COMMENTAIRES

Economic Goals for Canada to 1970
First Annual Review: Economic Council of Canada

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Following the example of several of the Western European countries, Canada has set up an Economic Council under the chairmanship of John J. Deutsch to « advise upon the medium — and long — term development of the Canadian economy ». Five main objectives have been set for the Council: full employment, a high rate of economic growth, reasonable stability of prices, a viable balance of payments, and an equitable distribution of rising incomes. Though the formulation of these objectives is in some ways distinctive, basically they are similar to those pursued in most other Western nations. The report covers a wide range of problems as this statement of objectives leads one to expect, even though it is of course far from « complete » — whatever this term might mean. I shall limit myself in this review to a consideration of some of the problems of particular interest to the labor economist and industrial relations specialist.

In the center of our interest is of course the unemployment problem. Just as the U.S., but at the inverse of Western Europe, Canada knew little unemployment right after the war, relatively high unemployment rates since then, with a slight tendency toward improvement in the last few years. However, differently from the U.S., Canada is heavily dependent upon international trade, and balance of payments problems — though far from lacking for its Southern neighbor — set narrow limits for policies designed to reduce unemployment. Nevertheless, the report, more ambitious than the U.S. administration — aims at reducing the Canadian unemployment rate by 1970 to 3 per cent of the labor force, 40 per cent below the rate prevailing in 1964. This would involve an increase in civilian employment by about 1.5 million — an annual rate of employment increase of 3.1 per cent during the period of the plan which is twice the average annual rate between 1956 and 1963.

In diagnosing the nature of Canadian unemployment and thus proposing the necessary treatment, the Council resolutely accepts the Keynesian prescription. Expansionary economic policies, an increase in total effective demand are the remedies. In line with this, the Council puts its main emphasis on appropriate fiscal policies, and speaks quite properly of the *danger* of a government surplus — the « fiscal drag » U.S. style — developing when GNP grows. However, main reliance