## Mobility Behaviour

 in the Canadian Labour Force byJohn Vanderkamp

## prepared for the <br> Economic Council of Canada



by

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Special Study No. 16
Economic Council of Canada
February 1973

This is one of a series of studies that have been prepared as background papers for the Economic Council of Canada. Although published under the auspices of the Council, the views expressed in the paper are those of the author himself.


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## CHAPTER 1

## INTRODUCTION

Most labour markets are continuously subjected to pressures from a variety of sources, such as shifts in consumer purchase patterns, new developments in technology, and changes in trade regulations. These pressures may change labour requirements, thus affecting employment, skill mix, and relative wages. Because all these factors are interdependent, labour markets tend to adjust themselves so as to remain in reasonable equilibrium. That is, provided labour is sufficiently mobile, a change in relative wages occasioned by a change in requirements is likely to affect labour supply, which will in turn have an influence on wage levels.

In most labour markets the adjustment process is rather slow, presumably because, for a variety of reasons, adjustment is a costly affair. We therefore observe deficiencies such as persisting structural imbalances, rigid regional wage structures, and insufficient net outmigration from chronically depressed regions. These phenomena are socially and economically undesirable, but unfortunately we have no proven theory of the adjustment process of the labour market. In other words, we have no set of criteria by which we decide that one particular part of the process is too slow or too fast.

When citing mobility as the prime solution to adjustment problems, theorists often imply that flexibility is completely absent -- that is, that labour supplies, skill composition, and relative wages in a region are fixed over time. It is then concluded that special-interest policies, such as tariffs or import quotas on textiles, or subsidies to mines or shipyards, should be maintained because the abandonment of such policies would result in large-scale unemployment in the relevant labour markets. But most studies show that there is a great deal of natural mobility. In fact, our findings indicate that about one in four persons changes occupation, industry, or province of employment during the course of a year. To be sure, if special-interest policies were abandoned, the relevant markets would not immediately be accommodated by natural mobility flows. However, it is obvious that mobility
helps to eliminate imbalances, and to argue that labour supplies are completely fixed is simply fallacious. The fact-based analysis in this study should lead to a better understanding of labour mobility and thus serve as a building block for the theory and policy of labour market adjustment.

In our analysis we are concerned with labour mobility in a narrower sense than is often used -- i.e., with the mobility patterns of those members of the labour force covered by unemployment insurance. We shall not be able to pay much attention to:
(a) adjustments of total labour supply through entry into, and withdrawal from, the labour force;
(b) changes in hours of work;
(c) career and labour market decisions of young persons preparing to enter the labour force; or
(d) the mobility pattern of employed persons who are not in the "insured population".

Some of these exclusions are rather artificial, but they are dictated by the statistics that were available at the time of the analysis and thus are limited by the coverage of the Unemployment Insurance Act over the sample period 1965-68. Although the new Act drastically changes the coverage, it did not come into effect until July l, 1971. Full details of the mobility data used in the analysis is provided in Chapter 2, and the analysis itself is discussed in Chapter 3.

Chapter 4 first explores the propensity of people to move from one job to another, categorizing the labour force into "movers" and "stayers". The technique used in these calculations is then applied to determine entry into and exit from the labour force, by age-sex group.

In Chapters 5, 6, and 7, labour markets are distinguished in terms of location, occupation, and industry. Each of these major characteristics is examined to determine the nature of its influence on mobility. Since even the narrowly defined labour force in this Study is significant for policy-making purposes, the results of the analyses should be valuable inputs to decisions on future programs. Just as important, they should provide
a basis for evaluating policies now in existence. The mobility and training programs of the federal Department of Manpower and Immigration are clearly in this category. In addition, the very existence of the Canada Manpower Centres, which provide free labour market information and other services, could be considered a mobility policy. In view of the amount of federal expenditures on these programs, an evaluation of their appropriateness would be of considerable significance.

## CHAPTER 2

## MOBILITY DATA

The mobility data used in this Study relate to those in the labour force who are covered by unemployment insurance -- hereafter referred to as the "insured population". For the period examined -- 1965-68 -- three broad groups of labour force members were therefore excluded from our analysis: self-employed and unpaid workers, persons in some specific occupations, and persons earning a salary of more than $\$ 5,460$ per year. The following table gives a rough indication of the order of magnitude of the various classes.

