Demographics

The current version of RIM forecasts the regional share of total households as a function of the regional share of employment. As above, since the regional distribution of activity in some service industries is a function of household share, the endogeneity of households provides some limited simultaneity. Using households as a proxy for source population, the provincial labour force is obtained using a specification appropriate for determination of participation rates. The principal explanatory variable is the real labour income per member of the labour force for the region in the previous year. Currently, the national average consumption expenditure deflator is used for all regions. The equations for Ontario are shown in Figure 5. The unemployment rate is obtained residually.