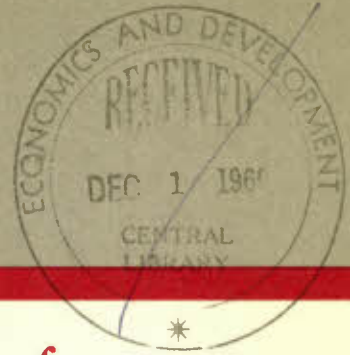
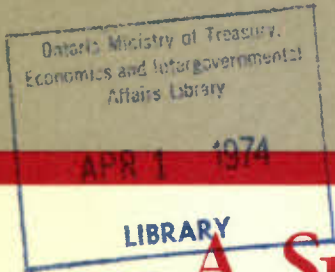


SPECIAL STUDY No. 2



A Survey of Labour Market Conditions, Windsor, Ontario, 1964:

A Case Study

by G. R. Horne, W. J. Gillen, and R. A. Helling



HC
111
.E30
n.2

c.1
tor mai

prepared for the

Economic Council of Canada

Economic Council of Canada

A SURVEY OF LABOUR MARKET CONDITIONS,

WINDSOR, ONTARIO, 1964: A CASE STUDY.

by

G. R. Horne

W. J. Gillen

R. A. Helling.





© Crown Copyrights reserved

Available by mail from the Queen's Printer, Ottawa,
and at the following Canadian Government bookshops:

OTTAWA

Daly Building, Corner Mackenzie and Rideau

TORONTO

Mackenzie Building, 36 Adelaide St. East

MONTREAL

Æterna-Vie Building, 1182 St. Catherine St. West

or through your bookseller

A deposit copy of this publication is also available
for reference in public libraries across Canada

Price 50 cents

Catalogue No. EC22-2/2 ✓

Price subject to change without notice

ROGER DUHAMEL, F.R.S.C.

Queen's Printer and Controller of Stationery
Ottawa, Canada

1965

FOREWORD

In March 1964, the Economic Council of Canada, the Ontario Economic Council, the Conseil d'orientation économique du Québec and the Nova Scotia Voluntary Planning Board announced their intention jointly to carry out research into the effects of technological change and automation on employment in Canada. The purpose of these joint studies is to develop information on shifts and trends in industries and occupations, and the present and future implications which these have for education, training, retraining and other aspects of manpower policies.

In accordance with this arrangement, the Economic Council of Canada sponsored a case study of labour market conditions in Windsor, Ontario. This study was undertaken at the University of Windsor by Dr. G.R. Horne, Director of the School of Business Administration, Mr. W.J. Gillen, Assistant Professor, Department of Economics and Political Science, and Dr. R.A. Helling, Head of the Department of Sociology and Anthropology, in consultation with Dr. W.G. Phillips, Professor of Economics and Associate Dean of the Faculty of Arts and Science.

The results of the study are contained in the following report. It is concerned with the nature and impact of unemployment in the Windsor area and with the effectiveness of existing policies and institutions in dealing with the problem of unemployment. The report and the views expressed in it are the responsibility of the authors themselves.

Other studies carried out under the auspices of the other councils taking part in the joint arrangement are to be published by the respective councils as they become available.

TABLE OF CONTENTS

	Page
PREFACE	i
INTRODUCTION	1
I THE CAUSES OF UNEMPLOYMENT	4
II IMPACT OF UNEMPLOYMENT	13
III EFFECTIVENESS OF EXISTING POLICIES AND INSTITUTIONS AS REMEDIES FOR UNEMPLOYMENT.	21

PREFACE

This study was undertaken during the summer of 1964 at the University of Windsor. The original suggestion that it be done was made by The Economic Council of Canada. Throughout the preparation of the study, the Council's deep and continuing interest in the problem of unemployment in Canada, served both as an inspiration to the authors and as a source of many practical suggestions in resolving the difficulties inherent in a survey study of this type.

The authors wish to express thanks to the Council for providing the indispensable financial support. In addition, particular thanks are extended to Dr. John Deutsch, Chairman of the Council, and Mr. Hume Wright, for their invaluable help, effectively, yet always unobtrusively rendered. Thanks are also expressed to Dr. W. G. Phillips, of the University of Windsor, for his patient and indispensable aid as consultant. To the large number of senior students who conducted the interviews we are also grateful. Among these, the work done by Messrs. Peter McLean, Philip della Valle and Robert Sperandio, is especially acknowledged.

Our acknowledgements, of course, cannot shift responsibility for errors and omissions from where it properly belongs, on the authors themselves. We only hope that, in attempting to view unemployment patterns from the level of people who actually are the unemployed, we may have added even slightly to the understanding of a most complex problem.

G. R. Horne

W. J. Gillen

R. A. Helling.

INTRODUCTION

During the past quarter century, concern over the aggregate volume of unemployment and the methods of remedy and control open to governments, has become almost commonplace in capitalist countries. In general, treatises on the subject have been either macro-oriented, stressing the potential influence of government in maintaining total spending at levels appropriate to employment needs, or industry-oriented, stressing the conditions of growth in individual industries in relation to their potential employment.

In the past decade or so, concern over unemployment has been considerably extended. New features have emerged in the industrial structure. In Canada as much as anywhere, these have raised more localized questions concerning the causes and impact of unemployment and the remedies appropriate to particular types.

Among these new features are the spread of automation and new types of work, the changing patterns of markets and industrial location, the relative rise of the service industries, the widespread adherence to seniority provisions and to annual-wage schemes, the changing age composition of the labour force. All of these have added new dimensions to the problem of unemployment. Especially do they appear to have contributed to the now-familiar "pockets" of unemployment whose existence makes clear that unemployment in local areas may remain unresponsive even to an otherwise successful aggregative policy of the central government.

The present study attempts to probe the causes and the impact of unemployment in one local area, in Metropolitan Windsor in mid-1964. It attempts also to assess the effectiveness of existing measures designed to alleviate local unemployment and to eliminate its causes. In the process, it advances a number of policy suggestions.

