

Prince becomes an Indian chief

Prince Charles arrived in Canada on July 6 for a five-day visit to take part in activities near Calgary, Alberta, commemorating the signing of an Indian treaty 100 years ago. He met with Indian chiefs and, at the Blood Indian reserve, was inducted as an honorary Kainai chief named Mekaisto (Red Crow). The Prince, who was joined by his brother, Prince Andrew, rode as the Grand Marshall in the Calgary Stampede parade on July 8. He later visited other Indian reserves and, with his brother, attended a civic lunch in Calgary before leaving for Edmonton, the capital of Alberta, en route for London. Prince Andrew was scheduled to travel north on a canoeing trip. (Right) Prince Charles rides with Royal Canadian Mounted Police Commissioner Maurice Nadon in the Calgary Stampede parade and (inset) sports his new Indian headdress.



Government off to the races

Agriculture Minister Eugene Whelan recently announced approval for federal participation in a shared-cost agreement with the provinces and the racing industry to pay racing officials.

"Racing officials, judges in standard-bred racing and stewards in thoroughbred racing, monitor the conduct of all races and take punitive action, when required, under rules of racing administered in most cases by provincial commissions," Mr. Whelan said.

"This program will further enhance the integrity of the racing industry. It will also provide maximum protection for the public who bet on horse races. This type of agreement shows how the racing industry can come to grips with a major problem."

Agriculture Canada's share under the five-year agreement will be one third of the costs, up to \$4 million. The monies will come out of the federal levy on all bets registered in pari-mutuel systems at Canadian tracks.

Effects of government policies on economic conditions

Though government policy changes may improve general economic conditions, they invariably cause higher unemployment among certain groups of workers. This is one of the major findings of an Economic Council of Canada study released recently under the title *The Impact of Economy-Wide Changes on the Labour Force: An Econometric Analysis*. While several studies have investigated the success of government policy changes by evaluating their impact on general unemployment levels, little has been known about how these changes affected individual groups of workers within the labour force. For example, though fiscal stimulus — such as an increase in government spending — can lower total unemployment, the authors of the EC study find that some workers will actually be worse off as a result of such measures.

To undertake their detailed analysis of the labour-market reaction to government policy changes, the authors modified CANDIDE 1.1, the Economic Council's macro-econometric model, to obtain data on the behaviour of workers in various age and sex groups and of employers. Using this model, they ex-

amined the effect of the 1971 changes to the Unemployment Insurance (UI) Act. For the sample period 1963-71, they simulated the impact on unemployment that would have occurred if government spending had been increased. Finally, they estimated by means of a projection how various economic conditions might affect the labour market from 1975 to 1982.

Who gained

The analysis showed that men over 25 and women over 45 not only benefited from the fiscal stimulus but also enjoyed increased employment after the UI Act was revised. This rather surprising outcome is attributed to the "demand effect" of the changes in the UI legislation. Higher UI benefits increased personal disposable income, causing consumption to be increased to meet the greater demand for goods and services.

Who lost

In contrast, workers of both sexes in the 14-19 age group and women from 20 to 24 and from 25 to 44 suffered higher unemployment after the revision

of the Act despite the "demand effect". Similarly, males from 14 to 19 and females from 20 to 24 and from 45 to 64 appeared to be worse off as to numbers unemployed when government spending was increased. The authors observe that in both cases there was a *net* gain in unemployment for these groups because they were more sensitive to policy changes — i.e., the improved economic conditions encouraged more persons in these age-sex groups to enter the labour market than could actually find jobs. There had been some increase in employment, but it was not sufficient to absorb the growth in participation rates.

Though labour-force growth is likely to slow down over the period 1975-82, the authors predict that members of these more volatile age-sex groups are likely to constitute an increasingly large part of the work force. Since 1961, the number of men in the labour force has steadily declined relative to the number of women. By 1982, it is estimated that men will comprise 63.7 per cent of all workers (compared to 73.3 per cent in 1961), as women aged 20-24 and 25-44 enter the labour market more rapidly.