Export Credit Insurance Corporation and the Farm Credit Corporation of the Department of Agriculture.

Special mention must be made of the General Investment Corporation. The G.I.C. is not an appendage of the Department of Industry and Commerce nor is it what might be called a crown corporation. It is an autonomous undertaking, subject to the directives of its shareholders and to the decisions of its Board of Directors. It was set up by the Québec Government, but the latter shall always remain a minority shareholder and shall never be authorized to appoint more than one-fourth of the directors. The General Investment Corporation with an authorized capital of $150 million, is both a credit and a holding company. As a credit company, it intends to offer loans for industrial and commercial purposes; as a holding company, it proposes to invest capital in existing undertakings or in new ones yet to be created.

One more government measure should be mentioned: the Industrial Funds Act which authorizes municipalities to buy industrial sites, construct industrial facilities for lease or sale to new industry and to finance certain requirements of local industry.

The details of taxation, including the many incentives and exemptions applying to industry, are set forth in another section of this publication.

The final section is devoted to the Economic Advisory Council and planning. The purpose of the council, as described in its terms of reference, is "to prepare the plan of the economic organization of the Province of Québec with a view to the most complete utilization of its material and human resources". It is within these terms of reference that the council has actively contributed to the research leading to three major undertakings: the nationalization of hydro power, the establishment of the General Investment Corporation and studies relating to the steel complex.

The Council works in close collaboration with the specialists in other government departments and institutions.

We firmly believe that the new spirit of economic and social progress which is apparent everywhere in the province will give new dimensions to its growth. We have entered a new era of development in the economic life of Québec, imparting a new dignity and sense of responsibility to our people and prosperity to our enterprises.

Gérard-D. Lévesque,
Minister of Industry & Commerce

Québec, April 1964.

Montreal, cultural and commercial metropolis

ECONOMIC AND FINANCIAL AID TO INDUSTRY

Industrialists can depend on the provincial government, on private institutions, and on individual advisers to help and counsel them in establishing a business or in expanding it.

Competition in the vast North American market is strong and to face it the industrialist can rely on expert advice, good business relations and good channels of distribution.

Favourable conditions and business opportunities do exist in Québec and are a stimulant to industrial expansion.

Financial aid takes on several aspects. It may either be direct aid in the form of loans and credit or indirect aid such as tax exemptions and capital cost allowances to reduce production and administration costs or research allowances to encourage new industrial activities. Direct financial aid comes from government and private sources and may take the form of short or long term credits. Apart from financial encouragement, government services help industry in finding appropriate industrial sites and provide information regarding market conditions.

Direct Financial Facilities

A — PRIVATE SOURCES OF FUNDS

Commercial Banks

In accordance with the Bank Act, the lending bank will usually demand collateral guarantee. It will lend to a manufacturer under guarantee on the articles he manufactures or buys for manufacturing purposes. The loan will be made on accounts receivable, on preferred or deferred debts, on warehouse receipts and bills of lading, on life insurance, etc.

In recent years, banks have entered the field of intermediate credit, granting term loans up to a period of five years. However, they are prohibited by law from making loans on real estate security, except in the case of mortgages insured by a crown company. The usual type of short-term loan is the demand loan made under a line of credit arrangement. Interest rates vary from 4½ to 6 per cent per year.

Brokerage Firms

Brokerage firms, limited in number, lend funds against the receivables purchased from their clients. Brokers normally deal with debts redeemable over a period of 30 to 90 days which may sometimes extend to 6 months. The advantage for manufacturers or wholesalers is that the brokerage firm will advance funds against the receivables purchased and thus convert the client's receivables into cash which he needs. The broker assumes the full credit risks and absorbs all credit losses and collection expenses in connection with the receivables he has purchased. In return, the broker charges interest and a brokerage commission. He may, in certain cases, extend special medium-term loans secured by warehouse receipts or otherwise.

Finance and Discount Companies

Commercial Credit, Discount, Acceptance or Instalment Finance companies, even though they lend primarily to consumers, sometimes make loans to commercial or industrial businesses on the security of accounts or notes receivable or on warehouse receipts. They also consent loans to finance certain types of equipment which are then used as security for the loans.

They assume no responsability and do not offer collection and consultation services such as brokerage firms do. They usually limit their loans to manufacturers, wholesalers and creditors.

Small loans companies are subject to the regulations of the Small Loans Act of Canada in respect of loans up to $1800.00 — This type of loan primarily interests the consumer but loans are sometimes made for business purposes. Loans in excess of $1800.00 are made at whatever rate and for whatever term may be agreed upon between the lender and the borrower.

Industrialists wishing to obtain more detailed information about these companies may contact the Department of Industry and Commerce.

B — GOVERNMENT SOURCES OF FUNDS

Industrial development has become a major economic goal in Québec. This explains the provincial and municipal governments action in adopting laws and measures in order to promote industrial development.

Loans to Small Businesses

The Small Businesses Loans Act adopted at the end of 1960 authorizes chartered banks to make loans to the small business enterprise engaged in services, manufacturing, retail or wholesale trade, to improve and modernize its premises and equipment.

A business is considered to be small when its estimated gross annual income for the fiscal year during which application for a loan is made, does not exceed $250,000.

The maximum loan granted is $25,000. at a maximum rate of interest of 5½ per cent. It is accessible to tenants as well as to owners of industrial or commercial firms. Tenants must have a lease extending at least two years after the end of the loan term. The bank is the sole judge of the eligibility for a loan or of the amount of credit to be granted. After the loan is granted, the bank will require sufficient proof that the money borrowed is affected to the ends for which it was intended.

For fixed or movable equipment, the bank may lend up to 80% of the purchase price, including installation costs. For premises and real property, banks may lend up to 90% of the total cost.

The Industrial Development Bank

The Industrial Development Bank established in 1944 by the Federal Government was set-up to finance Canadian firms in need of long term credit to improve or enlarge their business, to purchase machinery and equipment or to increase their working capital.

Up to 1962, the Industrial Development Bank had given credit to 6,200 firms. Credit amounted to over $460 million since its foundation in 1944. These firms were mostly small undertakings since 70% of the loans granted did not exceed $50,000.

The Industrial Development Bank grants loans whenever these are unobtainable elsewhere under reasonable terms and conditions. Other sources of credit are namely the Small Businesses Loans Act, the Farm Improvement Loans Act, the Fisheries Improvement Loans Act, and the Farm Credit Act.

Similar to other banks, the Industrial Development Bank insists on certain guarantees before granting a loan. The borrower must give proof that his business is well conceived and likely to succeed before being granted the loan secured by mortgages on land, premises or movables or by mortgaged bond issues.

In certain cases, the owner's life insurance is required. The Industrial Development Bank may purchase a certain number of subscription contracts for share, bond or debenture issues, when the latter cannot be issued on the market under reasonable conditions.

The loan is usually paid back by monthly installments at an interest rate of 6½ per cent computed on the daily outstanding balance.

Loans are repayable inside a period of seven to ten years. This period is usually determined according to the prospective earnings of the business, the fixed assets and movables needs, the current administrative needs and the assets pledged as security. In the case of loans for machinery or industrial equipment, it is preferable to shorten the repayment period to 5 or 6 years.

The Industrial Development Bank has subsidiaries all over Canada and regional offices in Montréal, Québec and Trois-Rivières.

Federal Departments and Services

In order to answer specific needs in certain economic fields, the Federal government has set-up various financial services in several of its departments and related services.

The Export Credits Insurance Corporation was created in 1944 to help exporters maintain and enlarge their markets abroad. The exporter is able to obtain the necessary funds inasmuch as the essential portion of his liquid assets are insured and his receivable accounts abroad are better secured. Requests submitted to the Corporation for long-term financing of a firm's exports are studied by a Committee composed of representatives from the Department of Trade and Commerce, the Department of External Affairs, the Department of Finance and The Insurance Corporation itself. Requests approved are sent to the Canadian Department of Trade and Commerce which in turn requests the Government's assent. The Canadian Department of Fisheries grants aid for the construction of fishing vessels and of installations for the freezing and storing of bait.

The Division of Fisheries of the Québec Department of Industry and Commerce receives the various requests for the construction of fishing vessels and requests for the construction of factories, for the freezing and storing of bait, are handled by the Industrial Development Bureau.

Shipbuilding yards may take advantage of substantial subsidies averaging between 40 and 50 per cent of the cost of trawlers, tug-boats and fishing vessels. These subsidies are given to prospective owners.

Lastly, the Farm Credit Corporation of the Canadian Department of Agriculture was created with a view to help the farmer in organizing his farm in a profit-making family business by offering long-term mortgage credits. The sectors involved are livestock breeding, dairy production, fruit-growing and any other type of crop intended for general consumption and cattle feeding. These measures complete the various benefits offered by the Farm Credit Bureau of the Québec Department of Agriculture.

The General Investment Corporation

The General Investment Corporation is a private enterprise of public interest. It was created by the Québec Government, and the act creating it was ratified on July 6, 1962. This act stipulates that the Board of Directors of the Corporation shall be composed of twelve members of which only three shall be representatives of the Government. The General Investment Corporation is a management and a credit corporation with an authorized capital stock of $150,000,000.

As a credit Corporation, it grants loans to various businesses in need of capital investments but is not permitted to issue bonds on the market. As a management Corporation, it takes a major or minor participation in the management through the purchase of ordinary or priviledged shares. It does not intervene in a business which is competently and efficiently administered.

The General Investment Corporation encourages the creation of new industries necessary to the economic development of Québec, especially in the field of the development and transformation of natural resources. For a small fee, it may give technical advice on management and research to businesses interested in increasing their solvency through the adoption of new techniques and administrative reforms.

Loans and capital investments granted by the General Investment Corporation are affected to: a) the purchase of land; the purchase, construction or enlargement of premises; the purchase and installation of machinery; new methods of manufacturing; b) the almagamation through the purchase of two or more firms in order to reduce the cost of production and to rationalize the commercialization of products; c) the increase of the working capital of a firm which is short of available assets following too rapid an expansion; d) the establishment of new firms in less-developed regions.

Another aim of the General Investment Corporation is to group together family businesses which are in useless competition with each other in order to accelerate their adaptation to the present economic conditions. Succession duties which strike the family business upon the father's death, are so high that they often entail financial difficulties. The major objectives of the General Investment Corporation will undoubtedly consist in transforming when needed, the family business into a capital-stock organization and in developping primary industry in order to stimulate the creation of new undertakings and services.

Municipal Industrial Funds

Municipalities in Québec are authorized by a provincial Act adopted in May of 1961, to constitute an industrial fund for the purchase of land for industrial purposes, for the financing of industrial premises to be used in the municipality by the new business and for the financing of certain local business needs.

In all cases, the regulations applied by the municipalities must receive the approval of the Department of Industry and Commerce, the Department of Municipal Affairs and the Québec Municipal Commission. No definite term for re-payment is set forth by the law but it very seldom exceeds 20 years.

Industrial premises built or bought by the municipality can be rented or sold for industrial purposes provided that the municipal Corporation can settle completly the debt contracted and cover the costs incurred, including insurance, maintenance, municipal and school taxes.

The rental of industrial premises has great advantages. Several undertakings want to avoid direct investments in construction or installation. They prefer renting premises especially when the share issue to the public is just enough to cover the cost incurred in setting-up the business.

The signing of a long-term rental contract or the agreement on a purchase-rental, leaves the industrialist free to use his capital to develop his business instead of mobilizing it in the purchase of premises.

Certain municipalities will sometimes finance the construction of plants to help a new business. Others will reduce or eliminate for a given length of time certain municipal taxes such as taxes on machinery to encourage new business establishments and stimulate the expansion and enlargement of local undertakings.

In the financial years 1961-1962 and 1962-1963, 81 municipalities in Québec availed themselves of the avantages of the law to create or increase their industrial funds. The average industrial fund equals approximately \$520,000. with the smallest one amounting to \$15,000., and the largest one to \$4 million. During that period, forty municipalities affected their fund to purchase land or make loans to industries. There were 53 loans thus granted amounting to an average of \$117,000. With the assistance of regional delegates from the Department of Industry and Commerce, an increasing number of municipalities intend to use this practical method of attracting new industry and stimulating its development.

Indirect Financial Incentives

Indirect financial aid may take on several forms. For some industries, it may be even more important than direct financial aid granted by private or government institutions. It consists mainly in grants or subsidies for specific purposes or in tax cuts and credits.

Special Depreciation Allowances
(anywhere in Canada)

Effective June 14, 1963, manufacturing and processing enterprises located anywhere in Canada and having a degree of Canadian ownership can write-off most new machinery at a rate not in excess of 50 per cent per year on a straight-line basis. This special allowance applies only to eligible machinery and equipment acquired during the two year period beginning June 14th, 1963. This special allowance may be applied at any time and permits the complete write-off of eligible assets in two years.

Federal Taxation in Designated Areas

Thirty-five designated areas across Canada qualify for special measures of federal assistance for economic or industrial development. The areas concerned in Québec are: Rouyn, Shawinigan, Mont Laurier, La Tuque, St. Jean, Dolbeau, Jonquière, Port Alfred, Louiseville, Causapscal, Matane, La Malbaie, Val d'Or.

Federal assistance to these areas includes two measures concerning federal income tax — special depreciation allowances and temporary federal income tax abatement.

These two incentive measures apply to new manufacturing and processing enterprises located in the designated areas. The main criteria in qualifying as a "new" enterprise are that purchased or leased assets must be new (never used before December 5th, 1963) and must be for the use of a newly incorporated business or of an existing corporation or unincorporated business carrying on a business different from any other business carried on by the taxpayer at that time. It is not necessary that a newly incorporated business be new in the sense of never having been carried on in the area before. If an existing corporation or an unincorporated taxpayer wishes to have a business certified as "new" it must be a new business different from any other business carried on by the taxpayer anywhere else.

Special Depreciation Allowances

(a) Most new machinery and equipment acquired by a new manufacturing or processing enterprise during the two year period beginning December 5th, 1963 can be written off at a rate not in excess of 50 per cent on a straight-line basis.

(b) New buildings constructed during the two year period beginning December 5th, 1963, can be written off at a rate not in excess of 20 per cent on a straight-line basis. Building additions can qualify when they cost over $100,000 or more than 25 per cent of the capital cost of the building on December 5, 1963.

Income Tax Abatement

Effective December 5th, 1963 (until March 31, 1967, according to March 16th, 1964, budget speech) new manufacturing and processing enterprises located in designated areas are eligible for abatement from federal income taxes for a period of 36 months from the date they commence commercial operation.

With regard to the three incentives outlined above, the Minister of Industry is responsible for certifying that a business is "new", that it is a manufacturing and processing concern, and for certifying the date of commencement of commercial operation. Further details concerning this programme can be obtained from the Incentive Administration Division, Area Development Agency, Department of Industry, Ottawa.

Allowances for Research

The National Research Council secures financial aid to Canadian companies engaged in research directly concerned with industry. The firm can deduct all the assets it assigns to scientific research during the same taxation year. It can deduct from its annual income a sum equal to 150 per cent of the increase in expenditures for research, applied to current expenditures and real property (except land). The Government foresees other allowances and subsidies. The management of this financial aid program belongs to the National Research Council.

Other Incentives

To promote manufacturing in Canada, the Government authorizes duty free imports of goods and materials to enter into the manufacturing of specific products. It also allows on a provisional basis imports of machinery used in plants (dies, moulds and gauges, etc.) provided that import duties are paid on 1/60th of the value of these goods during each month or part of a month it remains in Canada. Other similar measures exist to encourage Canadian industries as well as foreign firms.

Federal Departments have recourse to other incentives to industry. For example, both Federal and Provincial Departments encourage the employment of older people or grant allowances for the training of the unemployed; they co-ordinate financial aid to technical and vocational training and give financial aid to employers and trade unions to promote research on the evolution of the labour force in anticipation of technological progress, etc.

General Economic Aid to Industry

Numerous government and private organizations grant economic aid to industry. This aid takes on several forms. It may be: a) information as to setting-up a business or finding the sources of supply available; b) statistics or commercial data on production and markets; c) special studies on the importation of certain products; d) recruiting, training and improvement of personnel and administration; e) public relations, advertising, notices concerning acts and regulations, techniques and aid services. All in all, information is given to help a firm get on its way or improve its administration. Furthermore, several companies in Québec may, under a business contract, make the necessary research to realize what is called a "turn-key proposition".

The Department of Citizenship and Immigration informs immigrants as to the different ways of obtaining the required capital to establish or simply enlarge their firm. The Department refers them to local and regional industrial commissions.

Various other valuable services are rendered to industry by regional or municipal industrial commissions, power companies, banks, chambers of commerce, railway companies, employers' associations, real estate agents and many other organizations.

The Provincial Departments and Services

Several departments and services of the Government of Québec give economic aid at different levels. The Department of Industry and Commerce, the Department of Municipal Affairs, the Department of Labour, the Department of Agriculture and several others dealing with Natural Resources, are ready to give financial aid and information to industrialists who have to contend with economic problems.

GENERAL STATISTICS

on

THE "MUNICIPAL" INDUSTRIAL FUNDS ACT

	1961-62	1962-63	Both years
Number of municipalities who prevailed themselves of the Act to create of increase their Industrial Funds	26	64	81
Funds — Total	$12,843,000.	$29,340,000.	$42,183,000.
Funds — Average	$ 493,000.	$ 458,000.	$ 520,000.
Smallest funds	$ 18,000.	$ 15,000.	$ 15,000.
Largest funds	$ 2,000.000.	$ 4,000,000.	$ 4,000,000.
Number of municipalities who used their funds	16	32	40
a) To buy lands	6	10	14
b) To loan to industry	11	28	34
Total funds allocated	$ 3,055,000.	$ 7,596,990.	$10,651,990.
Average price of lands			$ 318,000.
Number of loans made to industry	13	40	53
Average industrial loans			$ 117,000.
Smallest loan			$ 15,000.
Largest loan			$ 1,056,000.

ECONOMIC FEATURES

Economic Potential

Very few regions of the world enjoy an economic potential such as is possessed by Québec, the largest of the ten provinces of Canada. With its northern territory of "Le Nouveau-Québec" still a virgin country, this province offers unlimited potential for development. The forest, mine and hydraulic resources, together with the St. Lawrence River which penetrates for three thousand miles inside the North American continent, constitute tremendous assets to economic expansion.

Moreover, the world's largest inland seaport is at the mouth of the St. Lawrence Seaway at Montreal, the largest metropolis in the country and the industrial heart of Québec and Canada.

These factors constitute the basis of the Québec economy and any general appreciation of the economic future of Québec should take them into consideration. Indeed, they confer upon Québec a geo-political originality unique in the North American continent. In order to provide a more rational and more productive development of its natural resources, the government has already embarked upon a sound long-term program of economic expansion. In this regard, the Québec government has initiated loan policies which stimulate the participation of private investment in the development of secondary industries.

From the present economic trends emerge leading traits which are a pledge to the industrial future of Québec. We shall now evaluate the present economic situation and see what policies have been proposed to assure its future development.

