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THE ROLE OF GOVERNMENT IN CANADIAN
ECONOMIC DEVELOPMENT

To understand the role of government in Canadian economic development it is necessary to remember two very important limiting factors. In the first place, the economic activity of the country is in very large part subject to private control. In the second place, Canada has a federal form of government and the powers of the Federal Government itself are, therefore, limited by the constitutional assignment of particular functions and responsibilities to the provincial governments.

The great bulk of economic activity is initiated and directed by private enterprise and new investments, for development and expansion is in the main decided upon and financed by the private rather than the government sector. The Government prefers that the responsibility for business decisions should be in business hands and tends to intervene or participate directly in business activity and economic development only where undertakings thought to be in the national interest are not readily organized on a profitable basis by private individuals, or where it is thought undesirable for strategic or other considerations that private interests should be in control. Indirectly, of course, the Government participates by creating the sort of economic climate in which private business can grow and expand and in which the more necessary forms of economic development are encouraged.

The Provinces own and control all natural resources within their own boundaries. They have responsibility for roads, bridges, and all forms of transportation and communication generally other than those which connect the provinces with one another or with a foreign country. Education, health, hospitals and certain aspects of social welfare, property and civil rights within the Provinces are likewise provincial responsibilities. The Provinces likewise have power to levy direct taxation within their own borders for their own purposes. The jurisdiction of the central Government, on the other hand, includes the regulation of trade and commerce, currency and banking, navigation and shipping, fisheries, unemployment insurance, defence and the raising of money by any mode or system of taxation.

This division of authority between the Provinces and the Federal Government necessarily means that problems of economic development in Canada will often involve co-operation between the central and provincial governments at political, administrative and technical levels. This co-operation sometimes takes the form of particular contractual or semi-contractual agreements as in irrigation, forest conservation, health services, etc. But more often it is accomplished by continuing contacts and exchange of views and plans at administrative and technical levels. The nature and effectiveness