

Employment creation

The short- and longer-term records of employment creation vary in the G-7 economies. Since 1970, total employment has expanded by 65 per cent in Canada, 59 per cent in the United States, 27 per cent in Japan and only 11 per cent in the four European economies taken together (Chart 2). For the G-7 as a whole, employment grew by 31 per cent. A key factor behind higher employment growth in Canada and the United States was faster growth in their labour forces, reflecting demographic fluctuations. The ability of these countries to find employment for their growing populations shows a dynamism in their economies and a flexibility in their labour markets.

Canada's recent experience in creating jobs has also been slightly better than the G-7 average, in part because Canada emerged from its recent recession more quickly than Japan and the continental European economies. The average annual rate of employment creation from 1993 to 1995 was 1.7 per cent in Canada, compared with 1.2 per cent in the G-7. After relatively strong growth in output and employment in 1994, a combination of weaker economic growth and government downsizing led to weaker employment growth in 1995. Chart 3 shows that the 1995 employment gains were attributable entirely to the private sector.

Policy priorities

G-7 governments are interested not only in creating more jobs but also in improving the quality of jobs. Technological change brings with it opportunities for new types of work that in general require more skills. Governments must encourage individuals to adapt their skills to the requirements of the marketplace and to seek employment in new areas. To accomplish this task, governments are reviewing the whole array of programs affecting income support and training.

Examining how to meet the needs of the most vulnerable members of our societies is one of the themes of the G-7 Employment Conference in Lille. Particular attention will be focused on the long-term unemployed (those who have been without work for more than a year) and on youth. G-7 governments also agree on the importance of developing an innovative economy. They are therefore supporting the development and diffusion of technology. Another focus of policy is the principal job-creators — small and medium-sized enterprises. In Canada, small and medium-sized businesses that aggressively adopted and adapted technology grew more quickly, had higher employment growth rates, paid higher wages and had higher profits than those that did not follow such a policy.

Canada's basic strategy

Canada has developed a coherent and integrated approach to job creation, which is outlined in the 1996 Budget. As the Budget states, "The first step in promoting healthy economic growth and creating secure jobs is to get and keep interest rates down." This means