The Economic Situation

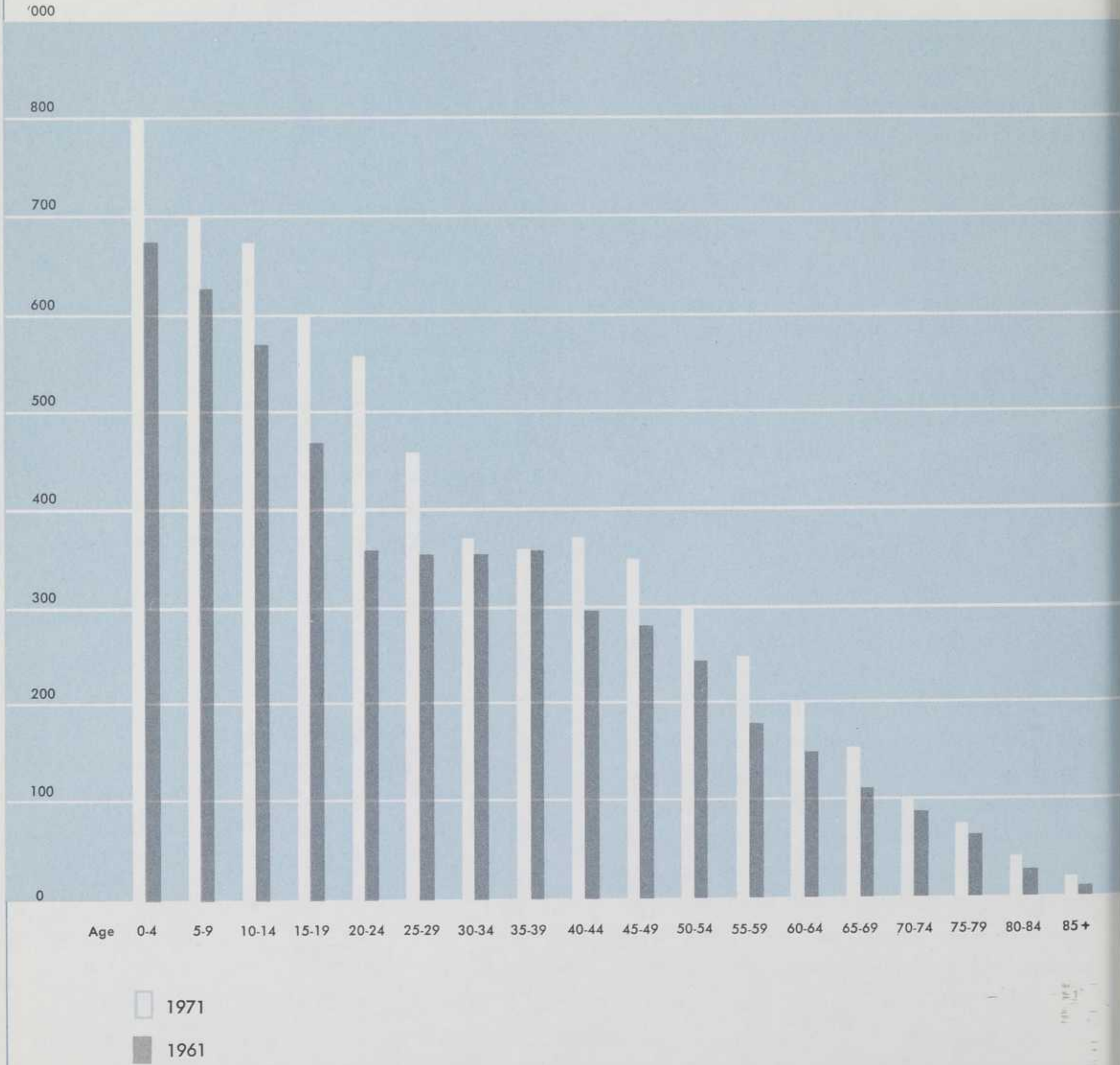
Québec covers an area of 524,000 square miles, the equivalent of Italy, France, West Germany and Great Britain put together or of 17.3 per cent of United States territory.

According to the June 1961 Census, the Québec population is 5,259,311 persons, a 13.6 per cent increase in 5 years. It accounts for 29 per cent of the Canadian population. The Québec population is centered mostly around the southern part of the province.

The density of the population in the Montreal metropolitan area has made that section of the province the main center of economic development of the country. With more than 2,000,000 persons, who represent 10 per cent of the Canadian population and 49.9 per cent of the Québec population, this economic sector accounts for one eighth of the gross production of Canada, and its manufacturing shipments amount to more than $5 billions annually.

This does not mean, however, that other regions of Québec are not experiencing industrial development. On the contrary, areas such as Trois-Rivières, and

Population by Age Group Québec 1961-1971



Saguenay-Lac St-Jean have a higher production per capita than any other economic region in Québec. According to 1960 data, the regional gross manufactured production, apart from metropolitan Montreal, equalled 43.3 per cent of the Québec total.

The strong urban concentration partly explains agricultural changes and evolution of the employment situation.

The structure of agricultural activities has been profoundly modified in the last 20 years. In 1961, the agricultural population represented 10.7 per cent of the Québec population. The relative importance of small municipalities decreased in favor of urban concentration. Yet, the total value of agricultural production increases yearly because of technical improvements and agricultural specialization. The 1962 total of $654.3 million was greater than the 1961 total of $651.7 million.

However, to help adapt agriculture to the demand of markets, the government has adopted long term policies to solve the problem of commercialization of agricultural products. These consist of less costly credits on the one hand and an adjustment of agricultural production to consumption on the other.

The rural population was 36.7 per cent of the Québec population in 1941. It has fallen to 24.8 per cent today. The agricultural labour force proportion of 12.5 per cent in 1956 has dropped to 7.0 per cent in 1962. This is one of the major causes of change in Québec employment.

The active population numbered 1,855,000 persons in December, 1962, and the rate of unemployment averaged 7.5 per cent. In 1962, Québec experienced a period of economic expansion which reduced by 18 per cent the number of unemployed persons.

With the acceleration of expenditures and investments by the government and private enterprise, Québec has embarked on an intensive period of industrial development.

Québec's dynamism during 1962 and 1963 is confirmed by these outstanding features of the national income:

— Personal income and corporation profits before tax accounted for 77.5 per cent of the total gross national income.

— It is estimated that personal income in Québec will reach a new peak of $7,603 million in 1963, approximately 6.2 per cent higher than in 1962.

— Salaries, wages and other labour income in Québec were 7 per cent higher in 1963 than in 1962.

— The net income of non-agricultural unincorporated concerns increased by 4 per cent.

— Following the trends for the first three quarters of 1963, interests, dividends and net rental should climb by 7.2 per cent.

— According to deseasonalized data, in 1962, Corporation profits before tax deductions should represent 10.2 per cent of the gross production for Québec — (10 per cent for Canada).

— Québec corporation profits before tax deductions should amount to $1,170 million, or 30.6 per cent of the Canadian total.

— Goods and services spendings totaled $6,317 millions in 1962, an increase of 5 per cent over the preceding year. These expenditures represent 86.8 per cent of the disposable income of Québec people in 1962.

— In 1962 Québec purchases of household goods were 6.8 per cent more than in 1961 compared to 4.2 per cent for Canada.

— Sales of automobiles for the same period were 12.2 per cent higher than in the preceding year in Québec while the Canadian increase was 10.3 per cent.

Importance of Savings

One would expect that the higher per capita spending in Québec would mean a lower percentage of savings. However, this is not the case. The tourist trade is largely responsible for the higher per capita spending in Québec. Net savings in Québec in 1949 amounted to $224.9 million or 24.5 per cent of the net savings for Canada. Savings in Québec have progressively increased since. In 1962, they reached $425 million. These figures are a sure sign of the potential strength of the economic development of Québec.

CHANGE IN SELECTED ECONOMIC INDICATORS IN QUÉBEC

(In % over the previous year)

1959-1963

	1959 %	1960 %	1961 %	1962 %	(*) 1963 %
Gross National Product	+ 2.7	— 0.6	+ 2.6	+ 7.7	+ 5.0
Personal Disposable Income	+ 4.8	+ 4.8	+ 5.1	+ 6.9	+ 4.3
Wages	+ 6.3	+ 4.5	+ 4.5	+ 7.0	+ 5.6
Value of Manufacturers' shipments	+ 2.4	+ 0.3	+ 3.5	+ 8.8	+ 5.4
Capital Expenditure	+ 1.9	— 4.3	— 2.8	+ 7.4	+ 4.3
Retail Sales	+ 5.2	+ 2.4	+ 5.6	+ 6.3	+ 3.8
Employed — Labour force	+ 2.2	+ 1.2	+ 0.8	+ 3.6	+ 2.1
Labour force	+ 1.3	+ 2.4	+ 0.9	+ 2.4	+ 1.8

*Estimated at annual rate from the first quarter by the Economic Forecasting Division, Bureau of Research, Department of Industry and Commerce, Province of Quebec.

SOURCES: National Accounts, Retail Trade, Manufacturing Industry, Private and Public Investments, D.B.S.

Budget Increases

An expanding economy is characterized by increasing Government revenues and expenditures. If we look at the Québec government budget increases, the economic outlook in Québec can be said to be in a healthy state. Whereas the 1961-62 fiscal year showed revenues equal to $754 millions and ordinary expenditure amounting to $713 millions, the 1963-64 budget foresees revenues of $900 millions and ordinary expenditures of $880 millions.

Growth of government expenditures is rather striking: expenditures totaled $600 millions in 1959, $845 millions in 1961 and budget forecasts for 1963-64 indicate a total of over $1 billion.

These budget increases in the order of 66.6 per cent in a five-year period, point to an accelerated expansion of government activities, spurring the economic life of Québec by stimulating private, foreign and domestic initiatives. These broad budget figures reflecting the economic activity of Québec are complemented by long term financial and economic policies. The latter will be treated further down.

Investments

The natural resources of a country become economically important when investments allow for their development. The Québec economy, with a rate of increase of 5.1 per cent during the last three years, 1963 included, is asserting itself. The considerable investments justify a legitimate optimism about its future.

In 1962, capital expenditures rose to $2,848.3 million representing a 7.6 per cent increase over the preceding year and the highest since 1958.

These investments are a powerful lever that maintains the Québec economy at a high peak. Except in the financial, insurance and commercial sectors, investments have been on the increase in all other sectors. In the manufacturing sector, gross investments registered a 12.8 per cent rise over 1961. Real investment was strongest in the primary metals industry: compared with 1961, it climbed to $62.9 millions or an increase of 274.4 per cent. Investments were also important during 1962 in the construction sector with a rise of 43 per cent over 1961.

Heavy investment expenditures in plant facilities during 1962 and for new machinery and implements during 1963 should result in a major increase of the capacity of production.

Investments in mining and quarrying, public utilities, government departments, and institutions should make progress. In 1962, investments by the government and by institutions in Québec were 9.5 per cent higher than in 1961.

The increase in total investments for 1963 will rise beyond 4 per cent and reach the $3 billion mark. In future years, the curve of Québec investments, covering net investments by governments and municipalities, growing foreign investment contributions, and investments in the form of increased savings by the Québec population, should continue its upward movement.

Production of goods

These economic features account for the favorable conditions of development of our natural resources and shed light on the production of goods in Québec.

GROSS VALUE OF PRODUCTION IN QUÉBEC

	1960	1961	1962	1962/61 variation in %
	(in millions of dollars)			
Agriculture	473.0	492.0	509.0	+ 3.5
Forestry, wood cut	201.2	204.2	242.6	+18.8
Fisheries	8.0	8.0	8.4	+ 5.0
Furs	2.0	2.0	2.2	+10.0
Mines and quarries	446.6	455.5	519.1	+14.0
Electric power	225.0	239.0	254.0	+ 6.3
Manufactures	7,206.1	7,466.5	8,029.2	+ 8.8
Construction	1,654.2	1,733.1	1,873.0	+ 8.1
TOTAL	10,216.1	10,600.3	11,437.5	+ 7.9

The table on the gross value of production in Québec gives a clear idea of the progress realized since 1960. The total value of production of goods in 1961 amounted to $10,600,300,000 — 3.5 per cent higher than in 1960. In 1962, it reached $11,437,500,000, or 7.9 per cent higher than in 1961.

The most important contributions to this increase come from manufacturing production with a total of $8,029,200,000 or an 8.8 per cent increase and the construction sector with $1,873,000,000 or an 8.1 per cent increase.

Primary Sector

This sector is more important in Québec than anywhere else in Canada. Forestry, mining and power are the leading industries.

CHANGE IN THE PRIMARY SECTOR IN QUÉBEC

(Change in % over the previous year)

	1960	1961	1962	1963 (*)
Gross Value of production	+ 3.0%	+ 2.6%	+ 2.5%	+ 2.5%
Value added	— 1.0	+ 4.3	+ 5.5	+ 4.0
Investments	+ 3.2	— 5.0	+ 4.7	— 0.2
Salaries and wages	+ 1.2	+ 3.6	+ 0.7	+ 1.5

*Estimated at annual rate from the second quarter by the Economic Forecasting Division, Bureau of Research, Department of Industry and Commerce, Province of Quebec.

Forests

In Québec, the forest covers an area of 242 million acres, of which 141 million are productive. At present, 86 million acres are being developed. The Québec pulp and paper industry, which accounts for 37 per cent of the Canadian production, and the lumber industry occupy 61.1 per cent of the territory. In 1962, the total value of wood cut reached $242.6 million.

Mining

The preceding table indicated an increase of 14 per cent in the mineral value of production during 1962. This is mainly due to a strong increase in the metallic mineral production.

The largest centers of mining production in Canada are found in Québec, Alberta and Ontario. According to the latest estimates, the Québec mining production would amount to $519.1 millions in 1962, a 14 per cent increase over 1961.

The extraction of metallic minerals was of major importance, accounting for 54.9 per cent of the Québec production and 18.8 per cent of the Canadian total. The Québec figure is 19.8 per cent higher than the record year 1956.

During 1962, the mining production of Québec registered an increase in volume and value for asbestos, iron, copper, zinc and cement; gold production and value remained stable.

Québec is the largest world producer of asbestos and its world consumption is constantly increasing. Although iron ore mining operations in Québec started only in 1954, it has already become the largest Canadian producer. Mining possibilities in Québec are quite remarkable when one realizes that Canadian mineral reserves amount to 10 billion tons, 6 billion of which are to be found in Québec.

Power

Power production increased by 6 per cent in 1962.

The low cost of power and communication facilities are additional assets to the development of natural resources in Québec. An increasing number of large industries are attracted by the abundance and low cost of hydro-electric power. Harnessed power in Québec is the most considerable in the world with 1.89 h.p. per person. Future production will triple that of to-day; only one third of the hydro-electric potential is now developed.

Québec is the main producer of power in Canada. Installed power in 1962 reached 13,162,604 h.p. with a value of production of $254 millions. In 1965, power production in Québec should be 16.2 per cent greater than in 1962 and should equal 36.6 per cent of that of Canada. (Refer to the present series of "Québec on the Move", the brochure entitled "Québec Hydro".)

Waterways, railways, and excellent highways have contributed much to the economic development of our natural resources in various regions and are the key to the future expansion of primary and secondary industry in regions as far removed as "Le Nouveau-Québec".

Manufacturing Sector

The manufacturing industry is leading other large industrial sectors with an average production for the last three years of more than 70 per cent of the gross value of Québec total production. This strong contribution to the total production of goods shows the accelerated pace of Québec industrial development.

Among Canadian provinces, Québec is second in importance for its manufacturing industry. The 1962 figures anticipate a 30 per cent share by Québec in Canadian manufacturing production. (For further details, refer in the present series of "Québec on the Move" to the brochure entitled "The Manufacturing Industry in the Province of Québec").

The pulp and paper industry is still Québec's major manufacturing industry. The value of shipments rose from $601.2 million in 1960 to $647.2 million in 1962. Shipments by this industry have for the last three years represented more than 8 per cent of the value of total Canadian shipments.

The reducing and refining of non-ferrous metals is the second largest contributor to manufacturing shipments with a 7.9 per cent average for 1961 and 1962. Copper reducing and refining plants are operating at full capacity while new zinc and aluminum production is being installed. This industrial group is on its way to first rank among Québec manufacturing industries.

Electrical appliances, women's clothing and the tobacco industries are expanding each year and their total value of shipments reached $750.5 million in 1962 or 9.4 per cent of the total value of shipments of manufactured goods.

Total shipments for the five most important manufacturing industries account for 25.6 per cent of the total shipments for Québec. The 74.4 per cent of the total value of shipments which is accounted for by other industries demonstrates the diversity of the Québec economy.

CHANGE IN THE MANUFACTURING SECTOR IN QUÉBEC

(In % over the previous year)

	1960	1961	1962	1963 (*)
Gross Value of production	+ 3.7%	+ 2.7%	+ 8.8%	+ 5.4%
Value added	+ 5.8	+ 3.5	+ 7.5	+ 4.3
Capital Expenditure	— 0.9	— 2.0	+11.2	+ 5.7
Salaries and wages	+ 4.9	+ 3.0	+ 6.5	+ 2.0
Employment	+ 0.6	+ 0.9	+ 3.2	+ 1.0

*Estimated at annual rate from the second quarter by the Economic Forecasting Division, Bureau of Research, Department of Industry and Commerce, Province of Quebec.

This data on manufactured production and the development of natural resources explains the bustling activity of the Québec economy. Over 12,000 industries in Québec are engaged in manufacturing and they employ 460,000 persons with salaries totalling $1.8 billions in 1962.

Newly created corporations complete this general outline of the expansion of Québec. In 1962, a total of 4,771 new corporations were registered, an increase of 17 per cent over the preceding year. It is also interesting to note the 54 per cent increase over 1961 in the total amount of corporation funds authorized by Québec.

Government Loans

Financial policies are implemented by the Québec government through the loan and taxation system. The dynamism of the new loan policy rests on the fact that it is not used to compensate annual budget expenditures. The government's loan policy is therefore one of investments.

Before the nationalization of power companies by the Québec Hydro, the net funded debt of $92.50 per capita in Québec was less than that of all other Canadian provinces with the exception of Alberta. If the cost of nationalization is added to the loans guaranteed by the Province of Québec, the same debt equals $254.56 per capita which is still less than the average of $411.01 of other Canadian provinces.

The three loans made during the year 1962-63 amounted to $170 millions. They served to finance several public works and to open credits to certain government institutions. A first issue of government savings bonds to the amount of $100 million had sales reaching $123 millions one month before the end of subscriptions.

Forty-five American firms consented to loan to Québec Hydro $300 million. This loan was the largest made by the United States since 1915 and is proof of the trust that investors have in Québec.

Financial Policy

In order to assure the expansion of secondary industry in Québec, the government tries to maintain its corporation income tax at a low level. Corporation income tax in 1962-63 amounted to $149.4 millions, and was slightly higher than in 1961-62 ($148.9). However, taking into account the increase in the value of shipments, this yield is definitely lower.

By virtue of the Act passed in 1961 by the Québec government, corporations have benefited in 1962-63 from a more advantageous system of depreciation and compensation for losses, without which they would have paid higher tax fees to the government. (Refer to the brochure "Taxation" in the present series of "Québec on the Move".)

Economic Policy

The economic policy of the Québec government is also aimed at the pursuit of the expansion of our economy through adequate planning.

In this regard, the government has recognized the needs of vocational education and technical training. Since 1960, it has passed several measures for higher education which among other achievements should reduce unemployment.

In 1956-57, the expenditures for education incurred by the provincial government, the school commissions and independent institutions reached $286 millions. In 1961-62, this figure rose to $605 million. There are 59 schools, Technology Institutes, special Institutes, Trades and Crafts Schools throughout the province for technical training only. More than 45,000 persons attend these schools.

The General Investment Corporation, Québec Hydro and planning are three efficient tools whereby Québec is able to stimulate its economic progress, promote industrial decentralization and guarantee a well-balanced industrial growth.

Convinced that regional development is one of the powerful modern levers of economic growth, the Québec government has created the Québec Economic Advisory Council. Its function is to prepare a six-year plan to extend from 1965 to 1970 and submit it to the government at the beginning of 1965. The plan will be conceived according to the needs of Québec and the concrete possibilities of economic action. (Refer to the present series of "Québec on the Move", the brochure entitled "Planning").

Economic Growth

This general outline of the economic situation in Québec demonstrates that Québec is a privileged province where expansion factors are in harmony with each other. It is a province where the various economic agents contribute to a higher decentralization while the concentration of resources points to a very high rate of productivity.

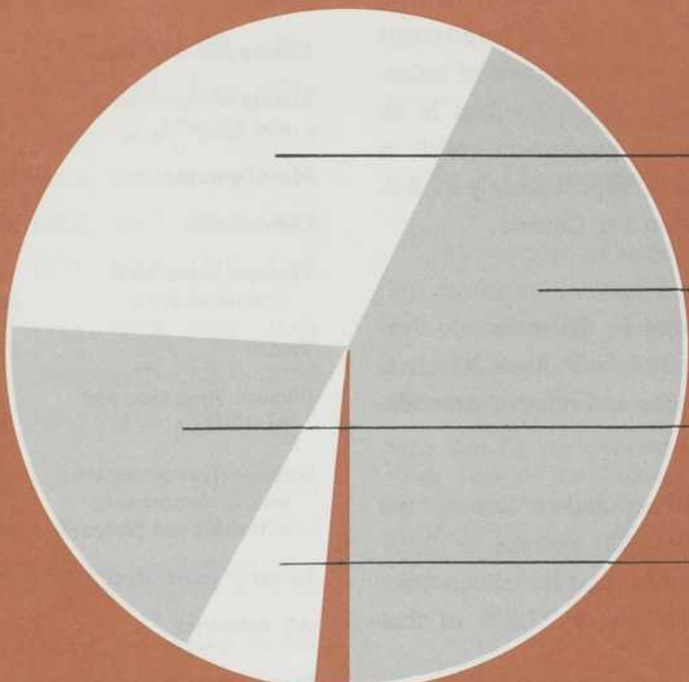
Government activity encourages and stimulates private initiative. The measures taken by the government by modifying economic structures and encouraging the access to foreign capital, strengthen the development of our natural resources and of our manufacturing industry.

