

Economic Regulation

In addition to competition rules, a large number of other regulations now influence the operation of economic markets and decisions. Table 13-1 illustrates the extent to which such economic regulations have proliferated.

Table 13-1
The Scope of Economic Regulation
Estimated Number of Regulatory Statutes (1978)

	Federal	All Provinces
Financial markets and institutions	14	82
Agriculture and fisheries (including product standards)	27	152
Health and safety (excluding occupational health and safety)	16	155
General regulation of business activities	9	131
Occupational and business licensing	*	389
Transportation and communications	31	97

* These are largely areas of provincial jurisdiction. However, under a small number of statutes, the federal government licenses certain occupations, e.g., commercial pilots, air traffic control operators, and ships' officers. Source: *Synopsis and Recommendations from Responsible Regulation, An Interim Report by the Economic Council of Canada*, The Economic Council of Canada, November 1979, p. 6.

Regulation is a permanent feature of our economic environment. In some instances, such as marketing board rules, these regulations are designed to have specific economic consequences. (Whether they have these desired effects or not is an important question.) In other cases, such as environmental and safety regulations, the rules have been designed to accomplish other ends but have significant economic side-effects. However important their objectives, we cannot overlook the fact that regulations can severely affect the course and pace of economic development. They can contribute to inflationary pressures, result in misallocations of resources, strangle entrepreneurial initiative and thwart desirable economic development.

The regulatory topic is immense; it has been widely studied in the past and continues to be a subject of interest and debate. We have limited our attention to those aspects of regulation that directly influence regional economic development. Two facets of the issue were of greatest interest to us. Briefly, these may be summarized in terms of applicability and uniformity.

The Canadian economy is a highly diverse, heterogeneous piece of machinery. Even individual sectors of the economy vary considerably across Canada in terms of structure and operating conditions. Therefore, in spite of the difficulty, national programs should respect this diversity and be capable of modification to suit the varying conditions existing across Canada. If they are not, the consequences for some areas can be highly negative.