The study is based principally on a questionnaire survey of a random sample of 1,000 persons either currently or recently unemployed (500 of each). It is heir to all of the limitations of such surveys, one of which is its dependence on the versions given by the unemployed themselves concerning the nature of, and the reasons for their unemployment.

Nevertheless, in its concentration on the unemployed as the source, it is hoped that the study provides information and insights not otherwise obtainable. As for reliability, it seems true that where causes of unemployment are concerned, there is probably room for more attention than is usually given to the estimates of the unemployed themselves concerning the cause of their condition. Economic theorists are aware of the importance of subjectivity in the reactions of consumers, even where this is belied by objective reality. In similar vein, the subjective appraisals of the causes of their unemployment by unemployed persons may sometimes be the only explanation for apparent rigidities and lack of mobility in the market for labour.

In addition to the direct questionnaire survey of the unemployed - the supply side of the market - a limited survey of labour demand was made through a questionnaire directed to a sample of leading employers.

The purpose was to determine the occupations in which vacancies exist, and the number of vacancies, which were compared with the number of unemployed in such occupations. Special problems in labour recruitment and the approach to these by individual firms, were probed in subsequent interviews with selected employers.

The pages which follow contain the leading observations and conclusions from the survey. Although in the course of processing the data, more than 100 tables were constructed, showing detailed cross-classification of the characteristics of the unemployed, tabular presentation has been virtually eliminated from the presentation which follows. It is hoped that this will make for easier reading. A compilation of the original tables, as well as a more detailed explanation of methodology, and the questionnaires used, have been prepared in the form of a Statistical Supplement and are in the keeping of the Economic Council of Canada.

THE CAUSES OF UNEMPLOYMENT

SUMMARY

The direct causes of unemployment on a local level are various. It may result from a temporary period of job-hunting on the part of new entrants into the labour market; attempts of workers to move from their present job to a more suitable one with a resultant period of unemployment; seasonal fluctuations; declines in the volume of sales; technological change; and other factors such as business failures, disciplinary discharges, etc.

The relative importance of these causes in the Windsor area, according to the survey, is shown in the following table. The remainder of this chapter reveals the reasoning underlying the table.

1. New entrants into the labour force	= 72 persons (7.2%)
2. Unemployed as a result of quitting to look for another job	= 265 persons (26.5%)
3. Unemployed as a <u>direct</u> result of technological change	= 151 persons (15.1%)
4. Unemployed as a result of cyclical fluctuations, <u>indirect</u> effects of technological change, or <u>indirect</u> effects of business close downs	= 95 persons (9.5%)
5. Unemployed as a result of seasonal fluctuations	= 141 persons (14.0%)
6. Unemployed as a <u>direct</u> result of business close downs	= 79 persons (7.9%)
7. Unemployed as a <u>direct</u> result of project completion	= 49 persons (4.9%)
8. Causes of unemployment unknown	= 148 persons (14.9%)
Total Sample	= 1,000 persons.

The relative importance of these causes varied, of course, over the year: the two major changes being the relative increase in the importance of seasonal unemployment in the winter,¹ and of new entrants at the close of the school year. But, the stratification of the sample into one half recently reemployed and one half currently unemployed provides a set of reasonably good average estimates.

¹The survey results indicate that this type of unemployment rose to over 20 percent of total unemployment in winter.

Each person in the sample was asked whether his unemployment occurred because: 1) he was a new entrant into the labour market, 2) he quit to look for another job, 3) his job ceased to exist (in the sense that the particular task which he performed ceased being performed), or 4) he was laid off.² Those who were laid off were asked further to identify the cause of their lay off as resulting from: 1) a change in production methods, 2) a declining volume of business, or 3) closing down of the business or completion of the project.

Unemployment Resulting from New Entrants

New entrants into the labour market accounted for seven percent of the total sample. This overstates the relative year-round importance of this type of unemployment, since the survey was undertaken shortly after the close of the school year. The magnitude of this bias is implied in the fact that most of the recently reemployed persons in the sample were in the labour market prior to the close of the school year, and of the 500 recently reemployed, only four percent had not previously had a regular job. Unemployment attributable to new entrants, therefore, appears to have varied from about four percent of total unemployment preceding the close of the school year to about 7% immediately after. These figures will, of course, vary with general economic conditions; census reports indicate that in 1961 approximately 15 percent of the total unemployed in Windsor were seeking work for the first time.

2

Those who replied that they had been laid off were separated into two groups: those who were laid off in company with others and those who were laid off individually. No further inquiry was made into the cause of unemployment among those laid off individually, mainly because of the probability of a rather large bias in their answers arising from a tendency, for example, to rationalize disciplinary discharges, etc. Thus the reference here is to layoffs in company with others.

Unemployment Resulting From Attempt to Change Jobs

Attempts to change jobs accounted for a large proportion of unemployment in the sample. Two hundred and sixty-five of the 1,000 respondents, or 26 percent, quit their previous jobs in order to find others. This figure must be interpreted in light of the well-known tendency for voluntary separations to fall drastically in time of high unemployment, and to rise during recovery and prosperity. Windsor was in the process of recovery during, and for approximately one year prior to the survey, though it has been classed during this period as an area of moderate labour surplus.³ One may interpret this 26 percent, therefore, as an approximation of the situation in a recovery period.⁴

If unemployment resulting from voluntary 'quits' were short-term, little concern would be warranted. Movement between jobs is a characteristic of a free market and is necessary for efficient allocation of the labour force. But the survey results show that attempts to move to more suitable jobs often involve workers in substantial periods of unemployment. Approximately half of those who quit to look for another job were unemployed for a year or more. In addition, among the recently reemployed who had quit their former job, only 46 percent ranked their current job as more satisfactory than their previous one.

It is clear, therefore, that while there is substantial willingness among workers to attempt to better their position, their knowledge of the market is in many cases, seriously deficient.

³Cf. The Labour Gazette, monthly issues, 1963 and 1964.

⁴The Canadian data are not available on cyclical fluctuations in this figure but if American data are at least in part applicable to Canada, voluntary separations fall to virtual insignificance in depression. Cf. L.G.Reynolds, Labour Economics and Labour Relations, p.391, Prentice Hall, Inc. N.J.