It is in this spirit that the Government has decided to study the feasibility of a completely integrated steel mill. The realization of this project will benefit the Québec economy by fostering the establishment of new industries.

The Québec economy in terms of both human and natural resources is striving towards a high level of flexibility and a high rate of productivity which will attract savings and capital investments. Achieving economic maturity, Québec now welcomes the spirit of initiative as an incentive to its future economic prosperity.

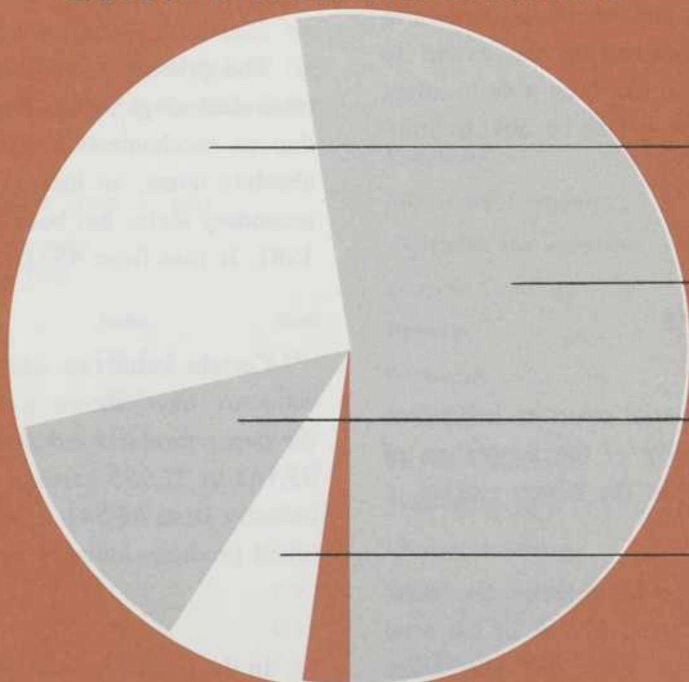
THE LABOUR FORCE

1951



Québec's Industrial Structure

1961



Factors of Industrial Development

In recent years, Québec has embarked in a period of intensive industrial development. Several factors are at the origin of the development of the economy of the province.

Québec has invested large sums of money and has opened wide its doors to foreign investment in order to progressively develop its abundant forest, mineral and hydroelectric resources. The rise in investments already has its influence in the various sectors of industry. The concentration of these factors resulted in an increase in the Québec value of production which in 1962 reached $8,029 millions or approximately 29.8% of the total value of production for Canada.

However, an essential factor in the economic development of the province is its labour force which is abundant, competent, industrious and relatively mobile.

According to the 1961 population census, the population of Québec is 5,259,000 persons or 29% of the total population of Canada, and its labour force accounts for 1,812,000 individuals or 27.8% of that of Canada.

Changes in the industrial and vocational structures between 1951 and 1961 demonstrate the extent to which the Québec labour force has been able to adapt itself to the needs of progress and to be able to stimulate that progress.

Industrial Structure

The evolution of the industrial structure in Québec during recent years is indicative of the adaptation of the labour force to the needs of the labour market.

In 1951, the tertiary sector of our economy (services and administration) employed 47.2% of the total Québec labour force while in 1961, the percentage reached 55.6%. This upward trend was evident in each sector of this tertiary group.

LABOUR FORCE, 15 YEARS OF AGE AND OVER, BY INDUSTRIAL SECTOR

PROVINCE OF QUÉBEC

1951 AND 1961

	1951		1961	
	Labour force	%	Labour force	%
Agriculture	194,783	13.2	131,197	7.4
Forestry	45,120	3.1	42,441	2.4
Fishing and trapping	5,172	0.4	3,029	0.2
Mining and quarrying and oil wells	19,899	1.4	25,854	1.5
Manufacturing	453,073	30.8	466,443	26.4
Construction	102,703	7.0	126,361	7.1
Transportation and Communication	119,619	8.1	161,268	9.1
Trade	173,070	11.7	248,038	14.0
Finance, Insurance and Real Estate	38,920	2.6	62,163	3.5
Services (Governmental, social, commercial, industrial and personal)	291,839	19.8	450,058	25.4
Industry unspecified	27,642	1.9	51,267	2.9
All industries	1,471,840	100.0	1,768,119	100.0

Source: Census of Canada — 1951 and 1961.

The primary (resources industries) and secondary (manufacturing) sectors experienced a relative decrease due to mechanization and automation. However, in absolute terms, an increase in the labour force in the secondary sector has been registered between 1951 and 1961. It rose from 453,073 to 466,443 persons.

Certain industries which reflect the growth of the economy have shown a higher demand for labour: the paper products industry increased its demand from 35,167 to 37,965 persons; the iron and steel products industry from 35,541 to 41,067 and the chemical and allied products industry from 15,514 to 21,291.

In the primary sector, the mining industry continues to claim more manpower while other industries experience some decline, due to mechanization in particular.

Since 1949, the Québec employment index for the various industrial sectors suggests considerable increases for most industries in general and for the tertiary sector in particular.

This increasing demand for labour by the tertiary sector follows the same pattern as that of North America as a whole.

INDEXES (1949 = 100) OF INDUSTRIAL EMPLOYMENT [1] BY PRINCIPAL SECTORS FROM 1949 TO 1961

	1950	1955	1959	1960	1961
General index	100.5	112.5	118.5	118.6	118.3
Forestry	92.7	108.0	86.9	86.4	71.6
Mining	116.4	136.9	140.1	146.1	150.4
Manufacturing	99.9	108.0	109.5	109.3	108.6
Construction	100.4	117.6	133.4	131.7	128.5
Transportation, Storage and Communications	98.7	112.6	117.0	115.0	114.4
Public Utilities	97.3	116.9	135.3	138.7	137.1
Trade	102.9	119.7	136.6	138.4	140.9
Finance, Insurance and Real Estate	104.8	130.2	152.4	155.5	162.0
Services [2]	100.7	111.6	139.6	144.6	150.2

(1) The data in this table are from "Employment and Payrolls" D.B.S. cat. no. 72-002. These data cover only the establishments of 15 and over employees.

(2) Services included: recreational, commercial and personal services. Government and social services are excluded.

The employment index for Québec industrial sectors taken as a whole compares rather well with the Canadian average. Until 1960, they both follow the same pattern but in 1961 and 1962, the Québec index was rising faster.

EMPLOYMENT INDEX (1949 = 100)
For all industries
1953 to 1962

	Quebec	Canada
1953	112.4	113.1
1954	109.2	109.1
1955	112.5	112.9
1956	120.1	120.7
1957	121.5	122.6
1958	117.0	117.9
1959	118.5	119.7
1960	118.6	118.7
1961	118.3	118.1
1962	121.6	121.4

Source: Employment and Payrolls, D.B.S. cat. no. 72-002.

Occupational Distribution

The following table on the vocational structure of Québec gives an accurate picture of the changes in the characteristics of the Québec labour force.

		1951	1961
Primary	Farmers Loggers Fishermen and trappers Miners and quarrymen Labourers	24.4%	16.3%
Secondary:	Craftsmen	28.3%	27.8%
Tertiary	Managerial occupations Professional and technical occupations Clerical occupations Sales occupations Service occupations Transportation occupations	47.2%	55.6%

The number of occupations in the primary sector, for example, accused a drop, with the exception of the mining and quarrying industry. The number of occupations in the tertiary sector on the other hand increased. *

*The data for the different **industrial** sectors do not coincide with those of the different **occupational** sectors. In fact, a person belonging to the **third occupational group** may well be employed in the **second industrial** group. E.G.: An office worker (third occupational sector) working in a shoe factory (second industrial sector).

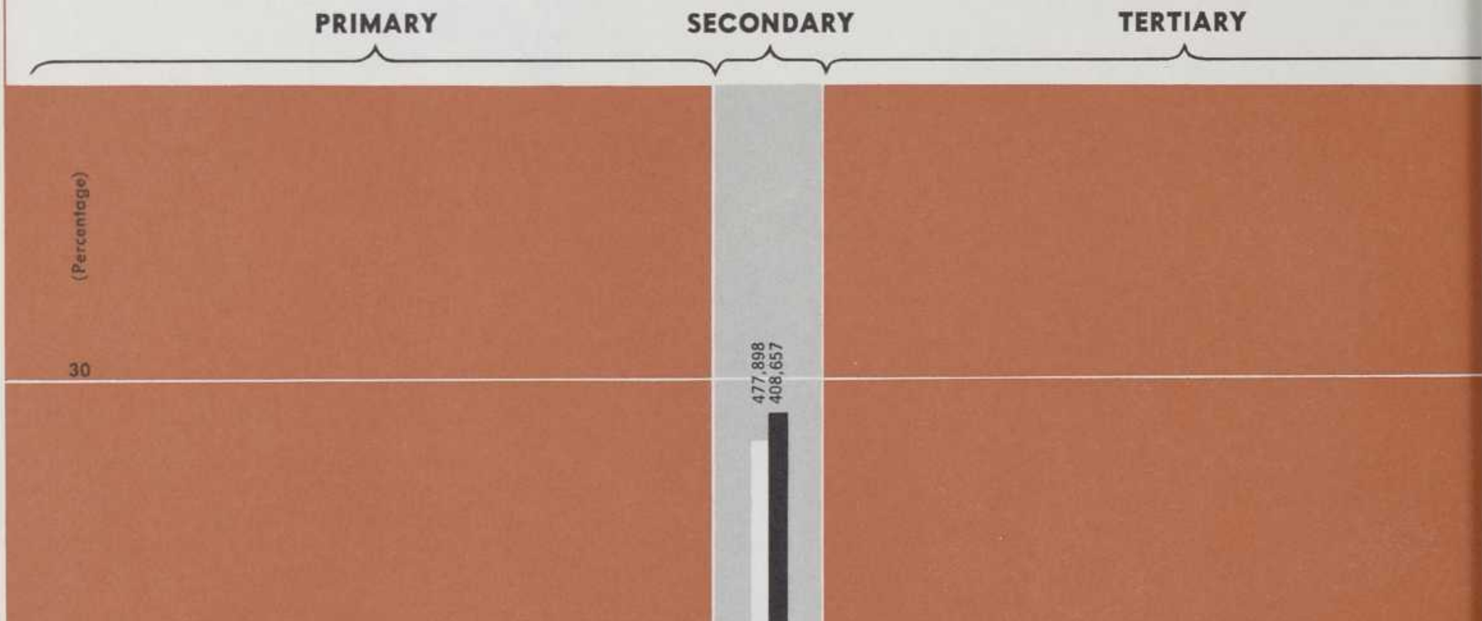
OCCUPATIONAL DISTRIBUTION
Province of Québec
1951 - 1961

	1951		1961	
	Labour force	%	Labour force	%
Labourers	107,790	7.5	100,996	5.9
Miners and quarrymen	11,893	0.8	12,891	0.8
Fishermen and trappers	4,976	0.3	2,766	0.2
Loggers	34,547	2.4	31,938	1.7
Farmers	193,514	13.4	132,576	7.7
Craftsmen	408,657	28.3	477,898	27.8
Transport occupations	96,199	6.7	114,665	6.7
Service occupations	137,295	9.3	197,671	11.5
Sales occupations	77,180	5.3	105,118	6.1
Clerical occupations	150.796	10.4	220,481	12.8
Professional and technical occupations	114,176	7.9	179.705	10.4
Managerial occupations	110,156	7.6	138,083	8.1
TOTAL	1,444,179	100.0	1,714,788	100.0

Source: Census of Canada, 1951 - 1961.

Occupational Distribution • Province of Québec

1951 to 1961



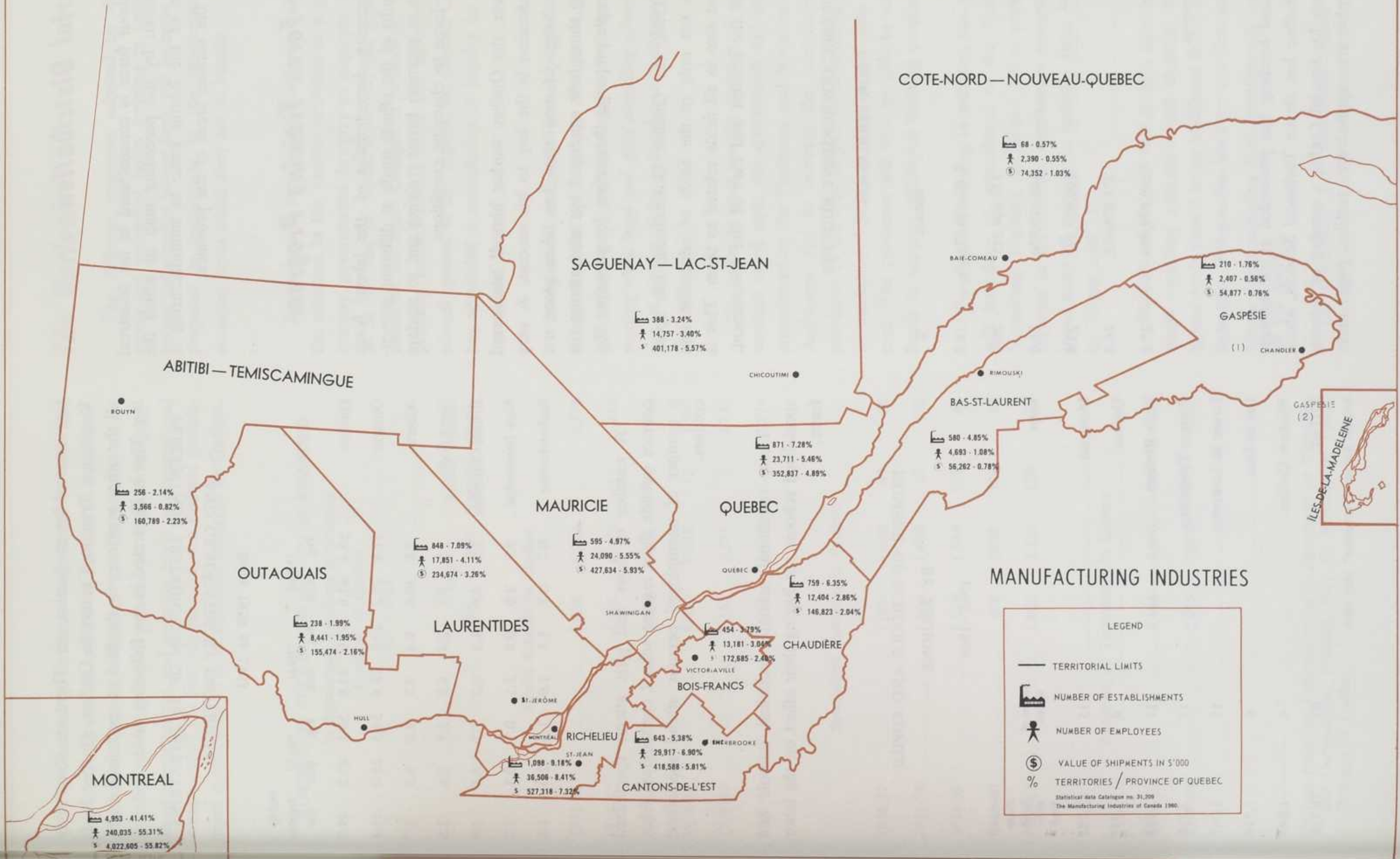
1951

1961

1 — Labourers
2 — Miners & Quarry men
3 — Fishermen & Trappers
4 — Loggers
5 — Farmers
6 — Craftsmen
7 — Transport occupations
8 — Service occupations
9 — Sales occupations
10 — Clerical occupations
11 — Professional & Technical occupations
12 — Managerial occupations

Source: Canada Census (1951-1961)

Territories of Industrial Development in Québec



Territorial Distribution

The labour force is concentrated in the Montreal area as shown by the preceding map in which the distribution of the labour force in manufacturing is shown for the various areas of the province.

Labour Force Training Program

The changing characteristics of the labour force are the results of the efforts made at different government levels to promote better training and to readapt the labour force to changing conditions.

Moreover, the Québec worker himself has sensed that specialization is the key to his success. A very important change in motivation has taken place not only among those now employed but also among the younger people preparing themselves for an active life.

Since 1956, the Québec Government has spent large sums not only in the fields of education and training, but also in all fields related to them. This is revealing of the interest and care of the government.

QUÉBEC GOVERNMENT BUDGETS

FOR EDUCATION

	AMOUNTS	%
1956	$ 84,658,876.	18.0
1959	126,604,285.	20.0
1960	140,570,920.	20.0
1961	199,969,397.	23.0
1962	273,876,612.	26.0
1963 (1)	260,170,000.	25.0

(1) Budgetary estimates.

Specialized teaching has proceeded at an increasing rate. Québec has eleven Technical Schools, about forty Schools for Special Crafts, a number of Schools for the graphic arts, applied arts, textiles, paper making, automobiles mechanics, etc. There are about sixty Vocational Training Centers in Québec. Québec leads all the other provinces in the field of specialized training. This is illustrated in the following table:

PERCENTAGE DISTRIBUTION OF REGISTRATIONS

AND GRADUATES BY PROVINCES

from 1959 to 1963

	1959-60		1960-61		1961-62		1962-63
	Reg.	Grad.	Reg.	Grad.	Reg.	Grad.	Registration
Quebec	55.4	43.6	53.0	43.8	50.1	45.2	49.7
Ontario	31.8	29.2	30.0	29.4	34.5	28.0	33.4
Alberta	7.6	10.4	9.4	9.7	9.0	9.3	9.7
Nova Scotia	2.5	9.3	2.4	8.8	2.5	9.4	2.5
British Columbia	1.1	4.6	1.5	6.2	1.7	5.8	1.7
New Brunswick	0.9	2.0	0.6	1.1	0.7	0.3	1.2
Saskatchewan	0.7	0.9	1.1	1.0	1.5	2.0	1.8

A number of boys and girls attend specialized courses outside their regular school curriculum. Also, a number of unemployed persons attend specialized courses.

Thus, vocational schools, technical schools and specialized schools are having their effect on the labor force.

NUMBER OF SCHOOLS AND PUPILS

BY REGIONS

1962 - 1963

Region	Number of schools	Number of steady pupils registered
Montreal	15	13,181
Québec	4	2,935
Trois-Rivières	11	3,868
Eastern Townships	11	3,716
Lower St. Lawrence	11	1,767
Lac St-Jean	6	1,514
Western Québec	4	1,245
TOTAL	62	28,226

Source: Review "Technique" May 1963.

The Federal government contributes to approved training programs up to 50% of the cost to a province. The same Agreement foresees "... the training or retraining of unemployed persons to improve employment opportunities and increase trade or occupational competence." (1) For this purpose, the Federal government contributes 75% of the costs incurred by Québec.

NUMBER OF PUPILS AND DIPLOMAS AWARDED
in Specialized Teaching Institutions
Province of Québec
1956 - 1961

	Pupils		Diplomas	Certificates
	Day	Night	awarded	awarded
Crafts Schools in Québec				
1955-56	6,684	8,216	.....	1,378
1956-57	6,995	8,473	15	1,415
1957-58	7,804	9,211	10	1,282
1958-59	8,060	9,818	15	1,547
1959-60	7,335	9,275	1	1,755
1960-61	7,933	9,601	.....	1,774
Specialized Institutes in Québec				
1956-57	1,006	1,530	47	50
1957-58	1,004	1,820	47	106
1958-59	1,019	1,566	120	42
1959-60	864	2,027	124	42
1960-61	1,022	2,116	128	62
Institutes of Technology in Québec				
1959-60	4,696	6,690	749	950
1960-61	5,619	7,030	773	1,053

(1) Text from the Federal-Provincial Agreement on Technical and Occupational Training, Par. 4-5 Ministry of Youth, Province of Québec.

The Outlook

The different measures adopted by the governments are providing better training in order that the people entering the labour force will be more adequately prepared to participate in the development of an economy from which they are to benefit.

From time to time, and in order to take stock of the situation in the various activities in a province or country, governments do carry on inquiries. In Québec, as in the rest of North America, the government is aware of the rapid changes in technology requiring a properly trained labour force and an adequate educational system. In this regard, the Québec Government has appointed a commission of inquiry to investigate our needs.

