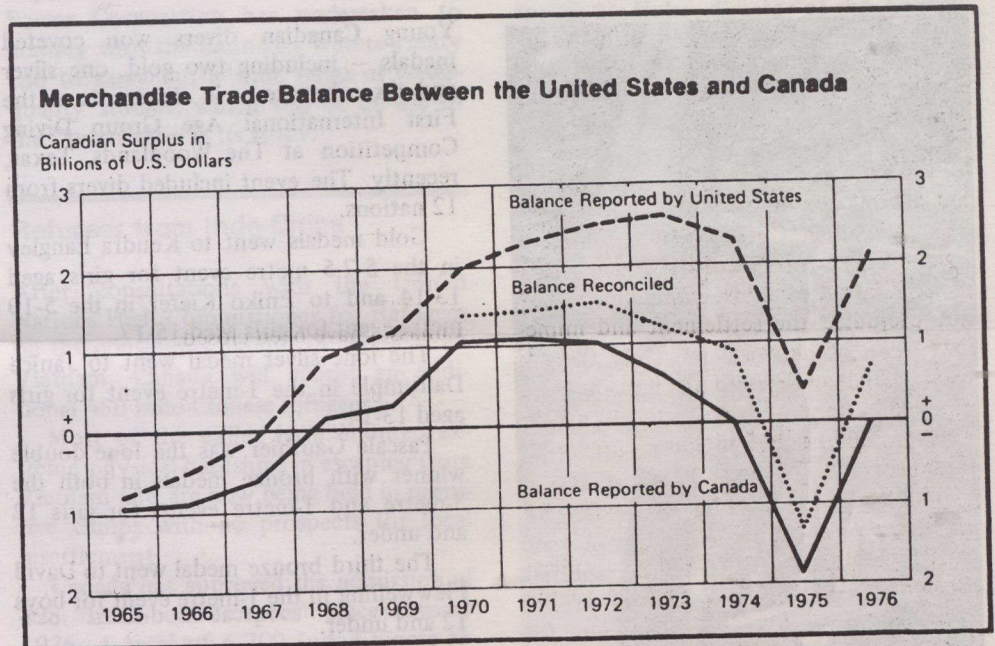


Canada-United States comparison of merchandise trade statistics

Reconciled estimates of Canada-United States merchandise trade statistics for 1976 establish that the Canadian merchandise trade surplus with the U.S. for the year was \$696 million (U.S. dollars).

The unreconciled figures previously published by the two countries were: by Canada, a Canadian surplus of \$46 million and by the U.S., a Canadian surplus of \$2,129 million. The effects of differences in collection procedures which continue to exist between the official figures published by the two countries are eliminated in the reconciliation process, worked out by the United States-Canada Trade Statistics Committee.

The reconciled figures are estimates of the value of the merchandise trade flows according to the conceptions of the balance-of-payments. The chart is reproduced from the Statistics Canada weekly bulletin *Infomat*.



Income gaps don't always reflect a difference in work skills — Economic Council of Canada report

To explain why some workers earn more than others, economists have traditionally pointed to differences in employee attributes such as age, type of occupation, and level of education. However, a 1961 survey of 100,000 male workers from various ethnic groups in Montreal* revealed that earnings potential in that city is to some extent determined by a person's ethnic background and mother tongue. Jac-André Boulet, an economist on the staff of the Economic Council of Canada, and André Raynauld, former chairman of the Council, found that there were substantial gaps in the earnings between French- and English-speaking workers. They concluded that this not only reflects a difference in the skills and education of these workers but also a difference in the way in which they apply their individual attributes.

The survey showed that workers of French origin earned less than the average for all workers in the same group. Employees of English-Scottish and Jewish

extraction were the highest paid of all ethnic groups, with earnings approximately 38 percent above those of their French counterparts.

Those whose mother tongue was French earned substantially less than unilingual anglophones, even if they were bilingual. A bilingual francophone increased his earnings potential by 41 percent, but his earnings still averaged less than that for other English-speaking workers, whether or not English was their first language. Workers who spoke neither English nor French fared worst of all in terms of earnings and their situation was not much improved if they learned French rather than English. Similarly, learning French did not significantly improve the earnings levels of anglophones.

This pattern was still evident when Boulet and Raynauld analyzed 1971 data for workers in Montreal in a paper to be published at a later date. However, they observed some convergence between the earnings of French- and English-speaking workers, perhaps indicating a gradual trend towards eliminating earnings disparities between different ethnic and language groups.

In their opinion a major obstacle hampering a more rapid reduction of

these differences in earnings is the existence of two distinct information networks in Montreal — one English, the other French. Within these networks, workers and employers establish personal contacts and lines of communication which reduce the time spent on both the job search and the hiring process. There is very little interaction between the two channels because it is more expensive for employers of one language system to function in an unfamiliar network. Hence, higher-paying jobs tend to be offered by English employers to English rather than French workers because it is less costly for them to contact these people and to assess their qualifications and abilities.

Although this situation cannot easily be remedied — at least in the short term — Boulet and Raynauld offer some suggestions to improve the way in which workers from lower-paid groups participate in the labour market. In their opinion, for example, the solution lies not so much in raising the general education levels of these workers but in ensuring that they are well-trained in the particular skills which are in demand. (From Bulletin, Spring 1977 issue, published by the Economic Council of Canada.)

*Jac-André Boulet and André Raynauld, *L'analyse des disparités de revenus suivant l'origine ethnique et la langue sur le marché montréalais en 1961*. Economic Council of Canada, Discussion Paper No. 83.