⁵This indication of the data is supported by many studies of labour movement in the United States. Cf., for example, L.B.Reynolds, op.cit.p398.

As might be expected, the relative importance of 'quit' decreases with increasing age. About one-half of the respondents between 15 and 19 years of age quit to look for another job; comparable data for other age groups were: 41 percent of those between 20 and 24 years of age; 25 percent between 45 and 54; and 16 percent above age fifty-four. More important, from a policy point of view, than the inverse relationship between the percentage of 'quits' and the age level is the rather high proportion of persons in the middle and older age groups, as seen above, who are unemployed because they have failed to 'settle in to' a suitable job.

Unemployment Resulting From Direct Technological Change

An indication of the relative importance of unemployment resulting directly from technological change comes from those people who attributed their unemployment to the disappearance of their job (exclusive of "business close downs" or "project completions") or to declines in employment within their occupation as a result of changes in production methods. This source of unemployment accounted for only 15 percent of the total sample,⁶ a portion which, in view of the predominance of the automobile industry in the area, and the general impression that this industry has experienced substantial changes in technology over the last two decades, is lower than might be expected.

This low percentage may in part reflect the generally recessed condition of the local economy over the past five or six years, and a consequent more-than-normal proportion of cyclical unemployment. More impor-

⁶If those laid off individually or for unspecified causes are excluded from the base, this rises to 18 percent.

tantly, it appears to reflect the success of in-job training and upgrading programs, comparatively well developed in the large automobile firms though much less so among the automobile parts firms. According to officials in the large firms, these programs have been effective for them, and can be deemed to have helped maintain the amount of direct technological unemployment at a moderate level.⁷

The effectiveness and the cost advantages of such programs depend largely on the basic education of the workers. This explains in part, the fact that unemployment resulting directly from technological change is more highly concentrated among those with poorer educations. Of those persons unemployed as a direct result of technological change, 53 percent did not enter high school, 38 percent entered high school but failed to complete more than three years, and nine percent completed Grade XII or XIII. In the total sample, on the other hand, these proportions are 48 percent, 37 percent and 15 percent, respectively.

The proportion of the sample unemployed as a direct result of technological change could understate the qualitative importance of the problem if unemployment resulting from this source tended to be longer-run than average. However, there is little indication that this is so: of the 151 persons unemployed as a direct result of technological change, 70 persons, i.e., 47 percent, were unemployed more than six months; in the total sample, new entrants excluded, slightly less than 46 percent

⁷The low percentage also gives confirmation of a suggestion that structural unemployment--of which direct technological unemployment is a part--is not quantitatively as large as is implied in the general concern over it. Cf., for example, Paul W. McCracken, "Unemployment in an Expanding Economy--The Long View", Michigan Business Review, Vol. XVI, No. 4, July, 1964, pp. 21-22.

were unemployed more than six months.⁸

Unemployment Resulting From A Declining Volume of Business

Twenty-one percent of the sample reported that their unemployment was caused by a lay-off resulting from a decline in business volume. Because of the virtual impossibility of the employee's knowing the reason for a decline in sales, it was not possible to separate this category on the questionnaire into more narrowly defined and more meaningful categories. All that can be known directly from the answers to this question is that, individually and by their interaction, secular changes in consumer demand, cyclical business fluctuations, the indirect effects of technological change and of business close downs, and seasonal variations accounted for this proportion of the unemployment.

As for secular changes in consumer demand, it appears that unemployment resulting from this source is an insignificant part of the total. Changes in consumption patterns will normally⁹ be implemented in a growing economy by differential rates of sector growth, or by absolute declines which proceed slowly enough to allow the existing labour force to retire. Such being the case, the necessary relocation of the labour force will be accomplished by the channelling of new labour force entrants away from the slow growth or declining industries and into the growing ones. The most notable example of this is the relative secular increase in the service sector; and a relatively lower age of workers in this sector, as seen in

⁸No change in the conclusion is warranted if only those unemployed for more than 12 months are considered.

⁹There are some notable examples of rather sudden changes in consumption patterns -- the decline in the use of coal is a possible example -- but these do not appear applicable to the present day economy. There is of course some question here as to where to draw the line between changing consumption patterns and the indirect effects of technological change.

census data, attests to the working of the allocative mechanism described.¹⁰

We conclude, therefore, that secular changes in consumption patterns explain an insignificant proportion of the unemployment resulting from a decline in business volume.

As for the other causes of this type of unemployment, we conclude that the portion resulting indirectly from technological change and business close-downs would be about eight to 11 percent of the sample. This results from a decision to attribute unemployment of less than seven months' duration to seasonal causes, a decision based on the relatively large amount of seasonal unemployment which normally occurs throughout Windsor over the year, and the fact that Windsor has been in the process of recovery for close to a year.

Of the 208 persons who were laid off as a result of declining business, 62 were unemployed for more than 12 months, and 22 between seven and 12 months. These 84 persons, therefore, we would place in the category "unemployed because of a decline in sales brought about by cyclical factors, indirect technological change, or the indirect effects of business close downs". Allowing some margin of error, we estimate the proportion at between eight and 11 percent of the sample.¹¹

¹⁰Of course, where an economy is recessed, secular changes in consumption patterns cannot be so easily implemented, but in such a case it seems preferable to attribute any resulting unemployment to its ultimate cause, i.e., the recession itself.

¹¹Any distinction between unemployment resulting from cyclical factors, indirect technological change and indirect business close downs would require a study of an entirely different nature than the present one -- one more in the nature of an historical input-output analysis.

As a residue, between 100 and 128 persons who reported a layoff as a result of a decline in sales, are attributed to seasonal unemployment. For reasons discussed below, however, seasonal unemployment constitutes a much larger proportion of the total sample than is indicated by this residue.

Seasonal Unemployment

Seasonal factors seem to be somewhat more important as a cause of unemployment than the 100 to 128 persons in the foregoing "residue" approach would suggest. As already noted, respondents were not asked to identify the cause of a decline in business. In a separate question, however, they were asked whether they normally experienced seasonal unemployment at some time of the year. In the total sample, 31 percent replied that they did. As might be expected, the majority of these is found among the recently reemployed (214 to be specific), and their seasonal unemployment usually occurs in winter. Construction is the major single source of this type of unemployment: 96 of the recently reemployed were last engaged in construction, 91 are now reemployed in the same industry, and over three-quarters of these were out of work for fewer than 12 months.