In order to encourage yound people to continue to attend school up to the age of eighteen, the Québec government pays each of them $10 dollars a month starting when boys and girls attending school reach the age of sixteen. School attendance is compulsory up to that age.

"In order to step up the training of unemployed workers of all ages, the government will introduce an amendment to the Technical and Vocational Training Assistance Act to increase the contribution to the provinces of the cost of provincial training allowances to unemployed persons from 75 per cent to 90 per cent. The provinces will thus be able to release more funds to support additional training programs.

"To stimulate training in industry, the government will introduce an amendment to the Technical and Vocational Training Assistance Act to provide for an increase in the federal contribution toward the provincial costs of training in industry from 50 per cent to 75 per cent". (1)

Because of the past and present government measures regarding education and training, the Québec labour force should be an additional factor in attracting industries. Prospective investors are thus assured of a labour force adjusting itself continuously to the needs of the market.

(1) The Honourable A. J. MacEachen, Minister of Labour, House of Commons Debates, June 10, 1963.

Percentage of Budget Assigned to Education

PROVINCE OF QUÉBEC

1956 • 18%

1959 • 20%

1960 • 20%

1961 • 23%

1962 • 26%

1963 • 27%

Source: Public Accounts

MANUFACTURING

Québec is actively developing its manufacturing industry on the North American pattern, although one third of the gross value of the province's production is still derived from the development of its natural resources of forestlands, minerals and hydro-electric power.

The Québec manufacturing industry is characterized by the production of non-durable goods. This activity employs 64 per cent of the labor force, (275,000 of a total of 431,000) employed in manufacturing generally. It accounts for 64 per cent of the total value of manufacturing production of $8 billion. The food and beverage industry alone employs approximately 50,000 and had a value of production in excess of $1.6 billion in 1962.

The manufacturing industry generally does not employ a large proportion of the labor force. In 1962, it employed only 27 per cent. The tertiary sector (administration and services) is the largest employer with 50 per cent of the labor force.

The Provincial, Canadian and World Markets

The Québec economy rests on three major categories of industry.

The first of these, centered around the development of natural resources, produces mainly for the international markets. It includes the aluminum industry, the asbestos mines in the Eastern Townships, the Abitibi and Gaspé zinc and copper mines, the forest industry, the paper industry and the iron mining and processing operations of New Québec.

The second category covers the manufacturing of goods for the Canadian market and includes the textile, clothing, leather and tobacco industries. These industries were attracted to Québec by the competitive level of wages and the guarantees of efficient tariff protection.

The third category covers the industries serving the local and provincial markets. These include the food products, the iron and steel, and the printing and publishing industries.

The economic activity in Québec since the war has been largely determined by the characteristics of these industries. Thus were developed very abundant natural resources represented by iron ore reserves, non-ferrous and non-metallic minerals and forest resources.

In recent years, however, there has been a growing tendency towards increased production of durable goods and semi-finished products. This tendency points towards new productive activity which could change the character of the economy.

The copper mines and concentrators at Murdochville and Matagami, the zinc refinery at Valleyfield, the exploitation of lithium and columbium deposits are evidence of this transformation. Equally important is the development of the non-metallic mineral industry whose products — asbestos, concrete, glass, brick — are being increasingly manufactured for local consumption.

The manufacturing industry has also benefited from the activity set in motion by the establishment of iron ore mining and processing complexes at Schefferville, Gagnon, Port-Cartier and other points, and by the construction of railroads which link these centres with St. Lawrence River ports.

The demographic factor has also had a large influence on the direction of economic development. The population of Québec, four million in 1951, had increased to 5.2 million in 1961. This increase was accompanied by a rise in the income of most employees. With a more realistic approach to vocational training programs, the structure of the economy has experienced broad adjustments to increasingly diversified patterns of demand. The result has been a larger and more flexible domestic market.

Factors in Development

In encouraging secondary industry, Québec is trying to promote the establishment of new firms in the less developed areas of the province. Municipalities are authorized, through an Act of Parliament passed in 1961, to establish funds with which to assist new industry to locate within their borders.

Under the terms of this Act, the municipality may use its industrial fund to purchase industrial land or to build industrial facilities for sale or for lease.

Another important contribution to manufacturing expansion and development is the General Investment Corporation. Sponsored by the government and supported by government and private investment capital, it is a source of credit for industry.

The existing abundant and low-cost hydro-electric power, and the potential for the development of new power sites, is another important incentive to industry.

Additional information is contained in this publication — Québec On The Move — on the Act setting up municipal funds, on the General Investment Corporation and on hydro-electric power.

The Québec government is actively engaged in planning the rational development of the economy and every effort is being made to create a more favorable climate for investment, domestic and foreign.

QUÉBEC MANUFACTURING INDUSTRIES*

(1961)

Major groups	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Food and Beverages Industries	2,607	50,084	173,920	874,169	1,366,777
Tobacco Products Industries	21	6,828	29,528	104,901	193,459
Rubber Industries	33	5,703	21,137	31,985	69,726
Leather Industries	303	16,337	43,579	67,472	137,487
Textile Industries	388	38,175	126,915	272,925	504,148
Knitting Mills	206	11,066	29,658	63,004	114,802
Clothing Industries	1,504	56,308	146,608	284,424	522,615
Wood Industries	1,972	23,425	49,020	102,352	191,078
Furniture and Fixtures Industries	715	12,704	40,132	62,437	129,781
Paper and Allied Industries	188	31,724	175,148	367,426	797,815
Printing, Publishing and Allied Industries	994	20,240	89,343	85,813	259,344
Primary Metal Industries	115	18,892	97,547	551,505	808,458
Metal Fabricating Industries	727	26,543	113,695	204,805	408,768
Machinery Industries	94	7,640	32,922	48,727	93,591
Transportation Equipment Industries	110	30,602	146,860	170,397	362,086
Electrical Products Industries	113	23,135	107,913	151,363	323,944
Non-metallic Mineral Products Industries	382	12,358	51,159	68,603	197,670
Petroleum and Coal Products Industries	15	2,937	17,839	296,198	381,058
Chemical and Chemical Products Industries	340	18,742	89,699	165,432	406,438
Misc. Manufacturing Industries	748	14,224	47,904	73,078	160,845
TOTAL	11,575	427,658	1,630,886	4,047,016	7,429,890

*The figures should be considered as preliminary and subject to revisions.

TOTAL CAPITAL AND REPAIR EXPENDITURES OF THE ENTERPRISES

	1961*	1962†	1963‡
QUÉBEC	*(In millions of dollars)*		
Construction	111.4	132.0	115.4
Machinery and Equipment	367.4	400.6	447.4
Total	478.8	532.6	562.8
CANADA			
Construction	403.1	468.0	443.7
Machinery and Equipment	1363.6	1473.3	1585.1
Total	1766.7	1941.3	2028.8

TOBACCO PRODUCTS INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of Dollars)		
Leaf tobacco processing	6	222	673	2,977	6,646
Tobacco products manufacturers	15	6,606	28,855	101,924	186,813
TOTAL	21	6,828	29,528	104,901	193,459

*Actually made †Preliminary ‡Forecasts (Source: Private and Public Investment, Department of Trade and Commerce, Ottawa.)

FOOD AND BEVERAGE INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Slaughtering and meat packing plants	86	5,467	23,331	193,438	239,065
Sausage and sausage casing	25	334	926	4,643	6,493
Poultry processors	37	1,270	2,911	35,545	40,724
Butter and cheese plants	397	2,001	4,891	87,656	103,988
Pasteurizing plants	191	4,413	16,093	75,985	104,538
Condenseries	9	498	1,864	27,300	33,466
Ice cream manufacturers	7	238	809	2,548	4,675
Fish products industry	58	1,050	1,495	3,941	6,580
Fruit and vegetable canners and preservers	108	2,852	7,503	32,708	53,078
Feed manufacturers	465	2,631	8,178	76,743	98,033
Flour mills	4	676	3,259	39,056	48,568
Biscuit manufacturers	17	2,769	8,251	18,649	37,943
Bakeries	852	11,013	33,255	50,695	109,017
Confectionery manufacturers	66	2,595	8,138	21,117	41,351
Macaroni manufacturers	4	358	1,074	3,851	7,234
Misc. food manufacturers	85	3,066	10,621	79,789	131,050
Soft drink manufacturers	171	2,780	10,580	20,288	70,895
Distilleries	6	1,588	7,912	15,470	57,651
Breweries	5	2,329	12,902	15,338	61,590
Others: Animal oils and fats — process cheese — Breakfast cereal — Sugar refineries — Vegetable oil — Wineries	14	2,156	9,927	69,409	110,838
TOTAL	2,607	50,084	173,920	874,169	1,366,777

TOTAL CAPITAL AND REPAIR EXPENDITURES IN FOOD AND BEVERAGE INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	22.7	17.0	17.2
Machinery and Equipment	42.4	40.0	37.1
Total	65.1	57.0	54.3
CANADA			
Construction	72.2	69.9	60.6
Machinery and Equipment	168.6	157.3	148.8
Total	240.8	227.2	209.4

RUBBER INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Rubber footwear manufacturers	4	2,930	9,431	9,602	24,429
Other rubber industries	29	2,773	11,706	22,383	45,297
TOTAL	33	5,703	21,137	31,985	69,726

TOTAL CAPITAL AND REPAIR EXPENDITURES IN RUBBER INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	0.5	0.8	1.0
Machinery and Equipment	3.0	2.5	4.0
Total	3.5	3.3	5.0
CANADA			
Construction	3.5	2.6	3.1
Machinery and Equipment	22.1	25.1	23.6
Total	25.6	27.7	26.7

LEATHER INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Leather tanneries	17	418	1,754	3,745	6,675
Shoe factories	135	11,852	31,356	47,512	96,847
Leather glove factories	27	778	1,939	2,844	6,134
Boot and shoe findings manufacturers	26	1,029	2,838	4,896	9,873
Miscellaneous leather products manufacturers	98	2,260	5,692	8,475	17,958
TOTAL	303	16,337	43,579	67,472	137,487

TOTAL CAPITAL AND REPAIR EXPENDITURES IN LEATHER INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	0.4	0.5	1.1
Machinery and Equipment	2.6	2.7	2.4
Total	3.0	3.2	3.5
CANADA			
Construction	1.2	1.2	1.9
Machinery and Equipment	5.8	5.8	5.1
Total	7.0	7.0	7.0

NON-METALLIC MINERAL PRODUCTS INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Cement manufacturers	5	794	4,050	4,785	31,412
Lime manufacturers	5	201	863	417	2,906
Concrete products manufacturers	207	2,295	7,585	12,356	28,006
Ready-mix concrete manufacturers	34	1,386	6,087	20,257	32,421
Clay products manufacturers (from domestic clays)	13	772	3,077	949	7,906
Clay products manufacturers (from imported clays)	9	632	2,599	1,807	8,217
Stone products manufacturers	58	456	1,545	1,566	4,537
Asbestos products manufacturers	5	1,129	5,410	7,679	18,561
Glass manufacturers	4	2,945	12,721	8,507	28,729
Glass products manufacturers	26	396	1,281	2,036	4,137
Other non-metallic mineral products industries	6	89	388	681	1,365
Others: Gypsum products manufacturers — Refractories manufacturers — Abrasives manufacturers	10	1,263	5,913	7,563	29,473
TOTAL	382	12,358	51,519	68,603	197,670

TOTAL CAPITAL AND REPAIR EXPENDITURES IN NON-METALLIC MINERAL PRODUCTS INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	4.6	4.1	9.8
Machinery and Equipment	21.6	26.8	23.3
Total	26.2	30.9	33.1
CANADA			
Construction	16.1	14.7	20.3
Machinery and Equipment	74.8	78.6	75.3
Total	90.9	93.3	95.6

*Actually made †Preliminary ‡Forecasts

(Source: Private and Public Investment, Department of Trade and Commerce, Ottawa.)

TEXTILE INDUSTRIES
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Cotton yarn and cloth mills	20	12,837	42,318	102,370	178,556
Wool yarn mills	7	168	524	1,467	2,448
Wool cloth mills	25	3,066	10,400	21,039	38,370
Synthetic textile mills	38	10,526	35,956	68,194	132,808
Fibre preparing mills	9	191	631	2,004	3,348
Thread mills	12	1,063	3,308	8,194	13,927
Narrow fabric mills	33	1,737	5,399	9,312	19,686
Carpet, mat and rug industry	4	450	1,184	6,503	9,182
Textile dyeing and finishing plants	35	1,529	5,695	4,053	14,029
Linoleum and coated fabrics industry	9	1,516	6,627	12,401	25,434
Canvas products industry	27	528	1,446	3,192	5,720
Cotton and jute bag industry	12	487	1,465	8,432	11,307
Automobile fabric accessory manufacturers	4	188	460	1,462	2,175
Embroidery, pleating hemstitching man.	77	1,041	2,781	1,662	5,941
Miscellaneous textiles (N.E.S.) (1) industry	73	2,790	8,514	22,147	40,277
Others: Cordage and twine industry — Pressed and punched felt mills	3	58	207	493	940
TOTAL	388	38,175	126,915	272,925	504,148

(1) (N.E.S.) = not elsewhere specified

TOTAL CAPITAL AND REPAIR EXPENDITURES IN TEXTILE INDUSTRY

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	5.2	7.1	7.2
Machinery and Equipment	27.0	30.6	25.3
Total	32.2	37.7	32.5
CANADA			
Construction	9.3	10.4	9.4
Machinery and Equipment	42.3	51.3	49.8
Total	51.6	61.7	59.2

PRINTING, PUBLISHING AND ALLIED INDUSTRIES
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of do'lars)		
Printing and bookbinding	558	6,828	25,724	23,795	67,291
Lithographing	105	2,459	10,913	14,271	34,150
Engraving and duplicate plates	46	1,106	5,672	2,270	10,762
Trade composition or typesetting	18	384	2,100	204	3,297
Publishing only	180	2,270	10,642	19,250	54,492
Printing and publishing	87	7,193	34,292	26,023	89,352
TOTAL	994	20,240	89,343	85,813	259,344

Capital and repair expenditures for printing, publishing and allied industries are included in the group "Miscellaneous Industries", page 7.

WOOD INDUSTRIES
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Sawmills	1,184	12,585	17,825	39,374	74,291
Veneer and plywood mills	23	2,217	6,205	11,751	22,443
Sash and door and planing mills	595	5,110	15,199	37,230	64,577
Hardwood flooring	9	631	1,888	4,277	8,146
Wooden box factories	44	894	2,174	2,784	6,053
Coffin and casket industry	23	503	1,515	1,687	4,305
Wood handles and turning	39	589	1,445	2,123	4,248
Woodenware	11	318	680	995	2,093
Cooperage	3	46	107	297	481
Miscellaneous wood industries (N.E.S.) (1)	41	532	1,982	1,834	4,441
TOTAL	1,972	23,425	49,020	102,352	191,078

(1) (N.E.S.) = not elsewhere specified

TOTAL CAPITAL AND REPAIR EXPENDITURES IN WOOD INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	2.5	2.4	1.4
Machinery and Equipment	9.4	8.5	5.7
Total	11.9	10.9	7.1
CANADA			
Construction	19.4	16.1	13.8
Machinery and Equipment	60.6	56.5	61.9
Total	80.0	72.6	75.7

FURNITURE AND FIXTURES INDUSTRIES
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Household furniture industry	510	7,527	23,296	36,272	75,450
Office furniture industry	20	1,092	3,931	4,753	10,992
Other furniture industries	152	3,491	11,376	17,285	36,434
Electric lamp and shade industry	33	594	1,529	4,127	6,905
TOTAL	715	12,704	40,132	62,437	129,781

TOTAL CAPITAL AND REPAIR EXPENDITURES IN FURNITURE AND FIXTURES INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	0.7	1.9	2.0
Machinery and Equipment	2.5	2.8	2.4
Total	3.2	4.7	4.4
CANADA			
Construction	2.2	3.0	4.0
Machinery and Equipment	5.9	6.3	6.7
Total	8.1	9.3	10.7

*Actually made †Preliminary ‡Forecasts (Source: Private and Public Investment, Department of Trade and Commerce, Ottawa.)

PAPER AND ALLIED INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Pulp and paper mills	52	22,455	141,283	259,268	620,710
Asphalt roofing manufacturers	6	1,008	4,523	9,922	18,442
Folding box and set-up box manufacturers	43	2,367	8,120	16,174	29,975
Corrugated box manufacturers	8	1,881	7,350	27,948	42,448
Paper bag manufacturers	25	1,863	6,310	29,020	41,087
Other paper converters	54	2,150	7,562	25,094	45,153
TOTAL	188	31,724	175,148	367,426	797,815

TOTAL CAPITAL AND REPAIR EXPENDITURES IN PAPER AND ALLIED INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		(In millions of dollars)	
Construction	16.9	11.4	12.2
Machinery and Equipment	79.8	84.1	113.6
Total	96.7	95.5	125.8
CANADA			
Construction	46.3	49.9	53.8
Machinery and Equipment	225.7	232.5	324.7
Total	272.0	282.4	378.5

PRIMARY METAL INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Iron and steel mills	10	2,552	12,146	19,737	44,868
Steel pipe and tube mills	4	373	1,999	14,490	18,209
Iron foundries	43	1,644	6,566	9,391	21,055
Smelting and refining	10	10,906	60,400	424,255	618,800
Aluminum rolling, casting and extruding	11	1,978	10,109	34,412	43,172
Copper and alloy rolling casting and extruding	22	1,066	4,790	42,927	52,713
Metal rolling, casting and extruding	15	373	1,537	6,293	9,641
TOTAL	115	18,892	97,547	551,505	808,458

TOTAL CAPITAL AND REPAIR EXPENDITURES IN PRIMARY METAL INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		(In millions of dollars)	
Construction	9.8	21.1	16.9
Machinery and Equipment	34.9	51.4	75.4
Total	44 7	72.5	92.3
CANADA			
Construction	52.0	82.7	60.6
Machinery and Equipment	228.6	297.5	303.1
Total	280.6	380.2	363.7

TRANSPORTATION EQUIPMENT INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Aircraft and parts manufacturers	25	15,239	80,035	93,629	195,771
Motor vehicle manufacturers	3	540	2,376	3,987	8,077
Truck body and trailer manufacturers	20	358	1,180	1,550	4,174
Motor vehicle parts and accessories manu.	9	210	754	1,075	2,320
Railroad rolling-stock industry	6	7,650	33,679	46,718	83,906
Shipbuilding and repair	10	6,168	27,478	20,334	61,223
Boatbuilding and repair	33	191	512	884	1,937
Miscellaneous vehicle manufacturers	4	246	846	2,220	4,678
TOTAL	110	30,602	146,860	170,397	362,086

TOTAL CAPITAL AND REPAIR EXPENDITURES IN TRANSPORTATION EQUIPMENT INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		(In millions of dollars)	
Construction	4.3	4.2	4.3
Machinery and Equipment	15.1	9.8	10.6
Total	19.4	14.0	14.9
CANADA			
Construction	24.4	20.9	26.8
Machinery and Equipment	63.4	67.6	65.6
Total	87.8	88.5	92.4

ELECTRICAL PRODUCTS INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Manufacturers of small electrical appliances	7	572	2,181	2,883	7,344
Manufacturers of major appliances (electric and non-electric)	12	2,717	11,039	22,498	42,904
Manufacturers of household radio and television receivers	10	1,531	8,966	21,777	36,124
Communications equipment manufacturers	23	11,036	54,953	25,746	91,274
Manufacturers of electrical industrial equipment	15	1,527	6,751	8,429	18,144
Battery manufacturers	4	247	1,078	2,041	3,633
Manufacturers of electric wire and cable	6	2,646	13,571	45,516	76,039
Manufacturers of miscellaneous electrical products	36	2,859	9,374	22,473	48,482
TOTAL	113	23,135	107,913	151,363	323,944

TOTAL CAPITAL AND REPAIR EXPENDITURES IN ELECTRICAL PRODUCTS INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		(In millions of dollars)	
Construction	3.5	4.6	3.6
Machinery and Equipment	13.3	16.8	18.9
Total	16.8	21.4	22.5
CANADA			
Construction	11.0	14.2	10.6
Machinery and Equipment	38.7	46.2	56.5
Total	49.7	60.4	67.1

*Actually made †Preliminary ‡Forecasts (Source: Private and Public Investment, Department of Trade and Commerce, Ottawa.)

