

unrelated to movements in the other.

Second, during the past decade in Canada, major changes have taken place in the structure of employment and industry. Since such changes become incorporated in the gross statistical aggregates, it is not possible to identify how much of the changes in the statistical aggregates reflect shifts in employment, capital, and other resources and how much reflect actual changes in the variable factors (that is, changes in prices and wage rates).

Third, simple aggregates of statistical data on the Canadian economy cannot be properly analyzed because these aggregates obscure the highly segmented nature of the economy and thereby obscure the nature of the changes taking place in the economy. Canada is characterized by a high degree of regional and industrial specialization, such that the different regions and industrial sectors behave virtually like independent economic units. Each sector has its own particular problems and aspirations and each sector experiences a different level of economic development and economic prosperity. This characteristic of the Canadian economy derives from five main factors: (1) The dispersed settlement of a small diverse population on the world's second largest land area (some 90 per cent of the 19 million Canadians live within 50 miles of the United States border, along an area that stretches 4,000 miles from the Atlantic to the Pacific); (2) the uneven and unequal distribution of resources; (3) the political structure (some 90 per cent of employment comes