

participation rate among those of working population age, especially as a consequence of the very much lower participation of women in the Canadian labour force—only 32 p.c. in Canada in 1960 compared with over 43 p.c. in the United States.

Thus, although the difference in real income per capita between Canada and the United States is in excess of 25 p.c., the real income difference per person in the labour force or per employed person between the two countries is less than 20 p.c. In other words, although average per capita income (and hence the average standard of living) in Canada is more than one quarter below the United States, average productivity in Canada is less than one fifth lower. This is partly due to Canada's relatively greater use of capital facilities and land and natural resources. But these are not sufficient in themselves to assure the attainment of high productivity and high standards of living.

The main explanation for the differences in productivity between the two countries must lie in the differences in the quality of productive resources and the efficiency with which they are used. In this respect many possible comparisons between the two countries could be suggested—levels of education and skill; resource mobility, including the mobility of manpower; technological advances; organization of production; industrial scale and specialization; industrial initiative, enterprise and competition; the attitudes and energy of both workers and management; environmental and institutional influences such as geography, climate and government; population growth and density; and industrial and regional structure. Many of these factors were examined at length by the Council. However, one of the most important factors which the Council assessed—and one which is likely to become much more important over the next two decades—was the over-all differences between the two countries in the average educational levels of their labour forces. The crucial importance of education in economic growth is underlined by the fact that about 75 p.c. of all income in the economy accrues to labour, the remainder arising out of the ownership of property.

### Education and Economic Growth

The basic role of education as a factor contributing to economic growth and rising living standards was stressed in the Council's *First Annual Review*, especially in the discussion of Canada's vital need for creating and maintaining an adequate supply of professional, technical, managerial and other highly skilled manpower as a basis for future growth. The *Second Annual Review* attempted a closer examination of education as a factor in growth. The Council recognized that its work in this difficult area was in the nature of a pioneering venture, but considered it useful to make some initial findings and conclusions:—

Average years of education per person in the male labour force rose rapidly and fairly steadily from 1910 to 1960 in the United States, with gains of 9 to 10 p.c. in each decade over that half century. The Canadian increases were somewhat more uneven and were also consistently below those in the United States. Consequently, it is estimated that although average years of schooling increased by less than 40 p.c. in Canada, the comparable increase in the United States was about 60 p.c. There has thus been a widening educational gap between the two countries. This gap appears to have widened particularly at the secondary school level in the inter-war years, and particularly at the university level in the postwar period. For example, in 1960 about 45 p.c. of the United States male labour force had four years of high school or more education, compared with only 24 p.c. in Canada in 1961.

The Council estimated that the Canada-U.S. differences in the average educational attainments of their respective labour forces account for approximately one third of the difference in productivity between the two countries. The Council's analysis also suggested a strong relationship between individual income levels and educational attainments. For example, in Canada the average income of those who have completed four to five years high school is more than one and a half times the average of those who have only elementary school education; and those who have university degrees have an average income which is more than two and a half times the average of those with only elementary school education, and more than twice the average of those who have only one to three years of high school.