METAL FABRICATING INDUSTRIES
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Boiler and plate works	13	1,207	4,629	15,829	23,016
Fabricated structural metal industry	17	4,088	19,436	34,532	62,650
Ornamental and architectural metal industry	204	3,001	11,397	18,532	35,748
Metal stamping, pressing and coating industry	129	5,558	24,142	45,595	96,774
Wire and wire products manufacturers	52	3,937	18,605	45,623	76,009
Hardware, tool and cutlery manufacturers	68	2,041	7,912	10,803	33,500
Heating equipment manufacturers	25	1,513	6,084	8,618	20,826
Machine shops	167	2,201	8,494	8,632	21,705
Miscellaneous metal fabricating industries	52	2,988	12,996	16,641	38,540
TOTAL	727	26,534	113,695	204,805	408,768

TOTAL CAPITAL AND REPAIR EXPENDITURES IN METAL FABRICATING INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	3.0	3.2	3.5
Machinery and Equipment	12.7	15.4	15.0
Total	15.7	18.6	18.5
CANADA			
Construction	13.6	16.7	12.6
Machinery and Equipment	53.2	61.2	60.6
Total	66.8	77.9	73.2

MACHINERY INDUSTRIES (EXCEPT ELECTRICAL MACHINERY)
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Agricultural implement industry	11	296	898	943	2,991
Miscellaneous machinery and equipment manufact.	71	6,859	30,109	45,820	83,644
Commercial refrigeration and air conditioning equipment manufacturers	7	167	765	755	1,966
Office and store machinery manufacturers	5	318	1,150	1,209	4,990
TOTAL	94	7,640	32,922	48,727	93,591

TOTAL CAPITAL AND REPAIR EXPENDITURES IN THE MACHINERY INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	0.9	0.9	2.1
Machinery and Equipment	3.6	4.8	5.2
Total	4.5	5.7	7.3
CANADA			
Construction	8.4	7.0	13.3
Machinery and Equipment	25.4	23.3	27.9
Total	33.8	30.3	41.2

PETROLEUM AND COAL PRODUCTS INDUSTRIES
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Petroleum refining	6	2,789	17,159	290,442	370,800
Others: Manufacturers of lubricating oils and greases — Other petroleum and coal products industries	9	148	680	5,756	10,258
TOTAL	15	2,937	17,839	296,198	381,058

TOTAL CAPITAL AND REPAIR EXPENDITURES IN PETROLEUM AND COAL PRODUCTS INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	13.2	17.3	14.2
Machinery and Equipment	2.8	3.3	3.2
Total	16.0	20.6	17.4
CANADA			
Construction	54.0	75.8	73.4
Machinery and Equipment	8.4	12.8	12.6
Total	62.4	88.6	86.0

CHEMICAL AND CHEMICAL PRODUCTS INDUSTRY
(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Explosives and ammunition manufacturers	7	3,788	17,662	18,407	44,341
Manufacturers of mixed fertilizers	6	442	2,442	9,646	13,895
Manufacturers of plastics and synthetic resins	8	1,714	9,738	25,022	51,667
Manufacturers of phamaceuticals and medicines	80	3,346	14,478	23,183	74,924
Paint and varnish manufacturers	39	2,231	9,781	21,415	45,432
Manufacturers of soap and cleaning compounds	41	476	1,883	5,447	12,631
Manufacturers of toilet preparations	25	933	3,618	7,823	25,864
Manufacturers of industrial chemicals	33	4,184	23,410	37,301	97,747
Manufacturers of printing inks	7	189	844	1,784	4,259
Other chemical industries (N.E.S.) (1)	94	1,439	5,843	15,404	35,678
TOTAL	340	18,742	89,699	165,432	406,438

(1) (N.E.S.) = not elsewhere specified

TOTAL CAPITAL AND REPAIR EXPENDITURES IN CHEMICAL AND CHEMICAL PRODUCTS INDUSTRY

	1961*	1962†	1963‡
QUÉBEC		*(In millions of dollars)*	
Construction	12.3	26.8	12.1
Machinery and Equipment	33.6	28.1	40.8
Total	45.9	54.7	52.9
CANADA			
Construction	45.8	54.7	52.0
Machinery and Equipment	140.0	102.6	140.8
Total	185.8	157.3	192.8

*Actually made †Preliminary ‡Forecasts

(Source: Private and Public Investment, Department of Trade and Commerce, Ottawa.)

MISCELLANEOUS MANUFACTURING INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Instrument and related products manufacturers	23	1,776	8,340	15,579	28,256
Clock and watch manufacturers	11	172	610	1,479	2,724
Orthopedic and surgical appliance manufacturers	5	28	122	61	303
Ophthalmic goods manufacturers	19	220	633	993	1,982
Dental laboratories	147	383	1,447	679	2,581
Jewellery and silverware manufacturers	88	1,353	4,434	6,764	13,971
Broom, brush and mop manufacturers	40	444	1,158	1,988	3,798
Venetian blind manufacturers	23	140	444	981	1,912
Plastic fabricators (N.E.S.) (1)	82	2,462	8,079	20,115	38,971
Sporting goods industry	30	912	2,474	2,894	6,467
Toys and games industry	16	706	1,726	3,080	7,004
Fur dressing and dyeing industry	8	617	2,471	876	4,580
Signs and displays industry	66	644	2,524	1,998	5,992
Button, buckle and fastener industry	32	937	2,528	3,675	8,339
Candle manufacturers	11	224	792	1,176	2,924
Hair goods manufacturers	3	28	64	164	243
Artificial flowers and feathers manufacturers	19	212	512	544	1,529
Model and pattern manufacturers	19	127	480	196	909
Musical instruments and sound recording industry	10	654	2,230	1,826	6,215
Typewriter supplies manufacturers	3	71	226	511	1,039
Fountain pen and pencil manufacturers	9	471	1,473	2,887	6,168
Smokers' supplies manufacturers	4	13	30	10	50
Stamp and stencil manufacturers (rubber and metal)	16	196	718	452	1,572
Statuary, art goods, regalia and novelty manufacturers	44	320	806	576	1,698
Umbrella manufacturers	4	89	232	480	893
Artificial ice manufacturers	4	32	97	24	241
Other miscellaneous industries	12	993	3,254	3,070	10,484
TOTAL	748	14,224	47,904	73,078	160,845

(1) (N.E.S.) = not elsewhere specified

TOTAL CAPITAL AND REPAIR EXPENDITURES IN MISCELLANEOUS MANUFACTURING INDUSTRIES

	1961*	1962†	1963‡
QUÉBEC	*(In millions of dollars)*		
Construction	8.1	6.8	5.3
Machinery and Equipment	53.9	63.5	58.2
Total	62.0	70.3	63.5
CANADA			
Construction	19.6	24.8	25.3
Machinery and Equipment	185.5	232.2	209.7
Total	205.1	257.0	235.0

KNITTING MILLS

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Hosiery mills	114	5,155	13,665	22,412	47,570
Other knitting mills	92	5,911	15,993	40,592	67,232
TOTAL	206	11,066	29,658	63,004	114,802

CLOTHING INDUSTRIES

(1961)

Industries	Number establishments	Number of employees	Salaries and wages	Cost of materials used	Value of shipments
			(In thousands of dollars)		
Men's clothing factories	275	14,657	40,385	90,980	154,395
Men's clothing contractors	122	5,029	10,245	1,326	14,008
Women's clothing factories	409	17,499	49,591	110,125	196,434
Women's clothing contractors	167	4,899	9,141	909	12,559
Children's clothing industry	136	6,221	14,537	35,519	59,259
Fur goods industry	262	2,101	7,731	23,375	36,434
Hat and cap industry	63	2,025	5,757	6,948	16,599
Foundation garment industry	26	2,664	6,343	9,685	22,657
Fabric glove manufacturers	8	547	1,157	2,202	3,997
Miscellaneous clothing (N.E.S.) (1) industry	36	666	1,721	3,355	6,273
TOTAL	1,504	56,308	146,608	284,424	522,615

(1) (N.E.S.) = not elsewhere specified

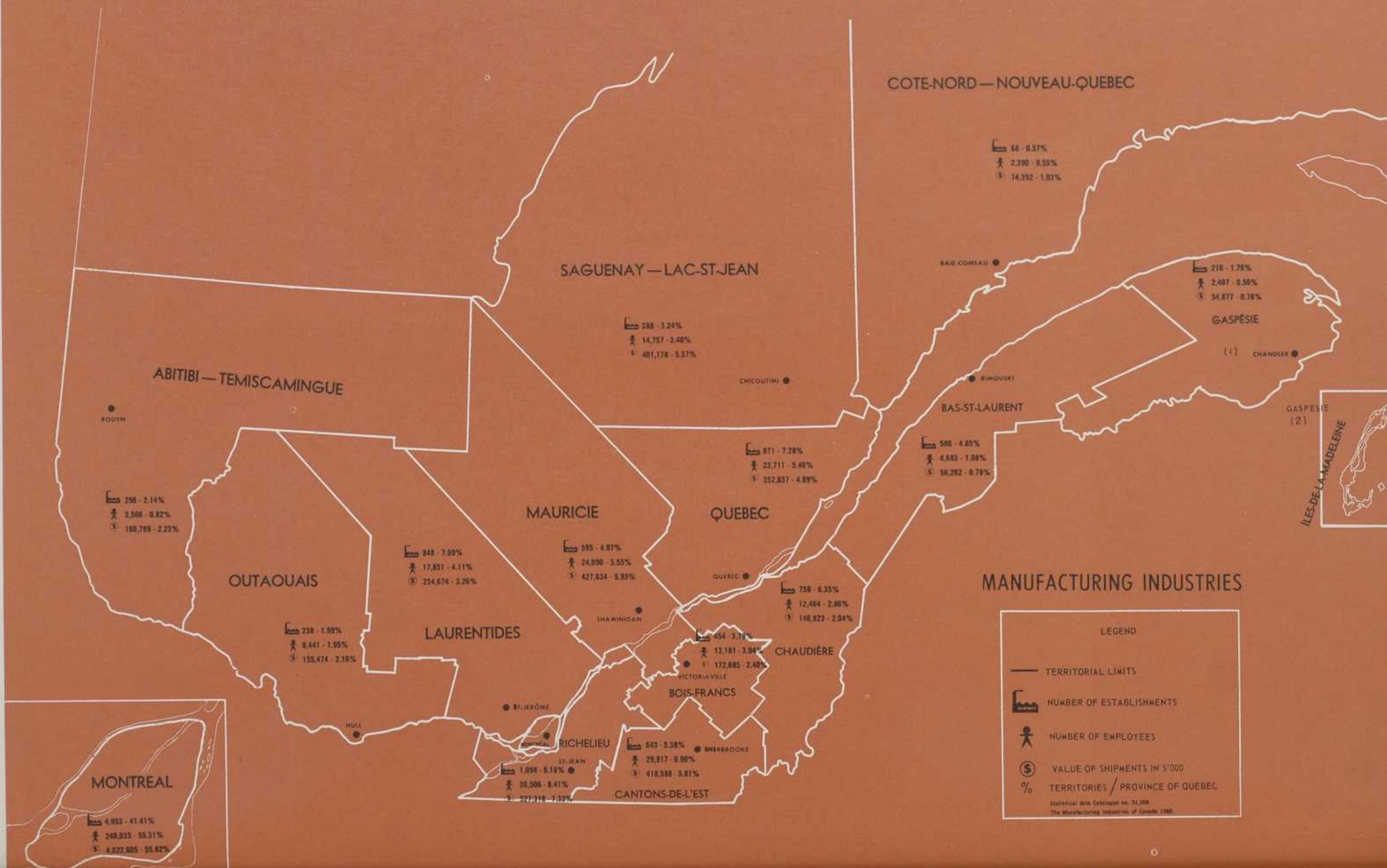
TOTAL CAPITAL AND REPAIR EXPENDITURES IN CLOTHING INDUSTRIES AND KNITTING MILLS

	1961*	1962†	1963‡
QUÉBEC	*(In millions of dollars)*		
Construction	2.8	2.1	1.5
Machinery and Equipment	9.2	9.5	6.3
Total	12.0	11.6	7.8
CANADA			
Construction	4.1	3.4	2.2
Machinery and Equipment	14.6	16.5	12.4
Total	18.7	19.9	14.6

*Actually made †Preliminary ‡Forecasts

(Source: Private and Public Investment, Department of Trade and Commerce, Ottawa.)

Territories of Industrial Development in Québec



THE MARKET

The Province of Québec is the second most important market in Canada. According to the 1961 census, some of its main characteristics are as follows:

		% of total Canadian pop.
Total population	5,259,211	29.0
Canadian population of French origin	4,241,354	—
Retail sales	$4,108,000,000	24.66
Purchasing power	$6,453,000,000	25.26

a) It is a bilingual market, predominantly French;
   62% of the population speaks only French;
   26% speaks both French and English;
   12% speaks only English.

b) Marketing means and methods differ only slightly from those elsewhere in the Western World.

The techniques used to reach the Québec market are, for the most part, the same as those employed elsewhere in Canada and the United States. Specialists in marketing are readily available to advise foreign producers wishing to locate plants in Québec.

The present size and continuing growth of the Québec market will support new manufacturing activity until volumes can be built up enough to permit entry into other Canadian markets or into export markets. The densely populated New York market is only hours distant by air, over-night by rail.

A survey by the Dominion Bureau of Statistics in 1959 showed that the average Québec family spent:

$1,480 a year for food. The national average was $1,323;

$603 a year for clothes. The national average was $508;

$1,442 for cars and accessories. The national average was $1,598.

A new survey will show these figures revised substantially upwards reflecting both the increase in population and in spending power which has since taken place. The rapid rate of growth in retail sales is an indication of higher incomes and larger potential market than population figures by themselves suggest.

The essentially urban character of the Québec market is apparent in the population shifts which took place during the ten years 1951-1961 and which are still continuing. In that period, the population increased from 4,055,681 to 5,259,211. Urban dwellers increased from 2,697,318 to 3,906,404 while rural dwellers were reduced from 1,358,363 to 1,352,807.

The rate of increase in spending power is apparent in the rise from $1,072 per capita in 1956 to $1,230 in 1961, and the increase in retail sales from $702 per capita to $780.

Changes in the living standards of the market over the same period are apparent in the following table:

Dwellings equipped with	Québec 1961 ('000)	% to total	1951 ('000)	% to total
Telephone	980	84.3	499	58.2
Radio	1,134	97.6	802	93.5
Television set	1,012	87.0	......	....
Automobile	655	56.4	231	27.0
Electric washing machine	1,034	89.0	645	75.1
Electric vacuum cleaner	684	58.9	283	33.0

THE MARKET OF THE PROVINCE OF QUÉBEC

Principal Statistics

Table 1 — POPULATION

	1961	1956	1951
Total	5,259,211	4,628,378	4,055,681
Rural	1,352,807	1,387,540	1,358,363
Urban	3,906,404	3,240,838	2,697,318
Male	2,631,856	2,317,677	2,022,127
Female	2,627,355	2,310,701	2,033,554
By age groups			
0-14	1,863,395	1,621,586	
15-24	837,059	723,437	
25-44	1,401,559	1,294,707	
45-64	850,897	724,625	
65	306,301	264,023	

TABLE 2

RACIAL ORIGINS OF THE POPULATION

	1961	% to total	1951	% to total
Main ethnic groups				
French	4,241,354	80.6	3,327,128	82.0
British	567,057	10.8	491,818	12.1
Italians	108,552	2.1	34,165	0.8
Jewish	74,677	1.4	73,019	1.8
Germans	39,457	0.8	12,249	0.3
Polish	30,790	0.6	16,998	0.4
Indians and Eskimos	21,343	0.4	16,620	0.4
Ukrainians	16,588	0.3	12,921	0.3
Asiatic	14,801	0.3	7,714	0.2
Russians	13,694	0.3	7,909	0.2
Scandinavians	11,295	0.2	5,390	0.1
Dutch	10,442	0.2	3,129	0.1

TABLE 3 — VITAL STATISTICS

	Births	Deaths	Natural Increase	Marriages
1956	135,245	33,502	101,743	36,930
1957	142,299	36,128	106,171	39,105
1958	144,459	33,912	110,547	37,810
1959	147,883	35,060	112,823	34,476
1960	138,270	35,348	102,932	37,815
1961	135,933	35,019	100,914	34,985

TABLE 4 — DWELLINGS

	1961	1956	1951
Families	1,103,822	970,414	856,041
Dwellings	1,162,000	1,001,264	858,784

Dwellings in 1961	Total	% to total
Owner — occupied	586	50.4
Single detached	439	37,8
Single attached	79	6.8
Apartment buildings	644	55.4

TABLE 5 — BUILDING

	1961	1960	1959
Value of building permits ($000)	520,729	464,676	546,814
Number of dwellings built	31,756	31,311	38,920
Urban	27,946	28,245	35,176
Rural	3,810	3,066	3,744

BASIC STATISTICS

FOR THE BUILDING INDUSTRY

	Number of workers	Salaries and wages	Total Value
		(In thousands	*of dollars)*
1962	140,871	598,747	1,821,187
1961	131,381	557,136	1,690,904
1960	129,350	543,343	1,654,161
1959	142,154	567,179	1,772,322
1958	144,405	537,707	1,732,647
1957	146,727	528,953	1,661,552
1956	148,243	493,979	1,545,700

TABLE 6

TAXPAYERS CLASSIFIED ACCORDING TO ANNUAL INCOME

Income	Number in 1959	% to Canada
Under $1,100	3,383	15.03
$1,100 - $2,000	175,514	27.44
2,000 - 3,000	218,661	24.66
3,000 - 4,000	245,030	24.19
4,000 - 5,000	176,720	23.37
5,000 - 6,000	85,375	21.48
6,000 - 7,000	39,065	19.96
7,000 - 8,000	22,694	22.31
8,000 - 9,000	13,647	22.82
9,000 - 10,000	8,881	23.30
10,000 - 15,000	18,625	24.27
15,000 - 20,000	5,933	24.33
20,000 - 25,000	2,448	24.41
25,000 and over	4,428	27.19
Total	1,018,021	24.00
Total income ($'000)	4,121,049	23.62
Average income $	4,048	....
Total collected tax ($'000)	314,250	19.89
Average — Collected tax $	309	....

TABLE 7 — RETAIL SALES
(In millions of dollars)

	1961	1960	1959
Grocery and combination stores	1,008.9	973.2	931.3
Other food and beverages stores	350.1	345.5	325.8
General stores	111.9	108.0	106.1
Department stores	266.5	251.4	240.8
Variety stores	101.4	94.1	87.1
Motor vehicle dealers	565.9	537.9	523.0
Garages and filling stations	279.9	274.2	258.6
Men's clothing stores	80.9	76.5	68.6
Women's clothing stores	82.8	78.1	74.1
Family clothing stores	87.0	81.4	82.0
Shoe stores	50.9	49.7	42.9
Hardware	79.9	72.2	71.3
Lumber and other building materials	80.1	76.9	92.7
Furniture, appliances and radios	180.3	173.2	173.0
Restaurants	147.2	151.2	148.9
Fuel	95.1	94.2	96.2
Drug stores	95.8	92.5	88.8
Jewellery stores	30.5	28.1	28.6
Miscellaneous	413.6	386.0	427.5
Total	4,108.9	3,944.3	3,877.6

The Regional Markets

- The Province of Québec, as a provincial market, presents a certain uniformity. However, it is divided among ten regions each with its different characteristics.

- Alone, the Montréal region accounts for more than 50% of the Québec market. The other market regions of the Province vary in relative importance.

MAJOR MARKETS

Metropolitan Montréal (region 7) includes Ile de Montréal and Ile Jésus counties and Chambly county.

Montréal (region 6) includes the counties of Argenteuil, Bagot, Beauharnois, Châteauguay, Deux-Montagnes, Huntingdon, Iberville, Joliette, Labelle, Laprairie, L'Assomption, Missisquoi, Montcalm, Napierville, Richelieu, Rouville, Soulanges, St. Hyacinthe, St. Jean, Terrebonne, Vaudreuil, Verchères, Yamaska.

Québec (region 3) includes the counties of Beauce, Bellechasse, Charlevoix, Dorchester, Lévis, Lotbinière, Montmorency, Portneuf, Québec.

OTHER MARKETS

The Eastern Townships (region 5) include the following counties: Arthabaska, Brome, Compton, Drummond, Frontenac, Mégantic, Richmond, Shefford, Sherbrooke, Stanstead, Wolfe.