Table 2-1
LABOUR FORCE AND INSURED POPULATION, 1961

|  | Million | Per |
| :---: | :---: | :---: |
| Total labour force |  | 6.5 |
| Self-employed persons | . 9 |  |
| Unpaid family workers (including persons seeking first job) | . 2 |  |
| Total wage-earners |  | 5.4 |
| Persons not working for wage (e.g., paid in kind) | . 1 |  |
| Specific occupations (e.g., agents, civil servants, armed forces, maids, athletes, barbers, bus drivers, truck drivers, mailmen, farm labourers, and teachers) | . 7 |  |
| Persons on salary exceeding \$5,460 | . 6 |  |
| Insured population, 1961 |  | 4.0 |

Source: Dominion Bureau of Statistics, 1961 Census.
After the necessary exclusions, an estimated size of the insured population emerged that was quite close to the actual figure of 4 million. It should be remembered that legislation and regulations affecting the coverage of unemployment insurance are changed from time to time, so that the rough calculations in Table $2-1$ are valid only for 1961. Since that time, a number of specific occupations, such as bus drivers, barbers, and farm labourers, have become covered, and in mid-1968 the salary ceiling was raised from $\$ 5,460$ to $\$ 7,800$. Table 2-2 indicates the situation in 1968 after these changes are taken into account.

Table 2-2
TOTAL WAGE-EARNERS AND INSURED POPULATION, 1968

|  | Millions of Persons |
| :--- | :---: | :---: |
| Total wage-earners <br> Speciffic occupations (e.g., civil servants, <br> teachers, hospital employees, and armed <br> forces) <br> Persons on salary exceeding $\$ 7,800$ | 6.5 |
| Insured population, 1968 |  |

Note: For 1968, there is no information on wage-earners not working for a wage. In comparing Tables 2-1 and 2-2, it should be noted that the categories of "specific occupations" and "above salary ceiling" are not mutually exclusive; i.e., persons may be excluded on both counts and the division between these two categories is therefore somewhat arbitrary.

Source: White Paper on Unemployment Insurance in the Seventies, presented by Bryce Mackasey (Ottawa: Information Canada, 1970).

A comparison of Tables 2-1 and 2-2 shows that the changes in unemployment insurance regulations increased the insured population as a percentage of total wageearners from 74 per cent in 1961 to 82 per cent in 1968. With the introduction of the new Unemployment Insurance Act on July l, 1971, coverage was extended to include virtually all wage-earners.

However, data required for this mobility study were available only for years previous to 1968, and three limitations therefore imposed by our data base must be kept in mind. First, conclusions from this Study cannot be assumed to apply to the overall labour force. For example, it is quite possible that the higher wage and salary earners excluded from the insured population were more mobile than average. Second, when we consider using data from sources other than the Unemployment Insurance Commission, such as the Census, the Labour Force Survey or the Employment and Earnings Survey, the match will be good for some occupations and industries but poor for others. For example, managerial earnings in Census reports would not be representative of managers in the insured population for whom the salary ceiling was relatively low. Other such occupations, together with industries that include only a small proportion of the insured population, are indicated in Appendix A. The third limitation stems from the sizable turnover in people covered by unemployment insurance from year to year. During the period 1965-68, about a quarter of our sample left the insured population every year, and about the
same number entered who had no record of unemployment insurance in the previous year. Since a significant number of these people must have been changing between insured and noninsured employment, the turnover of the insured population would have varied negatively with the number of people covered by the unemployment insurance regulations. Thus it is likely that the turnover declined drastically after the salary ceiling was raised in 1968.

The basic information derives from a 10 per cent sample of the insured population, selected by including only those whose social insurance number ended in 4 and counting at book renewal time -- June l-- in each of the years 1965, 1966, 1967, and 1968. (The actual sample is about 9.5 per cent due to a small proportion of no-response cases. Since the no-response cases are not likely to be exactly the same ones from year to year, some part of the apparent turnover of the insured population is in fact a shifting between the response and noresponse groups in the 10 per cent sample.) The basic information consists of a person's age, sex, occupation, and employer, and is classified by industry, province of employment, and whether or not he is a claimant. ${ }^{1}$ This information, supplied by the employer for all employed persons and by local unemployment insurance offices for the unemployed, or "claimants", is transferred to computer cards.