Thus, as is clear from a comparison with the "residual" results above, not all of those who normally experience seasonal unemployment lost

¹²This estimate has been made by: 1) summing the numbers because they are new entrants, quit to look for another job, lost their job as a result of cyclical fluctuations, direct and indirect effects of technological change, business close downs and project completion; 2) subtracting this total from the 1,000 sampled, to obtain a total of 289; 3) noting that of these 289, one hundred and five were recently reemployed who were unemployed for less than seven months; 4) attributing these 105 cases to seasonal unemployment; 5) adding to ~~these~~ the 36 currently unemployed persons who were unemployed as a result of a declining volume of business, and who have been unemployed for less than seven months.

their most recent job as a result of seasonal factors. Seasonal fluctuations in fact, accounted for only about 14 percent of the unemployment observed in the sample. Hence, while over 30 percent of the sample are normally unemployed at some time of the year because of seasonal factors, seasonal fluctuations account for approximately 14 percent of the total currently and recently unemployed. As expected, this proportion declines drastically when only the currently unemployed are considered -- since the survey was conducted in summer when seasonal unemployment is lowest.

II

IMPACT OF UNEMPLOYMENT

SUMMARY

Unemployment is not spread evenly throughout the local economy; its relative frequency and severity vary primarily with the education, age, and industrial location of the worker.

The more poorly educated is a worker, the higher is the likelihood of his becoming unemployed: the unemployment rate among those wage earners with some university education being less than one-quarter times that among others, while the unemployment rate among those with no high school education is almost twice that among others. Further, the more poorly educated person who becomes unemployed finds it much more difficult than others to find reemployment: well over one-half of those unemployed for more than one year had no high school education.

Unemployment occurs relatively more frequently among younger persons than among those over age twenty-five. This reflects the younger age of new entrants into the labour market, the prevalence of seniority systems, and the (related) greater propensity of younger workers to change jobs. Unemployment among the young, however, is usually of a relatively short run type, young persons being more mobile and apparently more acceptable to employers than are workers in their late 30's and above. On the other hand, unemployment is relatively less frequent in the age group from 25 to 44; but persons within these age brackets, once having become unemployed, depend for reemployment largely upon recovery in the industry in which they were formerly employed. In the absence of such recovery they are likely to be unemployed for relatively long periods of time, in part because there is a slight tendency to 'wait for the recall', but mainly because of the disadvantage of age itself.

Finally, relative to the total number employed in each industrial location, unemployment is more frequent in factories, plants, mills and construction, and less frequent in offices and stores. Factories, plants and mills were also the source of a disproportionate amount of long run unemployment. On the other hand, the higher relative frequency of unemployment in construction results solely from seasonal fluctuations and is therefore mainly short run. Office workers were relatively less likely to lose their job and, having lost it, were relatively more likely to be reemployed within a short time. Workers who lost their job in a store or restaurant had almost as much difficulty finding reemployment as did those from factories, plants or mills.

Educational Levels

Of the total wage earners in Metropolitan Windsor, 34 percent have no education beyond the elementary school level;¹ of the total sample of 1,000 unemployed and recently unemployed persons, however, 48 percent had no education beyond the elementary school level. In other words, the unemployment rate among those with elementary school education or less is approximately 1.8 times the unemployment rate among the rest of the wage earners.² Moreover, while approximately eight percent of the wage earners in Metropolitan Windsor had had some university education, only two percent of the sample had attended university, implying an unemployment rate among those with some university education of less than one-quarter the rate times that in the rest of the city's wage earners.³

¹Figures for the total number of wage earners were taken from the 1961 census; these refer therefore to a different time period than do the sample data. While the absolute figures have certainly changed since 1961, it is unlikely that the proportions have changed significantly. Consequently there is very little likelihood that any serious error will result from a comparison of percentages based on the 1961 census data for total wage earners and percentages based on the sample data. All further references to the overall characteristics of the local economy are subject to the same qualification.

²The unemployment rate in a given group is defined as the percent of that group which is unemployed. The unemployment rate in one group as a multiple of that in another can be estimated from proportions obtained from the sample. For example, given the percentages in the text above, it is easily shown that the rate of unemployment among those with elementary school education or less, as a multiple of the rate among the rest of the wage earners is:

$$\frac{.48}{.34} \times \frac{1 - .34}{1 - .48}$$

³Data on the unemployment rate among persons who completed a university course are not available, but the rate is almost certainly lower still.

The lower educational levels were even more disproportionately represented in the long term unemployed: among those unemployed longer than 12 months, 59 percent had only elementary school education. In addition, those with poorer educations are noticeably more vulnerable to seasonal unemployment. While 38 percent of those with elementary school education or less reported that they are normally unemployed at sometime of the year because of seasonal factors, only 27 percent of those with more than elementary education so reported. 'Drop outs' from high school were also more susceptible to seasonal unemployment than were those who had completed grade 12 or more: 31 percent of the high school 'drop outs', as compared with only 18 percent of those who completed high school, reported that they normally experienced seasonal unemployment.

Age Groups

The frequency with which unemployment occurs is highly correlated with age. There is, however, a substantial difference between the age distribution of the currently unemployed and that of the recently reemployed: the recently reemployed were disproportionately concentrated in the middle age groups. On the other hand, the length of time unemployed increases consistently as age increases. These aspects of unemployment and age are discussed in turn. The unemployment rate among workers' under 25 years of age is approximately 1.6 times that among workers between 25 and 44, and somewhat over two times the unemployment rate among workers over 44.⁴ This characteristic of the age distribution of the

⁴In the Metropolitan Windsor labour force the age distribution is: 16 percent under 25 years of age; 47 percent between 25 and 44; 37 percent over 44 years of age. In the sample these percentages are 26 percent, 47 percent and 27 percent, respectively.

unemployed is a result in part of the prevalence of seniority systems, and in part of the greater propensity among younger workers to quit one job in search of a more suitable one. Of course these two factors are themselves interdependent, older workers being discouraged from movement by the resulting loss of seniority and other benefits related to length of service. A further reason for the concentration of unemployment among younger workers is, of course, that new entrants into the labour force -- seven percent of the sample -- are mostly younger workers.