Trois-Rivières (region 4) includes the counties of Berthier, Champlain, Maskinongé, Nicolet, St. Maurice.

Saguenay and Lac St. Jean (region 2) include: Chicoutimi and Lac St. Jean.

Gaspésie and South Shore (region 1) include: Bonaventure, Gaspé, Kamouraska, L'Islet, Matane, Montmagny, Rimouski, Témiscouata.

Outaouais (region 8) which comprises the counties of Hull, Papineau and Pontiac.

Abitibi-Témiscamingue (region 9) including Abitibi and Témiscamingue counties.

Côte-Nord and New Québec (region 10) including Saguenay county and New Québec.

TABLE 8

THE TEN MARKETS OF QUÉBEC — STATISTICS

Region	Population ('000) 1st June 1962	Growth Index 10 years %	% to total of the province	Retail Sales 1961 ($ millions)	% to total of the province	Retail Sales per person $	Buying power 1961 ($ millions)	% to total of the province	Buying power $ per person
1 — Gaspésie South Shore	399.1	4	7.43	154.3	3.75	390	255.2	3.95	640
2 — Saguenay Lac St-Jean	267.1	25	4.98	147.6	3.59	560	269.4	4.17	1,030
3 — Québec	652.6	20	12.15	434.2	10.57	670	648.7	10.05	990
4 — Trois-Rivières	303.7	13	5.66	181.3	4.42	600	306.7	4.76	1,010
5 — Eastern Townships	465.9	14	8.67	272.0	6.61	580	464.1	7.18	1,000
6 — Montréal	756.0	36	14.08	448.2	10.90	590	787.8	12.21	1,040
7 — Metropolitan Montréal	2,077.7	43	49.90	2,203.2	53.63	1,060	3,255.1	50.45	1,570
8 — Outaouais	185.3	27	3.46	103.4	2.52	560	200.4	3.11	1,080
9 — Abitibi - Témiscamingue	170.3	15	3.17	114.8	2.79	670	184.7	2.87	1,080
10 — North Shore New Québec	86.5	104	1.61	36.4	0.89	440	80.9	1.25	990

THE PLAN

Planning and Economic Advisory Council

The organization of economic activity is so complex and social needs of men are so numerous in modern society that the Government must take measures to reduce to a minimum the margin for risk and uncertainty. The modern state cannot rely only upon the resources of free enterprise to ensure prosperity, to favor full employment, to stimulate economic growth and to be vigilant in maintaining the material welfare of all its citizens. The state must also play an active role in the pursuit of these aims.

The state's intervention, however, is not intended to limit the spirit of initiative in individuals and enterprises. Still less is it intended to deny the liberty of citizens. The state, responsible as it is for the general welfare, already intervenes in the economy by its laws, decrees, rulings and boards so that it may coordinate business activity, regulate commerce, protect consumers, direct the development of natural resources and facilitate the introduction of new industries.

The state has been obliged to reconsider its role during the last fifteen years as a result of the many new factors which have entered into and have influenced economic development and which have altered, in particular, the classic notions of production and labor. It has found, in this process of reconsideration, that it must strengthen its intervention in some areas, readapt it to new circumstances in others.

The concept of planning has emerged from these requirements. Planning was greeted with scepticism at first in the western world. Now it is making progress in several countries. The fears which it inspired arose mainly in the possibilities for abuse of the planning powers entrusted to the state. These fears have since been dissipated in the manner in which planning has conformed with the basic principles of democratic action.

Planning is not an end in itself. It is a means of making the most effective contribution to full employment and of ensuring continued and steady growth for the Québec economy. It does not dispense the State and the citizens of daily work and constant efforts but it does channel energies and open prospects which envigorate a society.

What is Planning?

The notion of planning is relatively new to the Province of Québec. It is easier to describe it in general terms than to attempt to define it specifically. The use of planning varies from one country to the next according to the political systems of each country and the particular problems which have to be resolved.

It remains however that planning is a science or better an art which calls upon the different sciences and which has as its object the establishment of economic programs comprising not only the indication of objectives to be reached but also the forecast as to the different stages of financing and the accomplishment of the objectives foreseen.

In the Province of Québec, the economists who have studied all its aspects see in planning. "... the coherent action undertaken at the direction or with the co-operation of the Government by the whole community anxious to reach collectively economic or social aims which will increase the general level of welfare."

If it is true, according to the old adage, that "to govern is to foresee", it is equally true that "to foresee is to plan".

Before planning can be done, however, it is necessary to know all the data relating to economic problems, determine the characteristics of the various sectors of the economy, know what it possesses and what it lacks, determine its weaknesses and its strengths, enumerate the courses of action that are immediately available and acquire those which are needed. Once this inventory is completed, its findings must be arranged and co-ordinated into an overall plan — the final outcome of this process of lengthy research, continuous consultation and thoughtful consideration of every detail. An undertaking of such scope could not be done by a single departmental committee, even though it were to be composed of the most knowledgeable specialists.

How to Go About Planning

Having recognized the necessity of planning, the Québec Government established an organization to undertake the mission of preparing "the plan of the economic organization of the province with a view to the most complete utilization of material and human resources." Created through an Act which was passed on February 22nd, 1961, the Economic Advisory Council set to work without delay. The Council was conceived as an agency for study, research and consultation in economic questions, rather than as an autonomous board or crown corporation invested with all the powers that planning implies. Though it has authority to constitute a management committee made up from special study committees and may pass regulations for internal administration, the Council nevertheless remains what its name implies, an advisory body.

It relies upon the different services already available in government departments for many of its requirements. It makes every effort to profit fully from the facilities of the Government. It carefully avoids duplication of effort.

For instance, if the Council knows that a study is being made within the Department of Industry and Commerce on some aspect of the economy, it will wait for the results of that study rather than initiate its own research. If, on the other hand, it learns that a private company is making a survey, the Council will obtain a copy of the findings and, having checked them, make use of them for its own purposes. The Council at all times may advise the government or direct attention to its findings to help Ministers establish precise policies which conform to the requirements of both the present and the future.

The Accomplishments of the Council

The Economic Advisory Council, since its establishment, has participated in special research undertakings and has set up study and consultation mechanisms directed towards the preparation of the first economic development plan. It contributed in large measure to the research which was preliminary to three major undertakings: a) the nationalization of hydro-electric power; b) the establishment of the General Investment Corporation; c) the eventual creation of a steel complex.

To accomplish these tasks, the Council has worked in close co-operation with the specialists in several government agencies. The Council, however, was not set up to examine and solve problems one by one as they were submitted. Its essential role is to devise the plan for the economic organization of the province.

In pursuing this purpose, the Council has already published an important basic document in which the necessity of economic planning to resolve Québec's economic problems is established. At the same time, the document shows that while the initiative for planning comes from the Government, the Government must encourage the collaboration of all agencies of economic activity (intermediary bodies) including the unions, industrialists, businessmen, financiers, professional men in both the universities and in private practice.

It also points out that Québec has at its disposal sufficient means to exercise its action on its economy, describes the administrative structures within which planning shall be conceived, discussed and set up, specifies the general objectives of planning, and finally enumerates the work methods which it intends to use.

In What Sense Can One Plan

Two major questions presented themselves to the Economic Advisory Council from the outset:

1) Is it possible for Québec to prepare a plan within the Canadian confederation?

2) What methods should be employed to give an indicative value to the plan?

The answers to these questions give both the direction of planning and how it will be implemented in the province.

A study group of specialists from government departments and economists answered the first question in the affirmative. They found the question difficult to answer in that Québec has not the jurisdiction over monetary policy, tariffs and taxation which is needed to implement planning in the broadest possible application. In spite of these limitations, the Economic Advisory Council concluded that the provincial government possessed sufficient other means to implement planning to permit it to proceed.

Actually, there are several practical courses, of a complementary nature, which the provincial government can follow. The Council has recommended sharing certain powers with the Federal Government. In other instances, a policy of consultation is recommended through which the Federal Government would be advised to adopt measures appropriate to Québec's requirements. In fiscal matters, Québec has already recovered some tax jurisdictions and intends to recover still more, permitting it to act more directly to influence the growth of the economy.

Finally, the Québec government — through its jurisdiction over natural resources, fiscal policies, creation of social and industrial funds, investment and development measures — can exercise its authority to the extent that is required to implement its plan. Insofar as monetary and tariff measures are concerned, the Economic Advisory Council has set up an economic policy committee whose role will be to study means for exchange of views and co-operation with the Federal Government.

The answer to the second question derives in part from the results of studies made of the planning done in other countries.

Carefully Graduated Steps

The preparation of the plan for Québec has been undertaken in four stages. The first stage is represented by preliminary studies which include assembling statistical data and all other information about the economy which is needed for planning. Having obtained this basic information, the Government will then be in a position to state its objectives. This is the second stage. It is up to the Cabinet once these goals have been made precise to issue general directives. Neither of these first two stages will require the collaboration of a large number of people. At the third stage, during which the details of the plan are worked out, the circle of collaborators must be greatly widened.

As the Council has repeated on several occasions, planning should be democratic in character. This means entering into numerous consultations with management, labor, farm groups and other agents of economic activity. These will be asked to give their opinions of the objectives of the plan to the extent they have been defined on a provisional basis by the Government during the first two stages. The Council will then decide, if necessary, to what extent the stated objectives should be modified, even deferred, or given different priorities. It will also be necessary, at this stage, to recognize and understand the different methods to be employed to achieve objectives.

The third stage will be the stage in which the plan will take on its final form through a process of consultation and acceptance of objectives and the means to achieve them.

The fourth stage is that of final acceptance of the plan by the cabinet and subsequently by the Legislative Assembly. The legislators have the right, upon presentation of the plan, to suggest modifications or draw attention to difficulties which the planners may have under-estimated.

The implementation of the plan, by the passage of the specific measures needed for its success and by the concerted action of all those affected by the plan, will be, in effect, the fifth stage.

It is important to note that in the progress through these stages, the study groups and committees constituted by the Council will be continuously at work and, in the process, further developing the system of collaboration with government departments.

While one plan is being put into effect (the first plan is scheduled over a six-year period, subsequent plans over five-year periods) the next plan will be in preparation. The Council will not only have to prepare and set in motion the first plan; it must also be preparing for the plan to follow.

Two types of study groups are elaborating the plan: the vertical groups and the horizontal groups. The first study precise sectors of economic activity in depth and in their entirety while the horizontal groups are particularly occupied with problems which are common to all the vertical sectors. Thus the problem of finance and that of labour must be the object of horizontal studies because they are common to all sectors of economic life. On the other hand, the forest, agriculture and other sectors are clearly vertical because each forms a distinct and complete subject. To ensure the necessary liaison between the works of each group the Council has created a work group called the "Equilibrium group".

Québec's Plan 1: 1965 to 1970

On April 5, 1963, the Prime Minister, who is also Minister of Finance, announced in his budget speech for the fiscal year 1963-64 that Plan 1 would start in 1965 and that it would be spread over a six-year period. Plan 1 is to be divided into two three-year periods: Plan 1 A bearing on the years 1965-66-67 and Plan 1 B on the years 1968-69-70. It is generally understood that subsequent plans will be five year plans. Plan 2, for example, will start in 1971 and conclude in 1975.

Phase A which covers the period from 1965 to 1967 inclusively is called "Institutional" or "Legislative". It will not be the object of a "law of the plan". When this programme was being prepared the Council made special efforts in order that, for each subject treated, the man-power needs, the material methods and the legal framework, etc., be brought to light so that they be satisfied in the first intance and consequently this would favour national economic growth in Québec.

The phase B shall be the first to be the object of a law concerning the Plan. Having been prepared as the consequence of more extensive preliminary study it will be based on economic accounting which will permit the establishment of more exact forecasts and the facing of relatively more ambitious objectives.

The General Objectives of the Plan

Having studied the characteristics of Québec's economy, the Economic Advisory Council will have laid down general objectives toward which the Government, in co-operation with all interested groups within the economy, can direct its planning efforts.

The Government must, in the first place, make sure of the limits of its scope for action and make sure, equally, that it is using all available means to bring about full employment through continued and regular growth of the Québec economy. It goes without saying that full employment should apply to all parts of the province. That is why, in the opinion of the Council, one must avoid thinking of economic growth solely in terms of such large centres as Montreal and Québec. One must think, rather, in terms of the decentralization of large economic enterprises.

The second general objective concerns the public sector which must be sufficiently strong and dynamic to accelerate Québec's economic growth. The Council believes that the state must become the principal lever in the Québec economy, notwithstanding the support that the Government must give to private enterprise nor the efforts made to develop mixed enterprise — that is, combinations of private and public effort.

In the third place, the Government must particularily favor technical innovation and the spirit of enterprise which are absolutely necessary to the emancipation of the Québec economy and the progressive liberation from too strong a domination of foreign technique and capital. This presupposes, of course, that the Government will co-ordinate its efforts with those of industry and teaching institutions for the purpose of training a labor force and management structures capable of the initiative required of modern society.

In the fourth place, the Government must give vigilant attention to the regional development of the province as it is the only agency whose responsibility is to protect the welfare of citizens. Consequently, the government must constantly try to plan for the development of natural resources and for the organization, in a realistic and rational manner, of markets for local products.

It might be too ambitious, and perhaps tedious, to enumerate the immediate objectives of planning in this context. A list certainly could be prepared of the many works which should be undertaken in the various sectors of the economy. It is sufficient to underline the immediate objectives of Plan 1; subsequent objectives will always be subordinated to the general objective.

The Government and the Economic Advisory Council together have repeatedly insisted on the democratic and indicative nature of planning. It is work which the state could not successfully undertake without the help of all classes and all groups in society. Planning, as visualized, includes the freely given support of all citizens, of all institutions, of free enterprise and of unions towards the achievement of objectives in their common interest.

The nationalization of hydro-electric power is now an accomplished fact. The acquisition of eleven private electric power utilities will enable the Québec Hydro-Electric Commission to administer one of our most important natural resources more judiciously.

Needless to say, this does not signify the nationalization of all sources of energy, since coal, oil and natural gas, imported from outside the province, (except in certain cases) remain without official control. When the term "energy" is used in this province, however, one usually refers to electric energy as produced by a head of water.

The importance of our hydro-electric potential is well known. However, the use of available power on a given territory cannot be left to the interest of individuals or to the interplay of competition.

Reasonable standardization of rates, unification of transmission, distribution systems and the role which power from nuclear thermal stations should play, as well as details of conversion from overhead to underground distribution, fall within current provincial plans of resources study.

Construction of the central arch at Manicouagan 5. This dam, 705 feet high, calls for the development of a 4200 foot ridge, and will be the largest of its kind in the world.

In order to grasp more fully the impact of the situation, let us examine some data on electricity in Québec. Since nationalization, Hydro-Québec's assets went from \$1.2 billion to approximately \$1.8 billion in 1963. The number of Hydro's household clients increased to one million one hundred thousand which was more than twice the number of customers Hydro had before nationalization. During the same period, Hydro's installed capacity increased from 3.42 million to 5.94 million kilowatts, representing slightly more than 61 per cent of the 9.68 million kilowatts which presently constitute Québec's total installed capacity.

From the technical viewpoint, the Québec Hydro-Electric Commission will endeavor to modernize the old Northern Québec Power Company's network in the Abitibi area, converting it from 25 to 60 cycles, and will reorganize the Lower St. Lawrence system, including that of Gaspesia.

From the commercial point of view, the provincial crown company has already attacked the problem of the rationalization of rates relative to consumption throughout the territory which it serves.

The rates for many home-users have already been readjusted downwards, taking into consideration the cost of distribution to urban centers and rural regions. Rates have been equalized for all cities and rural regions of the same size or importance whether these organisations were or were not part of the former distribution territory of the Québec Hydro-Electric Commission.

Nationalization

No one will deny that the essential feature of any enterprise must be its efficiency. Hydro-Québec administrators are as interested in serving the public as they are in serving the investor. The benefits of nationalization must be made evident to the individual citizen; at the same time, one must not lose sight of the broad industrial picture for which organizations such as the Hydro are at least partly responsible.

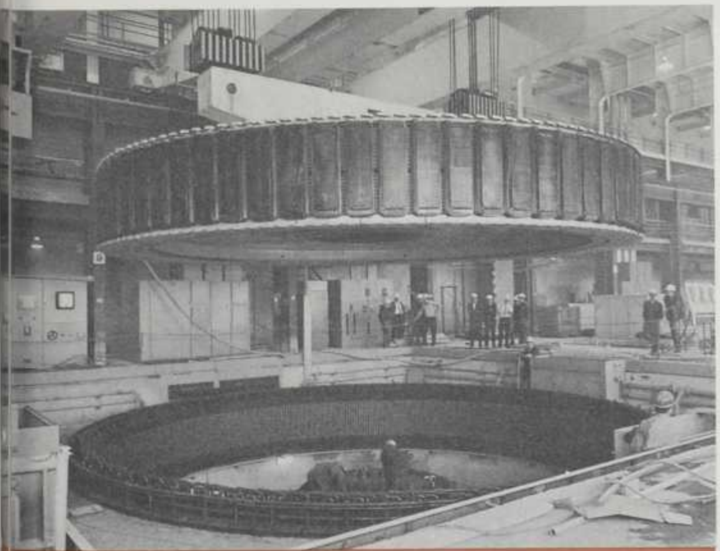
The question of efficiency was at the base of many decisions leading to the nationalization of electricity. It was necessary to improve service to 67,000 customers of 49 cooperative electric power companies. These cooperatives had been artificially established, thanks to a substantial subsidy from a Government aiming at electrification of far away and isolated rural areas, where private companies refused to set up service due to lack of financial inducements.

One of the most pressing and important problems tackled by Hydro-Québec consisted precisely in reaching the greatest integration of power distribution throughout the Province consistent with optimum use of Québec's hydro-electric resources.

In order to unite the various networks and logically develop our natural resources, another element must be envisaged which is the daily and seasonal peaks in demand. In fact, the presence of peak times disturbs initial forecasts. It entails a wide variation in consumption depending on the time of day or the season.

The difference between the minimum charge at night and the maximum charge at 5 o'clock in the afternoon fluctuates, according to whether the industrial demand of industries and services or the domestic consumption is predominant. The gap is especially accentuated when domestic consumption is heavy. The maximum charge can reach and even be threefold greater than the minimum charge.

In theory, half or two thirds the capacity of the installations would be sufficient to answer the daily demand; but during peak hours, the total capacity is fully used and new installations should be set up to answer the demand expected in future years.



Carillon power-station. A rotor is set in place. ▲

▼ Interior of the Bersimis I power-station.

While it is impossible to predict accurately future power inquirements in the province, there is always the necessity for a certain amount of both long and short term planning.

Competition

Electricity must compete with other sources of energy: natural gas, steam, oil, coal. These sources of energy offer certain definite advantages and continue to influence the market.

Naturally, this active, legitimate and unavoidable competition, far from being harmful, has extremely beneficial effects. It certainly helps to bring about a relative uniformity of rates. Hydro-Québec is in the unique position of being able to act in order to correct certain inequalities in power distribution and rates. Thus, by supplying the necessary power and by extending the advantages of a vast organisation to the most remote and under-developed regions, Hydro-Québec is able to encourage economic growth.

It is important that the solutions we seek answer the problems that specifically concern Québec and which are different in other regions. While England and the Common Market countries are engaged in the study of the coal industry and while the United States and most Canadian provinces are doing research in the development of thermal energy, the province of Québec must concentrate on the full use of its hydro-electric power.

