

to the United States I observe that business is booming and that the people there are on the job at 7 o'clock in the morning or certainly by 8 o'clock whereas we only just get going by 8:30 or 9 o'clock. Is that the answer to this tremendous differential?

I make these remarks, Mr. Chairman, because I agree thoroughly that productivity, as Mr. Otto has suggested, is the answer, and as you have also suggested, and I ask if it would not be wise to try to discover the reason for this tremendous differential, because I know we shall never have the same scale of living as Americans until we come up to their scale of productivity. The reverse situation, of course, is in England, as anyone who has been there will have observed. Everyone knows, from figures and from personal knowledge—those who have been in England—that they need 500 people in the factory to do what even in Canada do with 200 or 250. That is why their productivity per capita is much less than ours.

Having said those things, I want to confirm that it is my opinion that this is an important part of our study.

Would you like to comment, Mr. Bryce, as to the reason why this differential exists between ourselves and the United States?

Mr. BRYCE: I have no doubt this is a matter not only of great importance but of great interest. The Economic Council has worked on this. The Department of Industry has worked on this. Some Canadian industries are just as productive as American industries, but the Canadian economy as a whole, quite manifestly produces only in real terms 75 to 80 per cent of the average output of the American economy.

This is a very complicated general issue, that requires a lot of study, and I would hesitate to express an opinion on it offhand.

Senator CARTER: I would like to follow up that question of productivity and ask Mr. Bryce if he could comment on whether this difference in productivity in Canada as compared with the United States is related to the difference in population and the difference in mass markets? To what extent is that a factor?

Mr. BRYCE: Mr. Rubinoff was looking this up in the Economic Council's report, and perhaps he could answer that question.

Mr. RUBINOFF: The second annual review of the Economic Council has a chapter on economic growth. They attempted to make a preliminary analysis of the difference, in so far as it could be measured, as between Canadian average productivity and that of the United States.

They dealt with a number of factors. They broke it down, broadly speaking, three ways. Of the 25 per cent difference in per capita production—one of the factors was that there were more people working, that is there was more participation in the labour force in the United States, and this was worth about 5 per cent.

Of the other 20 per cent, the rough calculations would suggest that about 8 per cent is due to the difference in the level of education, that is, the United States, on the average, having a little more highly skilled labour force and thus being able to produce more. The remaining 12 percentage points is made up of a number of other things—the scale, the large markets in which they have to sell, right within continental United States, and a number of other factors.

This is by no means a complete examination. This could be broken down in a number of other ways. But in terms of this preliminary report, which the Economic Council produced, they did suggest these broad orders of magnitude.