There was a very substantial difference between the age distribution of the currently unemployed and that of the recently unemployed. For the age groups 15 to 24 years, 25 to 44 years, and 45 and above, the distribution of the currently unemployed was 32 percent, 38 percent, and 30 percent respectively; the corresponding distribution of the recently reemployed was 19 percent, 56 percent, and 24 percent. Clearly there was a very disproportionate concentration of the recently reemployed in the middle age groups. Again the explanation of this difference lies largely in the prevalence of seniority provisions, combined with the fact that much of the reemployment in the Windsor area was a result of a recovery of the local economy rather than new growth.⁵ During the local employment decline of the middle and late 1950's, layoffs in many firms reached well down into the seniority lists, affecting many workers above the age of twenty-four. The oldest workers were, however, by and large, protected. When the recovery occurred, reemployment by the

⁵36 percent of the recently reemployed were reemployed by their former employer, and slightly over one fifth of the recently reemployed were recalled via seniority lists.

seniority lists meant a disproportionately large increase in employment among the middle age group.

Despite the fact that unemployment is highest among the younger age group and that recent reemployment has favoured those in the middle age groups, the length of time unemployed, on the average, increases consistently as age increases. The combination of these findings indicates that workers in the youngest age group are much more mobile than are those in the middle and older age groups. Young workers, having become unemployed, are able to move back relatively rapidly into the ranks of the employed -- this is shown by the relatively short time which they are unemployed. As the age of the worker increases his ability -- or willingness to move into new jobs declines, and hope for reemployment rests more and more upon recovery in the industry in which the worker was unemployed. This is shown by the relatively longer time for which those in the middle and older age groups are unemployed, and by the disproportionate representation of the middle age group in reemployment during the local recovery.

How much of this immobility is a result of a tendency on the part of the relatively high seniority unemployed to adopt a 'wait for the recall' attitude, and how much is a result of the impediments of age, is difficult to determine. It is significant in this regard, however, that among the currently unemployed persons who have been unemployed for more than 12 months, approximately one sixth reported that they were 'temporarily laid off'. While this indicates that there is a tendency for high seniority unemployed to 'wait for the recall', the major problems appear to be associated with age -- such as shorter amortization

period available to employers for training costs, etc.⁶

Industrial Location

The unemployment rate in factories, plants and mills was found to be more than 1.4 times the rate in the rest of the city's economy.⁷ The recent upturn in the local economy reduced this disproportion significantly, 53 percent of the sample of recently reemployed reporting their present job to be in a factory, plant, or mill. Not only was the unemployment rate higher in this industrial location, but unemployment originating here tended to be longer than average. In the total sample, 42 percent, but those in factory, plant or mill, 50 percent, were unemployed for more than seven months.

As would be expected, the unemployment rate in construction over the winter months was well about the average: six percent of the 1961 labour force reported being employed in construction, but 14 percent

⁶Of course for most workers approaching age 45 years and above, seniority provisions are somewhat irrelevant once they become unemployed. For once unemployment in a firm has reached proportions such that their seniority ceases to protect them, there is relatively little chance of the firm's recovery. Thus while 17 percent of those between 15 to 24 years of age were unemployed for more than 12 months, and 28 percent of those between 25 and 44 were unemployed for more than 12 months, the corresponding figure for those above age 44 was 51 percent.

⁷This statement is based on the fact that 36 percent of the Metropolitan Windsor labour force in 1961 reported being employed in "manufacturing" while 44 percent of the sample reported being previously employed in factory, plant or mill. Use of the census "manufacturing" category however overstates the proportion of the labour force in factory, plant, or mill, since the census industrial classification includes office workers in manufacturing firms. Thus the figure of 1.4 given above is a minimum and the actual figure is undoubtedly higher.

of the sample⁸ reported a last permanent job in construction -- which implies an unemployment rate of over twice that in the rest of the economy. The summer recovery of the industry has virtually eliminated this disparity: if only the currently unemployed are considered, persons last engaged in construction constitute only seven percent of the sample. The fact that unemployment in this industry is a result primarily of seasonal factors is reflected in the high proportion of short term unemployment of those originating here, almost three quarters of those who lost their job in construction were unemployed for less than seven months.

Unemployment among those formerly engaged in the transportation and communications sector amounted to eight percent of the sample. There is virtually no difference between the currently and recently unemployed samples in this respect, nor between the proportions in the sample and those in the 1961 labour force. Unemployment originating in this sector was however much longer term than that originating elsewhere: 72 percent of those whose last permanent job was in transportation and communications were without a regular job for more than seven months.

Agriculture, forestry, fishing, trapping, mining and quarrying represented negligible proportion both in the 1961 Metropolitan Windsor labour force and in the total sample. In the remainder of the economy, composed primarily of employment in offices and stores, the unemployment rate has been lower than average, with 49 percent of the labour force and 33 percent of the sample having been employed here. Recent reemployment did not however favour this sector, and if only the currently unemployed are considered, 44 percent were last employed in office, store, etc.

⁸Exclusive of those persons who had not had a regular job. This applies to all sample percentages given in this section.

Among office workers, unemployment tends to be relatively short run. Almost three quarters of these were unemployed for less than seven months. Restaurant and store workers, however, had almost as much difficulty finding reemployment as did those from factory, plant or mill; approximately 48 percent being unemployed for more than seven months.

III

EFFECTIVENESS OF EXISTING POLICIES AND INSTITUTIONS AS REMEDIES FOR UNEMPLOYMENT

SUMMARY

Further policy designed to reduce unemployment must proceed from a knowledge of the effectiveness of current institutions and policies. This section investigates some of the main policies now in existence, or currently suggested, and includes some recommendations. It treats in turn, the topics of education, geographical mobility, and industrial and occupational mobility. These last are of course intimately related to the effectiveness of the labour market itself.

