

to exceed 10,500,000 persons by 1980, an increase in 15 years of some 3,500,000 or 50 p.c. This implies an average annual addition to the labour force of some 240,000 persons in the 1965-70 period and between 230,000 and 240,000 in the 1970-80 period. The total Canadian labour force expansion to 1980 would exceed by over 500,000 the anticipated labour force growth in Britain, West Germany and Italy combined. Additions to both the Canadian and United States labour forces over the next 15 years will equal the entire existing work force of a large country such as West Germany or Britain. In Canada, women are expected to account for approximately 1,500,000 of the total increase of 3,500,000 in the labour force to 1980, and it is estimated that by that time women will make up about 35 p.c. of the Canadian labour force compared with about 25 p.c. at the start of the 1960s. To absorb this huge labour force increase and at the same time attain the 97-p.c. employment goal, the Canadian economy would have to expand rapidly enough to provide 1,200,000 new jobs in 1965-70 and another 1,200,000 in 1970-75.

Over the 1961-66 period, total employment in Canada rose by 1,100,000, although about three quarters of that increase was concentrated in Ontario and Quebec. The number unemployed dropped over the five-year period by approximately 200,000, but this figure masks a great regional diversity. The *proportion* of total unemployment actually shrank in the regions where the unemployment rate is low—Ontario and the Prairies—but rose in other regions where the unemployment rate is relatively high. Thus, regional pockets of unemployment persisted and the Council observed that “these have proved to be rather insensitive to changes in the tides of over-all economic activity”. Even at the height of the recent expansion, the relatively low-productivity and low-income regions and areas of the country—particularly the Atlantic region and eastern Quebec—continued to have unemployment rates regarded by the Economic Council as “unacceptably high”.

A High Rate of Economic Growth.—In seeking to define an objective for the total production of goods and services in the economy, the Economic Council has used the concept of “potential”. The potential of an economy is usually measured as the total volume of production consistent with reasonably full and efficient use of the nation’s economic resources. Essentially, it is a measurement of the supply factors and capabilities of the economy and assumes that the demand conditions necessary for its actual achievement can be generated.

In its *First Annual Review* in December 1964—almost four years after the start of the most recent economic expansion—the Council calculated that the *potential* output of the economy would rise by an average 5½ p.c. a year in the 1963-70 period. This was a high objective and reflected both the rapid expansion of the labour force and the taking up of the slack that existed in the early 1960s. The slack was, in fact, taken up more rapidly than anticipated and the actual growth in the economy averaged 6½ p.c. a year in the 1963-65 period. Thus, any measurement of the potential growth rate for the remainder of the 1960s would have to be lower than that originally set by the Council in 1964, and in its *Fourth Annual Review* in September 1967 the Council calculated this potential rate for the 1965-70 period as 5 p.c. a year. At the same time, the Council extended its projections to the middle of the next decade and estimated that potential output in the 1970-75 period would rise at an average annual rate of 4½ p.c. The 5-p.c. target to 1970 implies an average rate of growth in real gross national product (GNP) per capita of 3.2 p.c. a year between 1966 and 1970. On the basis of reasonable price stability, total GNP could be expected to rise by about \$4,500,000,000 a year on average as the economy moves to potential output in 1970.

The growth targets may be viewed as being composed of growth of employment on the one hand, and growth of productivity on the other. Thus, for 1965-70 the 5-p.c. growth target comprises an average annual rate of growth of over 3½ p.c. a year in total employment and 1½ p.c. for productivity. Similarly, the 1970-75 target comprises employment growth averaging 2½ p.c. a year and productivity growth averaging 2 p.c. a year.