The Role of Hydro-Québec

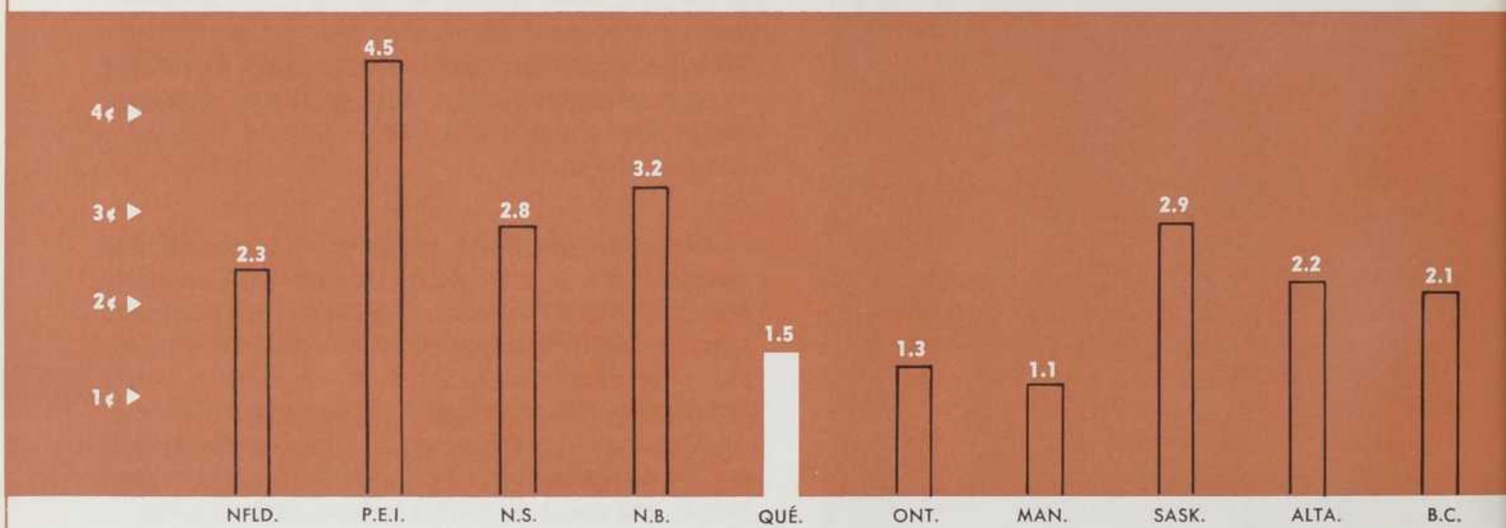
Hydro-Québec also uses its enormous purchasing power to encourage the establishment and development of secondary industry in the Province. Industrialization of this type is desirable because it employs Québec labour, utilizes and transforms Québec raw materials, and offers opportunities to Québec capital. There in no reason why the copper, the iron, the aluminum — and perhaps soon the steel — produced in Québec should not be directly used in the manufacturing of heavy electrical equipment and materials needed in the development of electric generating stations and transmission lines.

The Québec Hydro-Electric Commission therefore plays a very important role in the industrialization of the Province. It is in a unique position to plan, coordinate and encourage.

Average Price Paid for Electricity Consumed in Canada in 1960

HOUSEHOLDS AND FARMS

kwh



COMMERCIAL USE

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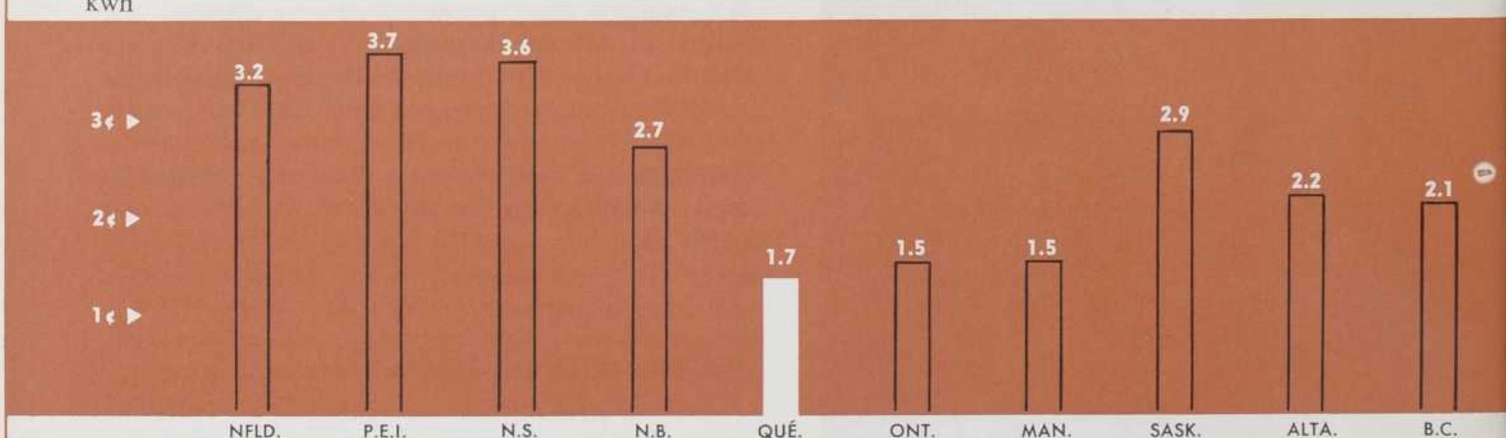

INDUSTRIAL USE

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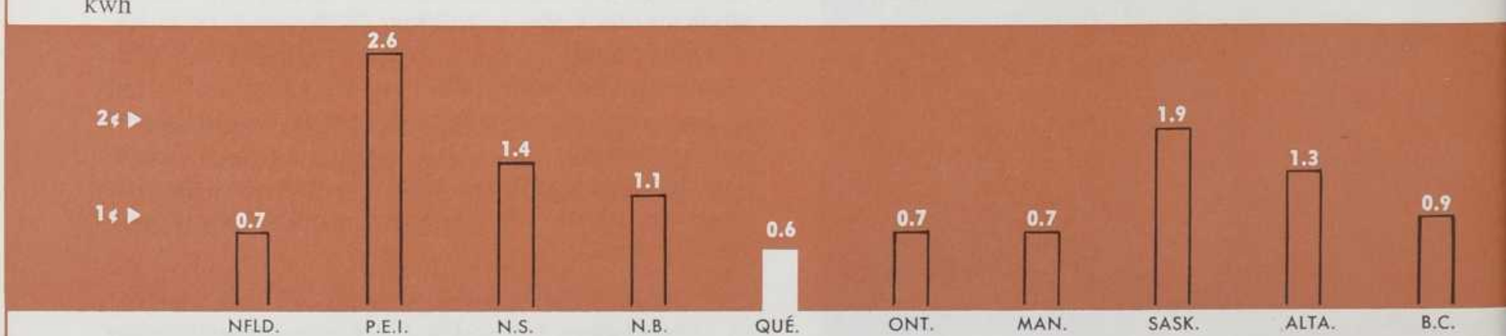


Source: Statistics on electric Power, Ottawa.

THE SERVICES OF THE DEPARTMENT OF INDUSTRY AND COMMERCE

On account of the strides presently being made by the Québec economy and of the greater role which the Government intends to play in this sphere, the Department of Industry and Commerce is expected to expand rapidly to dimensions greatly exceeding its present proportions.

At the present time this Department comprises five large Services:

a) Industrial Development Bureau;
b) Economic Research Bureau;
c) Québec Bureau of Statistics;
d) Fisheries Branch;
e) Administration Service.

Industrial Development Bureau

In order to meet more adequately the new demands of our economic life, the Québec Government decided, at the time of the reorganization of the Department of Industry and Commerce in 1960, to set up an Industrial Development Bureau for the purpose of furthering the industrial development of Québec.

More precisely, the Bureau's role is, on the one hand, to encourage new industries to locate in Québec and on the other hand, to aid existing enterprises to progress. The Bureau works in close collaboration with other services of the Department and with Government agencies interested in the economic development of Québec.

The Bureau is presently made up of the four following divisions: the Industrial Commission, the Economic Consultation Division, the Regional Organization Division and the Technical Services.

The Industrial Commission

The task of this Division is to establish and maintain contacts with Canadian and foreign industrialists who might be in a position to locate new manufacturing plants in our midst, as well as with Québec businessmen whose enterprises show possibilities of expansion.

The Commission seeks out and studies expansion or location projects, in collaboration with other divisions of the Industrial Development Bureau. It directs businessmen towards the most appropriate locations, taking into account requirements in raw materials, power, labour and accessibility of markets.

The Commission also aids municipal and regional organizations working to attract industries and collaborates with public and private organizations serving industry.

The Industrial Commission keeps informed as to industrial projects occupying the attention of different agencies, in order to be in a position to help them and thus avoid duplication and the selection of sites which would not be in the interest of the Province.

The Industrial Commission also seeks out new products and new manufacturing processes.

Economic Consultation Division

This Division was organized for the purpose of helping heads of industry to solve their problems of an economic nature. At times, this Division takes the initiative of making surveys in order to be able to propose solutions to the problems of certain groups of industries. It endeavours to find new products or manufacturing processes, or to pick out the kind of industry best suited to locate successfully in the Province.

The majority of consultations given by the Division follow upon industrial studies made with the object of setting out the principal economic characteristics of a particular industry. Usually these studies cover factors which might influence the market, the site to be chosen for an industry and the chances of profitable operation.

Regional Organization Division

Due to the situation prevailing in Québec, where there is uneven distribution of industrial activity and, consequently, of employment possibilities, it was found necessary to set up a programme of industrial development, on a regional basis.

The Regional Organization Division was assigned the task of carrying out such a programme, bearing in mind the following objectives: ensure the economic stability of localities; favour a better spread of employment; encourage the coming of new industries and the continued prosperity of existing ones; bring together the men, organisms and methods capable of realizing these objectives.

The personnel of this Division carry out their work at three different levels: that of enterprises, that of municipalities and that of regions.

At the level of the enterprise, the Division seeks to solve the various problems apt to slow up the expansion of a firm. It helps the businessman to look into export possibilities, informs him as to the means of assistance available to him, acquaints him with legislation, taxes, financing and the best administrative methods for his business.

At the municipal level, regional delegates help municipalities in their efforts to favour the establishment of new industries within their limits. The delegates carry out this task by helping in the drawing up of economic and municipal inventories, in the choice of industrial sites and by advising interested parties during negotiations.

On the regional level, the industrial delegates try to list the economic factors important to the development of the region. They encourage the formation of regional economic councils and organize informative programmes such as lectures, forums, seminars, etc.

Technical Services

The Technical Services Division aims to help small and medium size enterprises to solve their problems. The Division is called upon to work on such matters as administration and management of enterprises, procedures and control, accounting and costs, publicity and sales, apprenticeship and employment, aesthetics, production and gross productivity.

In order to solve such varying problems the personnel includes economists, engineers specialized in various spheres of engineering, cost accountants, management experts and industrial technicians.

The enterprises which have benefited from the services of the Division are spread over all types of industrial groups: mechanical, manufacturing, metallurgical, furniture and wood products, transportation, foodstuffs, building materials, shoes, etc.

In the carrying out of their duties the officers of the Division learned that it was not enough to help industrialists with technical advice. This is why a series of industrial clinics was organized, designed to help heads of industries and, generally speaking, those holding important administrative positions. These clinics are given by officers of the Division or by university professors and allow them to explain the basic principles necessary for the efficient operation of a business.

Economic Research Bureau

The Economic Research Bureau is responsible for carrying out surveys, viz: gathering together and evaluating all information indispensible for drawing up definite programmes for economic development covering all regions of Québec. It is a centre where studies of an economic nature of the various Departments are combined so that they may be centrally analysed.

The study of the regions of the Province is one of the principal preoccupations of the Bureau. The work in this sphere has as its goal the acquiring of complete and objective knowledge of the human and natural resources of the regions of the Province, in order to determine as closely as possible the socio-economic possibilities of each of them.

The Economic Research Bureau follows up closely the overall economic situation in Québec. Economic indicators furnished by the Bureau of Statistics allow the evolution of our economy to be followed constantly and short-term forecasts to be made thereon.

Surveys are also carried out regarding the employment situation in the Province. These surveys have to do mainly with supply of and demand for labour, from the quantitative (work force forecasts) and qualitative (educational level, trades, crafts, etc.) points of view.

The Bureau carries out surveys of a particular nature such as, for example, factors influencing the locating of industries, retail trade and statistics on labour force.

Québec Bureau of Statistics

An integral part of the Department of Industry and Commerce, the Bureau of Statistics also serves the needs of other Departments and administrative organisms of the Québec Government. A considerable number of publications, both regular and special, put on record the work accomplished by the Bureau during the course of a year. The Bureau of Statistics comprises the following Divisions:

a) Statistics Production Division;
b) Statistical Studies Division;
c) Statistical Research Division.

Statistics Production Division

The Statistics Production Division has as its principal task the collection, classification, matching up and compiling of statistical data on Québec. The publication of this information is carried out in close collaboration with the Statistical Research Division. It comprises the following Sections:

a) Agriculture
b) Fisheries
c) Mines
d) Forests
e) Manufacturing
f) Finance: municipal, school and cooperatives.

Statistical Studies Division

The function of this Division consists in presenting and analysing statistics having to do with demography and economic accounting.

Notably, it publishes the Yearbook, an official record gathering information extending to all sectors of the economic and social life of Québec. It is also responsible for the publication of a quarterly review entitled: Statistics of the Province of Québec.

Statistical Research Division

The Statistical Research Division is responsible for the setting up, within the Bureau, of new sections and for the preparation of reports and statistical studies. The function of this Division is one of development and research, at the methods level. It comprises the following Sections:

a) Sampling
b) Codification
c) Survey
d) Development.

Fisheries Branch

The administration of our fisheries has been under the jurisdiction of the Québec Government since 1922 and of the Department of Industry and Commerce since April, 1963. The Act establishing this Department was amended in order to include in its objectives: "promoting the advancement and development of the maritime fisheries in the Province." Administration of the fisheries is spread over five large Services at present.

Protection

The Protection Service sees to the enforcing of the Fisheries Act, enacted by the Government of Canada. It also trains Fishery Wardens, responsible for the inspection of the maritime fishing territories of Québec.

Cold Storage

The organization set up by the Cold Storage Service is probably unique in its kind among government services throughout the world: a vast network of 57* cold storage warehouses spread throughout the Gaspé Coast, the North Shore of the St. Lawrence and the Magdalen Islands; 7* ice houses; one codfish dryer; 110* collection stations.

Maritime Economy

Responsible for administering Government credits earmarked for fisheries, the Maritime Economy Service is actively engaged in helping out in the construction of deep-sea fishing vessels. It also works for the benefit of coastal fishing and aids in the construction of fishing smacks and of processing plants. Moreover, it facilitates the obtaining of credit by fishermen from "Caisses Populaires" (credit unions).

Construction

All tasks necessitating the aid of professional engineers are turned over to the Construction Service. It draws up specifications, checks tenders and supervises the execution of the work.

Research and Education

To solve the problems involved in exploiting the sea, to study all its aspects, this is the type of work carried out by the Research and Education Service. It also undertakes work of an educational nature, both through training and through adult education. Four Sections are responsible for carrying out these tasks: the Marine Biological Station, the Technical Section, the Québec Biological Centre and the Fisheries School.

* — 1964

The spreading of the work undertaken in these various centres and their popularization by means of scientific publications or of informative pamphlets depend, like the propaganda in favour of seafoods, on a Section forming part of the Information Division of the Department.

Administration Service

The Administration Service provides all organisms of the Department with current management and control services. The following Divisions come under this Service:

a) Art Services Division;

b) Personnel Division;

c) Records Division;

d) Supply Division;

e) Québec Agencies Abroad.

The Province of Québec is represented officially in New York, Paris and London. At the head of these Delegations there is a Delegate-General, or agent-general assisted by qualified personnel.

The work of the Delegations, from the economic point of view, consists in establishing close relationship with financial and industrial circles in the United States in Great Britain and in Continental Europe. The Delegations seek to put Québec industrialists in contact with American, British and European businessmen who may be desirous of finding new markets for their products.

f) Information Division.

The Information Division prepares press releases and articles designed to inform professional organisms and the general public on the subject of economic activity in Québec. It sees to the translation of many publications of the Department and ensures the distribution of printed matter. It also supervises the Documentation Centre and the Library.

The Information Division organizes participation of the Department in various industrial or commercial exhibitions and plays the role of principal public relations agent of the Department.

TAXATION

Taxes: credits and exemptions

Taxing powers in Canada belong to the Federal and Provincial governments. The Federal government levies income taxes, succession duties, sales taxes and excise and customs duties.

In the recent past, fiscal agreements between the Federal and Provincial governments have resulted in some provinces levying their own income tax. In these instances, the Federal exemptions vary proportionately. As for income tax on a corporation, the Federal government provides a credit which is equal to 10% of the taxable income earned in Québec and to 9% of the taxable income earned in any other province.

Federal tax on individual income will be reduced progressively in the following manner for the Québec taxpayers:

16%	taxation year 1962
17%	taxation year 1963
18%	taxation year 1964
19%	taxation year 1965
20%	taxation year 1966

Québec levies a 12% corporation income tax while individual income tax is on a graduated basis. The province continues to levy succession duties. The Federal government grants certain tax credits on income tax and succession duties paid in Québec.

Taxes on paid-up capital and places of business are deducted from income for Federal and Québec tax purposes. Municipalities follow the Provincial legislation, levying direct taxes on real estate, water consumption, places of business and in some cases on retail sales.

*The Department of Industry and Commerce is grateful to the Bank of Montreal for its permission to use and adapt large portions of its brochure entitled "Your Guide to Business in Canada".

Federal Tax on Corporations

The corporation income tax in Canada is computed by applying tax rates to the "taxable income" or gross income less deductions. The current rate is 18% on the first $35,000. of the taxable income and 47% on the rest. Moreover, the Old Age Security Act imposes a tax of 4% of the taxable income.

Deductions allowed are the following: interest on loans and rental paid on property used in earning income; reserves for doubtful debts; bad debts; contributions to pension funds or registered savings plans: certain expenses incurred for scientific research; the capital element in annuity payments; patronage dividends; the employer's contributions to a profit-sharing plan. A depletion allowance is granted to tax payers operating mines, oil wells and gas wells.

Of particular importance to a newly established company is the stipulation whereby profits and losses may be carried over a period of seven years when the taxable income is determined for one of these seven years. Any company has the right to deduct from income of the taxation year, either business losses incurred during the five years immediately preceding the taxation year or the loss incurred during the year immediately following the taxation year.

A company is also allowed to deduct expenses incurred in issuing or selling shares of its capital stock, or, loans for company business as such (other than commissions, bonus payments and discounts). Deductions are again permitted on dividends received from Canadian tax paying corporations; charitable donations up to 10% of income; business or property taxes paid to municipal governments; licence fees; mining and logging taxes paid to provincial governments.

The federal Income Tax Act stipulates that up to 10% of the taxable income earned in Quebec by corporations may be claimed as tax credits from federal income tax.

Credit from federal income tax for taxes paid to a foreign country is given to a Canadian resident taxpayer, provided that the amount claimed does not exceed the proportion of the Canadian government tax on foreign income.

The taxpayer is entitled to the capital cost allowances on properties used in earning income. The "capital cost allowance" or depreciation, is calculated on a diminishing balance principle — the amount of depreciation being subtracted from the undepreciated value of the property carried over from the preceding year.

Following are rates of depreciation:

1	Frame building and component parts	10%
2	Buildings in general and component parts	5%
3	Automobiles, trucks, etc.; contractors' equipment; mining machinery, equipment and buildings	30%
4	Dies, moulds, jigs, patterns; tools costing less than $100.	100%
5	Oil, gas or water pipelines	6%
7	Sundries, (not part of any specific group), including machinery in general	20%

For more details, please refer to the present series of "Quebec on the Move". The brochure entitled "Financial and Economic Aid to Industry", gives an explanation of the new legislative measures allowing for accelerated depreciation.

Corporations are required to pay their taxes in monthly instalments. For each of the last six months of their fiscal year and for each of the three months following the end of their fiscal year, they must pay one-twelfth of the tax based on the taxable income of the previous year or of the estimated taxable income of the current year. In each of the following two months, they must pay one-third of the balance computed by reference to the estimated income of the fiscal year. In the sixth month following the end of their fiscal year, the final return must be filed and the remainder of the tax paid for the year.

Non-Resident Withholding Taxes

A federal income tax is withheld at source from non-residents on amounts paid or credited to them by Canadians when the income of these non-residents is from investments or other sources except from their personal employment or their business operations in Canada. This tax is distinct from income tax paid by non-residents on their own employment or business operations in Canada. This tax is withheld by Canadian payers on the following: dividends, interests, income from estates and trusts, rentals, royalties, alimony, patronage dividends, etc. In general, the rate of this tax is 15% of the amount of income paid or credited to non-residents, without any deduction therefrom.

Since June 14, 1963, a newly reduced 10% rate applies when the dividend-paying corporation is detained or owned as profit interest by Canadian residents in a proportion of 25% or more.

Interest payable in foreign currency only escapes the withholding tax. Interest payable in foreign or Canadian funds, according to the bearer's wish, is exempt, except in certain cases when payment in foreign funds is computed with reference to Canadian currency rates.

Interest payable by a Canadian subsidiary to the parent company which is the sole owner, is taxed at 15% whatever the currency used in making the payments.