While the point has been made innumerable times, the persistence of high-school drop outs bears testimony to the need for repetition -- long-run unemployment among university graduates is virtually non-existent. In a city where approximately eight percent of the wage earners have some university education, only two percent of a sample of 1,000 unemployed persons had some university training, and none of these was among the long-term unemployed. The proportionate amount and the average length of unemployment rise as progressively lower educational levels are examined.

As for geographic mobility, the study concludes that resources directed toward increasing the geographical mobility of the unemployed will be best spent in an attempt to activate the already existing potential mobility, by increasing the workers' knowledge of job opportunities elsewhere. Attempts to increase potential mobility by alleviating the financial problems involved in movement will not be very successful until there has been a substantial widening of the unemployed persons' knowledge of the labour market outside of his immediate vicinity.

Comparison of the occupations of unemployed persons, with job vacancies existing in the industries covered, indicates a need to assist the local labour market in performing its allocative function. The most promising of existing measures to this end is the Canadian Vocational Training Program. The survey results show that courses given under this program are effective in helping the unemployed to obtain reemployment. No unemployed person, other than those who know that their unemployment is temporary, is justified in a belief that such a course would not be helpful. Even for those who know that their unemployment is temporary, enrollment in the program would provide insurance against future unemployment of a more long-run type.

Despite this, many unemployed persons believe that these courses would not be of any help. In addition, there is ample evidence to support the conclusion that lack of knowledge about these courses is the principal cause of low enrollments (relative to the total number unemployed). The courses should be advertised more widely, with emphasis on their effectiveness. At the same time, there is room for improvement in the record of placement of graduates from the program. An attempt should be made to elicit the advice and particularly the support of employers and trade unions in improving this record.

The labour market will also be a more successful mechanism of adjustment if job-seeking patterns can be improved. In view of the obviously superior efficiency of a centralized labour exchange over the methods of direct application and personal contact, much emphasis should be given to increasing the use made of the N.E.S. The survey results show that among the unemployed workers the image of the N.E.S. as a job-finder surpasses its actual performance. We conclude, therefore, that encouragement of employees to use N.E.S. is less urgent than such encouragement to employers.

There is an urgent need to encourage employers to use more completely the N.E.S. offices, even to the extent of channelling direct applicants through the N.E.S. If additional public funds are to be used in an attempt to reduce unemployment, we suggest that the first order of business is to direct these resources into the establishment of a much closer contact between the N.E.S. and employers. In addition, it seems desirable that the Employment Service obtain a larger fund of knowledge concerning the sectors of the economy in which age constitutes the smallest barrier to employment. One possible method of proceeding would be to initiate local seminars among employers, trade union leaders, N.E.S. officials, and C.V.T. officials. These types of seminars have been found useful in the field of industrial relations, and they might be expected to be equally useful in the present connection. In addition to establishing closer contact between employers and the N.E.S., such seminars could be used to improve the effectiveness of the C.V.T. courses discussed above.

In addition, comparison of the occupations of unemployed persons with existing job opportunities suggests that our approach to industrial location incentives must be tailored to existing unemployment patterns within a community. Because of existing deficiencies in the labour market, the current tax incentive program might well be revised with a view to obtaining a greater measure of selectiveness. This is necessary to ensure that industrial relocations are not out of keeping with patterns of unemployment and relative wage levels.

Finally, the study shows the desirability of increasing the use of in-plant training programs.

General Education

The one, single, most often noted, and most widely implemented method of increasing the flexibility of the individual worker to economic change and thereby increasing his ability to avoid long-term unemployment, has been the massive investment in education and the widespread campaign to persuade the younger members of the population to remain in school as long as possible, consistent with their native ability. In view of the foregoing discussion of the impact of unemployment on the various educational levels, little remains to be discussed here.

Geographical Mobility

In the history of economic thought and policy suggestions, heavy emphasis has often been placed on the natural mobility of the labour force -- it being argued that the main concern of government need be only with maintaining the total demand for labour at equality with the total supply, leaving workers free to move to the existing job opportunities. Just as often, it has been answered that the labour force, left to itself, does not have sufficient mobility to move out of particular areas and industries of excess labour supply and into those of excess labour demand. The truth quite obviously lies between these two extremes.¹ The present study attempts to indicate how much mobility does in fact exist within the labour force, and to infer from this appropriate policy suggestions.

Unemployed persons were asked whether they would be willing (would have been willing in the case of the recently reemployed) to consider moving from Windsor if they were offered a job outside of Windsor.

¹Except from a very long-run point of view.

While the hypothetical nature of the question leaves a significant margin of error, the relatively large proportion of the sample willing to consider such a move shows a surprising amount of potential geographical mobility among the unemployed. Fifty-nine percent of those questioned reported that they would consider accepting a job offer outside of Windsor. But this represents only potential mobility and it should be noted that only 35 percent of the sample actually looked for a job outside of Windsor, and only 20 percent looked for a job outside of Southern Ontario.

Those who have argued that the labour force is very immobile have often suggested that geographical mobility is limited by the worker's investment in home ownership or by his lack of sufficient financial resources to finance a move to another area. The policy then suggested has been one designed to reduce the financial burden of movement. Only 111 persons in the sample reported that home ownership or lack of sufficient financial resources prevented them from moving. On the other hand, 323 persons reported that they would not move because they "had their roots in Windsor".

The conclusion stated at the outset of this chapter is therefore reiterated, that resources spent in improving geographical mobility will be most effectively used if directed to increasing workers' knowledge of job opportunities outside of their own community.

Industrial and Occupational Mobility

As part of a consideration of the effectiveness of current measures, possible deficiencies in the functioning of the local labour market were examined. To this end, information on labour demand was assembled to complement the supply picture. A mail questionnaire to

employers was prepared to measure the demand for labour. The questionnaire was designed to show (1) existing vacancies in the main job categories (per the classification used in the 1961 Census); (2) the number presently employed in each category; (3) the length of time during which most of the vacancies in each category had remained unfilled.