Because social insurance numbers remain the same for life, we can match cards of the same individuals for two years (June 1 in each year) to obtain information about the number of persons changing occupation, industry, or province of employment. Occupations and industries are originally coded at the three-digit level, ${ }^{2}$ and the most

[^0]detailed mobility data available are therefore three-digit mobility matrices. These data are, however, not used in this Study since the resulting matrices would be unworkably large; with almost 300 industries at the three-digit level, the matrix would have some 80,000 elements. For our purposes we have derived so-called condensed classifications of occupations (88 groups) and industries (73 groups), as detailed in Appendix A. The term "labour market" as used in this Study refers to province of employment, industry or occupation, or some combination of these; unless otherwise specified, the terms "industry" and "occupation" relate to the condensed classification.

From the way in which the mobility information is derived, it must be clear that there is a serious chance of errors creeping in. The recording and coding is done independently for each year, so that an error in reporting or coding of occupations in 1966 (e.g., persons should have been recorded in occupation $i$ but were put in occupation $j$ ) is likely to produce false mobility in 1966-67 (when they appear to move from $j$ to $i$ ). ${ }^{3}$ Moreover, all mistakes in the reporting or coding in any one year are almost bound to show up as changes in status -- i.e., mobility -- since the same mistakes about the same individuals are not likely to be made again the next year. Such errors must grossly inflate the mobility rates, and in fact it has been suspected for some time that occupational mobility rates reported for the insured population were exaggerated. ${ }^{4}$

In order to estimate the error rate in the occupational data, we utilize two special tabulations that take into consideration all persons who had the same occupational designation in the years 1965 and 1967 (1966 and 1968) showing, in matrix form, the occupations in which they were classified in 1966 (1967). These tabulations

[^1]report the incorrect coding in 1966 and 1967 respectively, providing three assumptions are valid:
(1) all persons identified with a particular occupation in 1965 and 1967 (1966 and 1968) are correctly identified with that occupation;
(2) return mobility between occupations accounts for 10 per cent of total occupational mobility (see Appendix B) ; and
(3) the error rates in the subsamples are representative of the full samples.

Using the estimates of incorrect coding for 1966 and 1967 , we can derive an estimate of the occupational error rate for 1966-67. This procedure for estimating the error rate is set out in detail in Appendix B.

The error rate, defined as the total number of cases in which occupational errors occur as a percentage of the persons remaining in the insured population in 1966-67, is estimated at 27.3 per cent. It is difficult to say how good the estimate is, because at present we do not have any independent information on the question. However, it appears quite clear that the errors are sufficiently serious that the original occupational mobility matrices are unusable. Therefore, in this Study, discussion of occupational mobility is restricted to broad overall mobility rates, corrected in accordance with the error rate estimate. The industrial and provincial mobility matrices are reported in Appendixes D and E respectively.

The question remains why these errors occur. It is difficult to pinpoint the exact source of the problem without a further technical examination of reporting and coding procedures. The most likely trouble spots seem to be the insufficient space allowed on the returns for occupational descriptions and the inadequate instructions issued for completing the returns, ${ }^{5}$ with the result that different employers may use different classifications for the same occupation. If so, a change of employer is

[^2]likely to create artificial occupational mobility, and a group with a high industrial mobility rate will have a relatively large occupational reporting error. It follows that using the same estimated error rate to produce corrected occupational mobility rates for different groups may not be fully justified.

We would make a strong plea for better statistics. The establishment of a special survey to obtain workhistory information about a large number of people would be a very expensive operation. However, the basic data used in this Study would be linked with data on unemployment experience from unemployment offices and with data on income from national revenue sources. The data required are already collected for administrative purposes, and the social insurance number provides the linkage. The value of such a data base would, of course, depend on reporting and coding accuracy. The relatively small expenditure required to set up a proper reporting system for this special survey would pay off handsomely in the form of a unique collection of statistics on mobility, income, and unemployment, now that the coverage problem has been eliminated under the new Act. It is to be hoped that the statistical potentialities of the basic administrative data will be taken into account under the new arrangements. Provided proper safeguards were instituted to ensure that no information about individuals could be released, such a data base could prove of immense value for research purposes.