Dividends, in general, are taxed at a rate of 15%, but the dividends paid by a production subsidiary to the foreign corporation to which it wholly belongs are taxed at a rate of 5%.

Canadian Subsidiaries

The total income earned in Canada or elsewhere by the Canadian subsidiary of a foreign corporation is liable to Canadian taxation at the usual rates. However, credit may be granted for taxes paid to a foreign country on income earned in that country.

Canadian Branches

Non-resident corporations are liable to tax on income earned in Canada only.

The income earned in Canada is reckoned from the separate accounting kept by the Canadian branch of the company. However, federal authorities may require detailed information on the entire operations of the foreign company to support the income tax declaration submitted by the Canadian branch.

No withholding tax is imposed on profits handed over by the branch to the head office.

Carrying on Business in Canada

The Department of National Revenue has specified clearly that a non-resident corporation or individual may become liable to Canadian income tax, even if they possess no permanent establishment in Canada. The term "carrying on business in Canada" was defined for income tax purposes, in the fiscal agreements signed by Canada with the United States, Great Britain, France, Ireland, New Zealand, Sweden, Denmark, Germany, South Africa and the Netherlands. It reads as follows:

"An enterprise from one of these countries may be taxed in Canada only on the industrial and commercial profits which can be allocated to a permanent establishment in Canada. Permanent establishments include branches, mines and oil wells, farms, timber land, plantations, factories, warehouses, offices, agencies and other fixed places of business".

"When an enterprise from one of these countries carries on business in Canada through an employee or agent here, who has general authority to contract for his employer, or who has a stock of merchandise from which he regularly fills orders, it is deemed to have a permanent establishment in Canada and is liable to Canadian tax. An enterprise which has dealings in Canada through a commissioned agent or broker, or maintains in Canada an office used solely for the purpose of buying merchandise, is not liable to Canadian tax."

Partnerships and Sole Proprietorships

A non-resident partnership or sole proprietorship is liable to Canadian tax on its business transactions in Canada. Profits are ascribed to each owner according to the share each one agreed to take, and they are considered as income for the calendar year during which the fiscal year of the corporation ends.

Non-Resident Owned Investment Corporations

Businesses incorporated under Canadian laws by non-residents for the purpose of exercising control over investments in Canada are not subject to the regular federal income tax that applies to regular Canadian companies, provided that the corporation is recognized as a non-resident-owned investment corporation or as a corporation under foreign control.

In order that a corporation be recognized as such, 95% of its issued share-capital and all of its funded debt must belong directly as interest to non-residents, to trustees acting for non-residents or to corporations owned by non-residents, for a period covering the entire taxation year. The corporation's income must come from investments (shares, debentures or regular bonds, mortgages), loans, rentals, estates or trusts, but the main object of the corporation in doing business should not be to make loans or deal with mortgages. The company is not authorized to carry on any commercial transactions.

Such companies are not exempt from income tax but they enjoy a 15% reduction on their taxable income and the dividends they pay to their non-resident shareholders are exempt from the usual 15% tax withheld at source. On computing their taxable income, dividends received from other similar corporations and taxes paid to foreign governments, including business and property taxes, may be subtracted from their gross income. However, dividends from ordinary Canadian corporations, charitable donations, business losses and interest paid on bonds may not be deducted by the non-resident-owned investment corporation, even if ordinary Canadian corporations are allowed to do so.

Investment Corporations

Companies created for the purpose of maintaining diversified investments, which prior to 1955 were exempt from federal income tax, are now subject to a 21% tax. To be recognized as such, a corporation must have more than 50 shareholders, no one of which may hold more than 25% of the share-capital, throughout the entire taxation year. At least 80% of the company's assets must be in the form of bonds, shares or cash and 95% of its income must be derived from investments of which not more than 10% is invested in any one debtor or corporation, except for holdings of federal, provincial or municipal bonds. At least 85% of the taxable income of such coroprations must be distributed among shareholders, over the fiscal year.

An amendment to the Income Tax Act adopted in 1961 requires that at least 85% of the gross income of the company should be derived from Canadian sources and that not more than 25% should be derived from interest to qualify for the 21% rate. Otherwise, the company is taxed at the regular corporate rate.

Oil, Natural Gas and Minerals

A corporation engaged in

1) the production, refining or marketing of petroleum, or the prospecting and drilling for oil or gas; or

2) mining operations or prospecting for minerals; or

3) extracting metal from ores,

is entitled to deduct from either its income of the year during which expenditures for such operations are incurred or the income of subsequent years, if expenditures exceed the year's income, prospecting and drilling costs, including all general expenses for operations of a geological or geophysical nature.

During the year when rights are surrendered, the corporation is also allowed to deduct sums (other than rentals and royalties) paid for prospecting rights for natural gas and oil which turn out to be unproductive, provided that the corporation has not received any sum of money as consideration or reimbursement of the original amount paid for the rights.

Coal, base metals, precious metals or industrial minerals mines where the mineral is found in non-bedded deposits, may transfer their deduction of expenses for work done prior to production, such as prospecting, exploration, preliminary work, and exploitation over subsequent years, provided that the sum deducted does not exceed 25% per year.

A three-year exemption from federal income tax is allowed for metalliferous and industrial mineral exploitations under prescribed conditions. This exemption applies to income derived from the mine during the first three years following a first output that yields a reasonable commercial quantity. This exemption affects corporations only. It applies to profits from a newly opened mine whether operated by an old corporation or a new one.

Sales Tax on Construction Materials

Certain construction materials, machinery and appliances to be used for production and manufacturing are subjected to the following rates:

a) since June 14, 1963 — 4%,

b) starting April 1st, 1964 — 8%,

c) starting January 1st, 1965 — 11%.

Provincial Income Tax

In accordance with existing fiscal agreements, the Province of Quebec imposes income tax and other taxes on corporations operating within the limits of its territory. Quebec also levies a tax on the income of individuals. Any corporation having a permanent establishment or doing business in this province is liable to the payment of a provincial tax levied on taxable income from operations in this province. Such permanent establishments include head offices, branches, mines and oil wells, farm lands, factories, timber limits, workshops, offices, warehouses, agencies, installations and professional premises. The provincial income tax rate on corporations is of 12% in Quebec.

Presently, the Federal Government grants a 10% tax credit to corporations having a permanent establishment in Quebec.

Rates of depreciation will from now on be evaluated according to the residual cost method.

Business losses are deductible, just as for Federal income tax.

In computing income for federal income tax purposes, it should be noted that the income tax paid on income earned in Quebec is not deductible but is allowed as a credit against the federal tax on corporation income. Federal and Quebec legislations differ slightly so that it is possible that the credit will not be in proportion to the provincial tax paid.

Other Provincial Taxes

In addition to taxes levied on income from forest and mining operations, the Canadian provinces derive tax revenues from rentals, royalties, logging and other rights imposed at varying rates on mineral and forest resources. All these taxes and rights are normally deductible when computing federal taxable income.

Capital Taxes

Quebec imposes a tax on paid-up capital equivalent to 1/10 of 1% in the case of an ordinary company. The paid-up capital is defined as being the sum total of capital stock, earned surplus, reserve fund, bonds, debentures and mortgages, loans and advances of a fixed nature made to other companies, less certain exemptions for goodwill and investments.

Place-of-Business Tax

Québec has a place-of-business tax. The tax varies from $25.00 to $50.00 for each place of business, the highest rate being paid by Québec City and Montreal establishments.

An amendment to this law which will come into force as of April 30th, 1964, provides that a $50.00 tax will be paid by those establishments having a paid-up capital of $25,000. and over, and of $25.00 where their paid-up capital is less than $25,000.

Tax on Mining Operations

Québec levies a tax on mining operations that ranges between 4% for a $10,000 income and over, and 7% for income exceeding $3,000,000.

Tax on Logging Operations

The Province of Québec imposes a 15 cent tax per cord of pulpwood cut.

Tax on Security Transfers

A tax is imposed by Québec on the selling price of transferred securities.

Shares selling

under $ 1	1/10 of 1% of the value
from $ 1 to $ 5	¼ cent per share
from $ 5 to $ 25	1 cent per share
from $25 to $ 50	2 cents per share
from $50 to $ 75	3 cents per share
from $75 to $150	4 cents per share
over $150.00	4 cents per share plus 1/10% of 1% of the value in excess of $150.

On bonds — Per every $100 or fraction thereof of the par value .... 3 cents.

Property Taxes

Property taxes in Canada are almost exclusively a municipal government levy. No provincial government actually imposes a province-wide tax on real property, although certain provincial governments levy property taxes in unorganized territory or on other special land categories.

Municipal property taxes are based on the assessed value of real estate. The methods used for determining the value of real estate and the tax rate applied, vary greatly. However, the sum total of the tax to be paid is usually proportional to the services rendered.

Property taxes are payable by the owner of the property.

Municipal taxes on business property are deductible from federal and provincial income tax.

Business Taxes

The business tax on rented premises is paid by the tenant.

For most Canadian corporations, the business tax is lower than the property tax. In Quebec, the annual rent of premises serves as a basis for making assessment.

Business taxes are deductible from federal and provincial income tax.

Individual Income Tax

Residents are subject to individual income tax on any income earned during the calendar year. Individuals taking up permanent residence in Canada are taxed in the same manner, but only on the income that they have received during their stay in Canada.

Contributions to a registered retirement savings plan and/or to a registered pension fund may be deducted from the gross income, under certain conditions. Other deductions are also granted: personal exemption for single status without dependants, $1,000.; married status or persons with dependants, an exemption of $2,000. plus $300. for each child entitled to the Family Allowances or $550. for children not so eligible. (Family Allowances are distributed by the Federal government for children 16 years old or younger. Payments range from $72. to $96. per year and per child).

A dependant may earn up to $950. and still be eligible as a dependant. Children attending university may be considered as dependants, even if they are over 21 years old.

Additional deductions include charitable donations up to 10% of the net income; medical expenses in excess of 3% of the net income and membership dues to trade unions or professional societies.

Income tax on salaries and wages is deducted at source. Employers have the responsibility of deducting tax from their employees' pay and of sending in the sums collected every month. The balance of the tax is payable at the time of filing tax returns, that is before April 30 of the following year.

In order to partially eliminate the double taxation of corporation profits, Canadian resident shareholders of Canadian taxpaying corporations may deduct from the federal tax that they have to pay, a sum of money equal to 20% of the net dividends received from both common and preferred shares of these companies. Before computing the amount to be subtracted, depletion on dividends and incidental expenses for all the dividends of companies operating mines, oil and gas wells should be deducted.

Rates of Federal Income Tax on Individuals (1963)*

Taxable Income	*Tax*
$ 1,000. or less	11%
1,000.	$ 110. plus 14% on the next $ 1,000.
2,000.	250. plus 17% on the next 1,000.
3,000.	420. plus 19% on the next 1,000.
4,000.	610. plus 22% on the next 2,000.
6,000.	1,050. plus 26% on the next 2,000.
8,000.	1,570. plus 30% on the next 2,000.
10,000.	2,170. plus 35% on the next 2,000.
12,000.	2,870. plus 40% on the next 3,000.
15,000.	4,070. plus 45% on the next 10,000.
25,000.	8,570. plus 50% on the next 15,000.
40,000.	16,070. plus 55% on the next 20,000.
60,000.	27,070. plus 60% on the next 30,000.
90,000.	45,070. plus 65% on the next 35,000.
125,000.	67,820. plus 70% on the next 100,000.
225,000.	137,820. plus 75% on the next 175,000.
400,000.	269,070. plus 80% on additional income.

*Further to the above rates, the following taxes on income are also applicable.

(1) Investment income from outside Canada — 4% of the amount in excess of $2,400. or, if this amount is higher, of the aggregate of personal exemptions and deductions to which the taxpayer is entitled.

(2) For the taxation year 1963, a 3% tax of the taxable income of the year to a maximum of $90.; this tax is derived under the Old Age Security Act.

Québec Individual Income Tax

Residents of the Province of Québec are liable to a provincial individual income tax, which affects any income earned during the taxation year; non-residents of Canada employed or carrying on business in this province are also taxed on the income that they have earned in this province, except for residents of Canada outside of the Province of Québec who are taxed only on the business income earned in this province. For residents of Canada, place of residence on the last day of the year is the factor which determines the province that is entitled to the tax for the full year.

Basic exemptions are $2,000. for married or equivalent status; $1,000. for single status; $200. for children qualified for Family Allowances; $550. for dependants not qualified for Family Allowances.

The Quebec Act is closely patterned after the federal Income Tax Act and contains similar provisions as to deductions for medical expenses, charitable donations and a $100. standard deduction for medical expenses, charitable donations, etc. Concerning dividends from taxable Canadian corporations, a tax credit of 3% of the net dividends may be obtained on the Quebec tax to be paid. Credits are authorized for taxes paid to political subdivisions of foreign countries.

The Québec income tax on salaries and wages is also deducted at source by employers who have the responsibility of remitting to the Québec Government the sums so deducted every month. The balance of the tax payable is remitted by the employee himself at the time of filing his tax return, that is before April 30 of the following year. The tax is deducted for all employees who report for work in the Province of Québec irrespective of the place of residence.

According to a formal agreement between the Federal and Québec Governments, an employee whose residence on the last day of the year was outside Québec, and who has been subject to the deduction at source in Québec is credited by the Federal Government for such deductions at source. Said deductions will be collected by Ottawa from Québec.

This same procedure is followed, but reversed this time for an employee having been subject to the deductions at source in another province and whose residence on the last day of the year is Québec. In this case, he has to make a tax return to the Federal government and another to Québec.

The federal Income Tax Act foresees a credit from federal tax not to exceed 18% of the federal tax payable on the income earned by any individual who has resided or been employed in Quebec.

Rates of Québec Income Tax
on Individuals (1963)

Taxable income	*Tax*	
$ 1,000. or less		2.5%
1,000.	$ 25. plus	2.8% on the next $ 1,000.
2,000.	53. plus	3.2% on the next 2,000.
4,000.	117. plus	3.6% on the next 2,000.
6,000.	189. plus	4.3% on the next 2,000.
8,000.	275. plus	5.0% on the next 2,000.
10,000.	375. plus	5.8% on the next 2,000.
12,000.	491. plus	6.6% on the next 3,000.
15,000.	689. plus	7.5% on the next 10,000.
25,000.	1,439. plus	8.3% on the next 15,000.
40,000.	2,684. plus	9.1% on the next 20,000.
60,000.	4,504. plus	9.9% on the next 30,000.
90,000.	7,474. plus	10.8% on the next 35,000.
125,000.	11,254. plus	11.6% on the next 100,000.
225,000.	22,854. plus	12.4% on the next 175,000.
400,000.	44,554. plus	13.2% on remainder income.

Federal Sales and Excise Tax

The Federal Government levies a sales tax of 11% on the selling price of goods manufactured or produced in Canada, and on the duty-paid value of goods imported into Canada. This tax consists of an 8% "Sales Tax" and a 3% tax imposed under the Old Age Security Act; it is paid by the manufacturer or producer upon delivery to the purchaser, or by the importer at the time of importation.

Concerning goods manufactured or produced in Canada, the tax applies to the sale made by the last manufacturer. Through a system of licences, a manufacturer or producer of taxable goods must obtain a sales tax licence which is issued free of charge and must be renewed on the first day of April of each year. The holder of a licence is entitled to purchase or import articles and raw materials entering the manufacture or production of his taxable goods without having to pay a sales tax since the latter will later be applied on the finished goods.

Among products exempt from the sales tax are most foodstuffs, building materials for hospitals, schools, universities, libraries and other similar institutions, certain implements used in primary industry (agriculture, breeding, fisheries, mining and forest industry) and in oil production. The same exemption applies to certain books and magazines. The sales tax does not apply to goods exported from Canada.

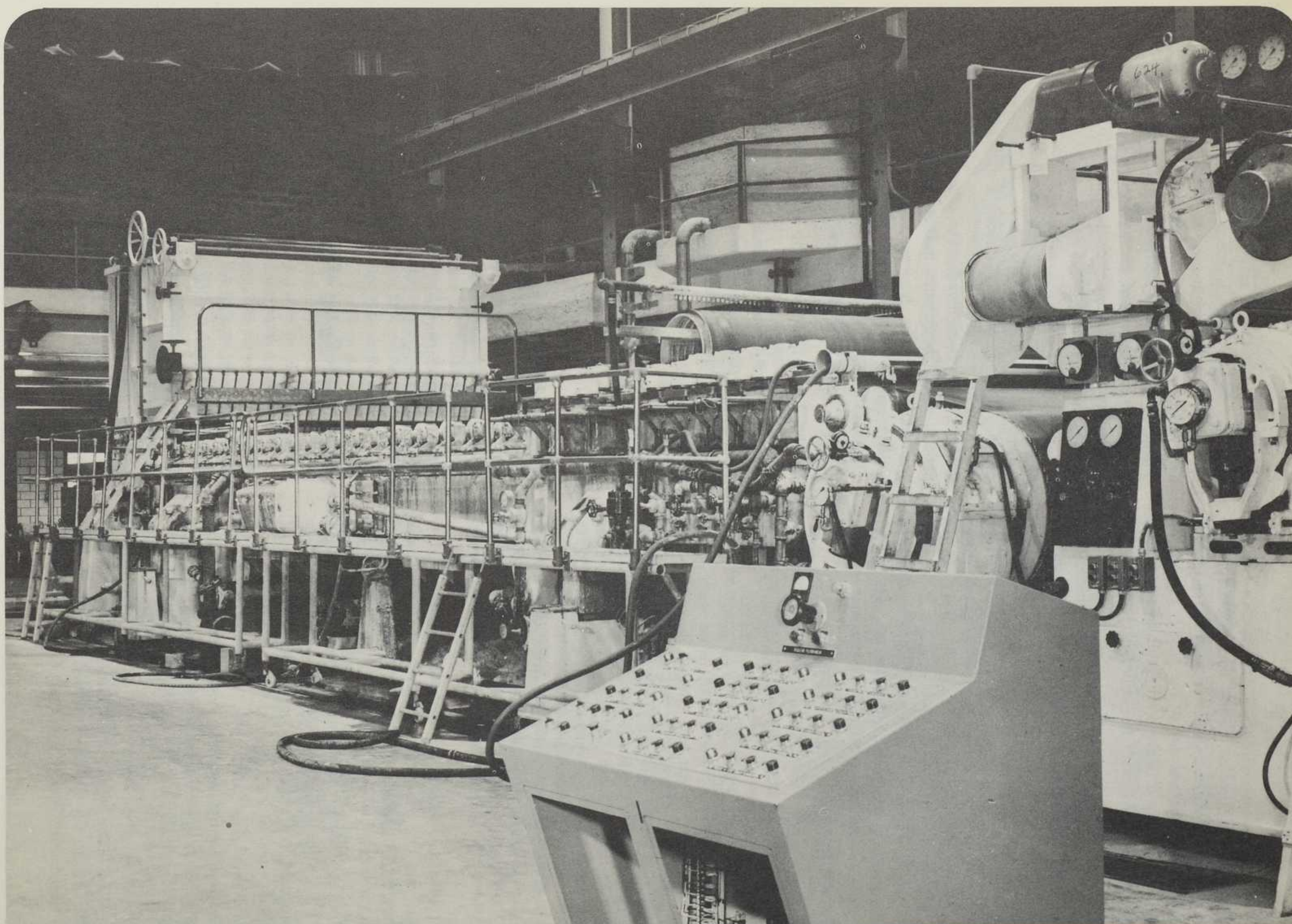
The Federal Government levies a 15% excise tax, at the manufacturer's level, on a number of articles produced or imported into Canada, namely radios and television sets; phonographs and record players; and a 10% excise tax on a variety of articles including jewellery, cosmetics, smokers' accessories, chinaware, watches and clocks.

Provincial Sales Tax

Besides the federal sales and excise tax exacted from manufacturers, the province of Quebec applies a 4% sales tax on the retail price of goods purchased inside its territory.

Municipal Sales Tax

In Québec, a large number of local municipalities have recourse to the sales tax. In addition to a Provincial sales tax, the law allows for a municipal sales tax and a school tax reaching 2% respectively. Among the larger centers applying such taxes are — Montreal, Québec, Valleyfield, Granby, Sherbrooke, Chicoutimi, Sorel and Rimouski. These cities have a 6% general tax rate while most other municipalities have a general tax rate varying between 2 and 6% according to retail sales.



The renovation and improvement of machinery bring financial benefits to the directors of business enterprises, by enabling them to produce more, at a lower cost price, thus profiting by the most advanced technological developments.