Some detailed useful replies were received and were supplemented by interviews with representative employers. The following table and comments summarize the demand situations at the time of the survey, as indicated by the replies to the questionnaires supplemented by interviews with the larger employers.

Respondent firms represented more than 30 percent of those to whom the questionnaires were mailed, and included most of the larger employers. The total employed and vacancies given by the respondents were almost 19,000, or more than 25 percent of the labour force of Metropolitan Windsor, as shown in the 1961 census; approximately 700 vacancies were indicated.

The following table combines the data received from the employer questionnaire with those from the broader survey of supply. Occupations are listed in descending order of existing vacancies. Occupational categories in which fewer than 10 vacancies and fewer than 10 unemployed persons existed, have been eliminated.²

²The complete table is presented in the Statistical Supplement.

Vacancies and Unemployment
by Occupational Categories

Job Category	Existing Vacancies in Category	Number Now Employed in Category	Number of Currently Unemployed in Category
	Col. 1	Col. 2	Col. 3
Labourers not elsewhere specified	65	962	114
Plumbers and Pipefitters	40	178	(a)
Electricians and Related Electrical and Electronics Workers	35	281	(a)
Millwrights	34	318	(a)
Stationary Engine and Excavating and Lifting Equipment Operators and Related Workers	31	156	(a)
Operators, Road Transport and other Transport Occupation	26	111	12
Toolmakers, Diemakers	24	281	(a)
Mechanics and Repairmen, except Electrical and Electronic	23	333	16
Furnacemen, Moulders, Blacksmiths, and Related Metal Workers	22	324	(a)
Machinists and Machine Tool Setters	18	468	15
Welders and Flame Cutters	17	209	11
Metal Working Occupations not elsewhere specified	15	132	(a)
Professional and Technical Occupations - other Professionals	15	741	19
Sales Occupations	14	552	28
Filers, Grinders, Sharpeners	13	51	(a)
Machinists, Plumbers, Sheetmetal and Related Workers	10	95	(a)
Clerical Occupations	8	1815	66
Service and Recreational Occupations	5	194	80
(a) Less than five unemployed.			

Inspection of the table reveals the extent to which unemployment exceeds vacancies among the unskilled occupations and falls short of vacancies in the skilled. For example, millwrights, and tool and die makers contrast sharply with the sales and clerical occupations. Moreover, with the exception of "labourers not elsewhere specified" (a conglomerate category), there is a clear tendency for the number of vacancies (Column 1) and of unemployed (Column 3) to be inversely aligned.

This supports a general conclusion that the labour market has performed satisfactorily in moving workers within occupational categories into job openings, but has not performed its expected function of 'forcing' movement from excess-supply categories into those with excess demand.

There seem to be a number of factors inhibiting such movement. The training and education required to move into the more skilled occupations are extensive, and it is questionable whether the traditional programs for apprenticeship-training in some occupations are not unduly restrictive. Where sales and clerical occupations are concerned moreover, a large proportion of the unemployed are females who under existing social norms cannot move freely into many manufacturing occupations where vacancies exist.

In spite of this there is implied in the table a need for broader policies: a) to assist the labour market in performing its function; and b) to tailor our approach to industrial location incentives to existing unemployment patterns. These are now treated in more detail.

Policies to Increase the Effectiveness of the Labour Market(a) The Canadian Vocational Training Program (C.V.T.)

The most promising of the existing measures to this end is the Canadian Vocational Training Program. The survey showed, however, that only 124 respondents had enrolled in a C.V.T. course, and only 62 of these had completed the course. It can be argued that the short-term unemployed could not be expected to take such a course in large numbers. But even if those persons unemployed for more than six months are considered alone, enrollment is still not impressive: within this group only 15 percent have enrolled in the courses. Among 11 reasons enumerated for not taking a course, the six most frequently reported were (figures in brackets are percents of those who did not take a course):

1. I do not believe that such a course would help me (15%)
2. I was not unemployed long enough (13%)
3. I was too busy doing odd jobs (10%)
4. I never thought of it (9%)
5. I have not the necessary qualifications (9.0%)
6. I did not know about such courses (8%).

While no one reason was overwhelmingly predominant, the frequency of the first noted must give rise to the question: how useful are such courses? On the basis of the sample data the answer must be that, although there is much room for improving the record of placements of graduates from such courses, the courses have proven themselves to be effective. Of the 39 recently reemployed persons who completed a course especially for the unemployed, 16 obtained their present job as a direct identifiable result of the course completion. In addition, it should be recognized that the course completion was undoubtedly a consideration in the reemployment of some of the remaining 23 persons.

Further, among the currently unemployed who have completed one of these courses, nine claim to have received a job offer as a result.

It is reiterated therefore, that although the effectiveness of these courses could be improved, no person unemployed for any but seasonal or cyclical reasons can justifiably argue that the course would not be helpful. Concerning the question of how to improve the record of placements of C.V.T. graduates, the present study cannot provide an answer.³ We suggest, however, that the results of the survey in this regard might be brought to the attention of those in charge of the program, and that they in turn should attempt to obtain the aid of employers and trade union officials in improving this record.

The present study sheds more light on the question of how to increase enrollment in these courses. One would have expected that the older unemployed person -- the group within which long-run unemployment is most serious -- would have had the highest proportion of enrollments in C.V.T. programs; the advantages of specialized training would help to offset their age disadvantage. In fact, however, the proportion of those persons in any age group who took courses especially for the unemployed declines as the age level increases: 23 percent of those between 15 and 24 years of age, 11 percent of those between 25 and 44 years, seven percent of those between 45 and 54 years, and two percent of those above 54 years of age, took such courses. These data, together with the relative frequency of the answer "I do

³An attempt was made to investigate the relative effectiveness of the academic as opposed to the vocational courses. The numbers reporting reemployment and completion of the courses were however too small to allow any conclusion.

not believe that such a course would help me", suggest the existence of a defeatist attitude on the part of many older workers. This in turn, together with the prevalence of long-run unemployment among older workers suggests that one of the most effective policies in reducing unemployment would be a program designed to persuade the older unemployed of the value of the C.V.T. courses.

