

## JOB-CREATION URGENT

No fewer than 1.4 million more jobs will have to be created during the period from 1970 to 1975 — to accomplish which the Canadian economy will have to grow at a rate of over 6 per cent in real terms for the next three years. With the prospect of less strength in the balance of payments than was experienced in 1970, the task of getting the economy moving decisively back up towards its "potential" level of output must now rest entirely on the expansion of domestic demand.

These are the main conclusions drawn by the Economic Council of Canada in a recent report entitled *Performance in Perspective, 1971*.

Each year, the Council appraises the performance of the economy in the light of its potentials and the basic performance goals to which the Council was asked to direct its attention, monitors certain key aspects of the economy's performance (for example, growth, employment, price and cost changes and balance-of-payments developments), and sets out some of the main dimensions of problems and shortfalls in economic performance.

## CLOSING THE GAP

The Canadian economy has been operating recently at a level 3 percent to 4 percent below its potential. There was a shortfall of about \$3 billion, on an annual basis, from levels of output and income that might have been achieved with reasonably full use of Canada's labour force and other productive resources. With a "potential" growth-rate of 5.2 per cent, the economy would need to grow, on the average, by about 7 per cent to close the "gap" in two years, and by close to 6.5 per cent on average to close the gap in three years. The significance of these figures is that, even with a sustained growth-rate of over 6 per cent in real gross national product, it would probably be the middle of 1974 before the unemployment rate could be expected to be back down to the neighbourhood of 4 per cent of the labour force.

The report singles out job-creation as a major challenge for the 1970s. Unemployment having risen to about 6 per cent of the labour force in 1970, the rate of job-creation needed to absorb further labour-force growth and to reduce unemployment to about 4 per cent of the labour force would be 3.3 per cent a year. This is a notably faster rate of growth in employment than Canada was able to achieve in the 1965-70 period, when the average rate was 2.8 per cent a year.

From 1970-75, employment will have to grow substantially faster than the labour force. The required rate of job-creation must not only absorb the steady increase in the labour force, but it must be sufficiently high to reduce unemployment to more acceptable levels.

## AGE GROUPS

In the 25-to-34 age group, where the fastest increase in the labour supply will be occurring, employment growth will need to jump to 5.6 per cent a year in 1970-75 from 3.7 per cent in 1965-70. Among males in this age group, the growth rate in employment will need to more than double. This is the age group in which most families tend to become established, with their large demands for housing and durable goods and associated needs for urban services. Any significant shortfall in meeting the employment needs of this group will produce serious economic and social strains in the 1970s.

The rate of growth in the labour force in the younger age group (14-24) will slow in the 1970-75 period. Because the unemployment rates are currently very high in this group, the growth in employment needed remains extremely high. About 45 per cent of Canada's current unemployment is concentrated in these age groups, although they make up only about one-quarter of the total labour force. The problem of finding adequate job opportunities for the youngest part of the nation's work force remains a particularly troubling feature of the prospective labour market situation in the labour market.

## MANUFACTURE OF SNOW-TRUCKS

With the help of a "development incentive" grant from the Department of Regional Economic Expansion, an Ottawa-area firm has begun manufacturing a new type of snow vehicle.



*The "snotruk", a new type of snow vehicle.*

Nortrac Manufacturing Ltd., which opened a new plant at Arnprior, Ontario, on December 1, expects to have its first "snotruk" off the assembly-line by the end of January.

The \$75,000-grant is based on a rate of about 10 per cent of the capital costs of the construction of