In addition, it should be noted that those who "did not know about such courses" or who "never thought" of taking them amounted together to 17 percent of the sample. The conclusion must be the advantages of the C.V.T. program could be much more effectively promulgated among the unemployed.

(b) Job-seeking Patterns: The National Employment Service (N.E.S.)

In addition to training, there is the important matter of placement in appropriate job openings. The methods most frequently used by the respondents to obtain their present job (for the recently reemployed) or their previous job (for the currently unemployed) are shown below. The percentages included are those of the sample which remained after exclusion of those currently unemployed who did not have a previous job and those in the total sample who were recalled into their present or previous jobs via a seniority list.

1. 298 persons heard of the job opening through friends or close relatives; (37%)
2. 296 persons applied directly at the plant; (37%)
3. 160 persons were informed of the job opening by the National Employment Service (N.E.S.); (13%)
4. 78 persons saw an advertisement in the paper; (10%)

The most efficient method - in terms of time, costs and suitability of employee selected for the particular job opening - is surely that of a central labour exchange. The "knock on any door" and the "use of personal contacts" approaches are haphazard methods of fitting job applicants to existing jobs compared to the method of selecting applicants and openings by a comparison of the qualifications and requirements of each.

Despite this, as the source of placements, N.E.S. runs a poor third to direct application and personal influence, the latter two accounting for some three quarters of successful placements. To discover whether this might be a result of a poor image of the N.E.S. on the part of unemployed persons, the currently unemployed were asked to state what they thought was the best method of finding a job in Windsor. Thirty-six percent replied that direct application was the best way, but here the N.E.S. ran a close second. Thirty-three percent of the currently unemployed believed N.E.S. to be the best method of finding employment. While one might look to continuing with the improvement of the image of N.E.S., the fact remains that it is not a poor conception of the N.E.S. among the unemployed which is preventing its playing a more successful role in labour allocation within the economy.

It is fairly clear, however, that the attitudes of employers are impeding the Employment Service in carrying out the proper function. For it is difficult to reconcile the large number of job openings filled through direct application with any suggestion that employers are giving full cooperation to the N.E.S. If employers recognized

the value to themselves of a more orderly labour market, then clearly they should be less willing to hire at the door and more willing to turn to N.E.S., and more willing to insist that applicants do the same. However, if employers are not using the N.E.S. to the extent desirable, it raises the question whether the N.E.S. is providing the services which the employers need.

The survey shows that presently many employers turn to the Employment Service only when faced with an acute labour shortage.⁴ If all methods were equally efficient from society's point of view, no problem would arise. But it is extremely doubtful that such is the case: the high proportion of the unemployed who quit to look for another job, and especially the fact that this proportion is far from negligible in the middle and older age groups, suggests a high incidence of unsatisfactory placements. Many of these would be eliminated in a better organized labour market.

Job-finding patterns differ among the various age groups. In all age groups direct application and personal contact predominate. But there is a noticeable tendency for the importance of these two relative to N.E.S. placements to increase as the age of the unemployed increases.⁵ The survey shows that this is not a result of older

⁴It is shown elsewhere in this report that, relative to job openings there is a scarcity of better educated persons. Among those persons with less than high school education, 33 obtained their present or previous job through N.E.S. and 155 obtained it by direct application - a ratio of almost 4.7 to one in favour of direct application. For persons completing one to three years of high school the comparable ratio was 2.3 to one, and for persons completing Grade XII or XIII it was 1.2 to one.

⁵In the age group 15 to 20 years of age, four times as many persons obtained employment by direct application and personal contact as obtained it through N.E.S. In the age group, 25 to 44 years, six times as many, and among those over 44 years, seven times as many obtained employment by the former methods as by the latter.

workers believing the Employment Service to be inferior to other methods of job finding.⁶ It might have been expected that the N.E.S., presumably being more familiar than the individual worker with the labour requirements of the various sectors of the economy, would have been able to direct older workers into those sectors where age is less of a disadvantage, and that as a consequence the N.E.S. would have been of increasing importance as a job-finding method as age increased.

Industrial Location Incentives and Unemployment Patterns

The second of the broad policy implications of the table on Page concerns the approach to industrial location incentives. Under the current tax incentives program, the detailed criteria of entitlement are in no way framed to reconcile the employment demands of firms qualifying under the plan with the unemployment patterns in the affected communities. On the deficiencies of the labour market we conclude that such an indiscriminate approach has serious shortcomings. The point is simply that there is nothing in the current arrangements to safeguard against a compounding of existing shortages of skilled labour through responses to the incentives program.

In the same vein the survey results show that "the creation of jobs for the unemployed" implies more than simply enticing employers into the area of unemployment; to a considerable extent they must be employers willing and able to provide wages and working conditions comparable to those which the community at large considers fair. Of

⁶The proportion of those who believed that the N.E.S. was the best method of finding a job in Windsor did not differ appreciably between different age groups.

the 177 persons who were offered a job in Windsor and refused it, 145 gave reasons for refusal related to inadequate wages and/or working conditions, or that "the job was not in my line of work". This means that measures designed to reduce unemployment through the attraction of new industry into a depressed area can easily fail to alleviate the problem, at least in the short run, if the area has become accustomed to a relatively high wage level.

What is indicated here is the desirability of a greater measure of selectiveness in industrial location programs to ensure that they are not out of keeping with patterns of unemployment and relative wage levels.

In-Plant Training Programs

Contact with employers in the course of the demand study revealed what could be an important method of easing the shortage of semi-skilled and skilled workers and facilitating the transfer from unskilled to semi-skilled and skilled occupations. There are in the in-plant training programs which have been used effectively but which are still relatively rare in the smaller plants - parts firms and machine shops, for example. A spokesman from one of the large plants stated that the plant had some 40 apprentices spread over six trades, and confirmed what the authors found to be general agreement regarding the effectiveness of these plans.

EA88

HC/111/.E30/n.2
Gillen, W.J
A survey of labour
market conditions, diai
c.1 tor mai

Date Due

A Survey of Labour Market Conditions, Windsor, Ontario 1964
A Case Study, by G. R. Horne, W. J. Gillen, and R. A. Helling

Economic Council of Canada