## CHAPTER 3

OVERALL MOBILITY RATES

In this chapter we shall use overall mobility rates to describe some of the obvious patterns of mobility and characteristics of movers. For this purpose, the mobility rate is defined as the total number of persons in a particular group who moved, over a stated time period, into a different occupation (industry, or province) as a percentage of the total number of persons in that group who remained in the insured population. Although these rates do not reveal much about the direction of mobility flows, they do summarize, in a convenient way, the propensities of particular groups to move.

Mobility rates vary with the classification system used, as Table 3-1 shows. For example, if we use the three-digit classification of occupations -- the most detailed one available for Canada with close to 300 occupations -- mobility rates are higher than if we use a two-digit classification with 61 occupational groups. The condensed classifications in this Study (see Appendix A), which are combinations of three-digit, two-digit and even one-digit occupations and industries, yield lower mobility rates than the three-digit but higher than the two-digit classifications. Corrections are made in the occupational mobility rates by assuming that the error rate estimated for the condensed classification also applies to the other two classifications. This appears legitimate in the case of the three-digit classification, since the uncorrected mobility rates are very close, although the estimated error rate is probably somewhat high for the two-digit system.

Table 3-1
MOBILITY RATES, 1966-67
(As percentage of persons remaining in insured population)

|  | Three- <br> diqit | Two- <br> digit | condensed |
| :--- | :---: | :---: | :---: |
| Occupational mobility rate | 17.4 | 10.8 | 15.6 |
| Industrial mobility rate | 23.8 | 20.5 | 21.4 |

[^3]The differences between corrected and uncorrected rates are striking. To make this point, Table 3-2 shows a set of mobility rates that cover all combinations of occupational, industrial, and regional mobility. It should be noted that the figures shown in Table 3-1 relate to all moves involving occupational (or industrial) changes: simple moves of occupation (or industry) only, and also multidimensional moves involving industrial (or occupational) and provincial moves. Thus the mobility rates shown above for industrial and occupational moves overlap, but Table 3-2 shows mutually exclusive categories.

## Table 3-2

OVERALL MOBILITY RATES (THREE-DIGIT CLASSIFICATIONS). 1966-67
(As percentage of persons remaining in insured population)

|  | Uncorrected | Corrected |
| :--- | ---: | ---: |
| Moves involving: |  |  |
| Occupation | 23.5 | 4.2 |
| Industry | 7.5 | 10.3 |
| Province | .7 | .9 |
| Occupation and industry | 14.8 | 12.0 |
| Occupation and province | .5 | .3 |
| Industry and province | .4 | .5 |
| Occupation, industry, and province | 1.1 | 1.0 |
| No change | 51.5 | 70.8 |

Note: Here it was also assumed that the estimated occupational error rate may be applied to the three-digit classification. (For details see Appendix B.)

Table 3-2 indicates that only 29.2 per cent of those remaining in the insured population made a move of any kind in 1966-67, according to the corrected figures, compared with 48.5 per cent, using uncorrected ones. It may seem surprising that occupational errors also affect the industrial and provincial mobility rates in Table 3-2. It is, however, clear that a move involving province only will, due to an occupational error, become a move involving occupation and province. Thus these errors affect the distribution between simple and multidimensional moves, in both province and industry, but not the overall provincial and industrial mobility rates, which are 2.8 per cent and 23.8 per cent respectively, before as well as after correction. As a result, the proportion of multidimensional versus simple moves is drastically different for the two sets of figures. Quite naturally, errors in reporting and coding tend to inflate the number of simple
moves far more than they do in the case of multidimensional moves unless the true simple rates are very large. ${ }^{1}$

## Comparison with Other Canadian Data

One important lesson learned in the previous section is that valid comparisons between different mobility data are difficult, if not impossible, to make unless definitions and classifications are identical. One study in which they were the same is presented in a 1961 paper by Greenway and Wheatley. ${ }^{2}$ The main differences are that the G-W study used a 1 per cent sample of the insured population, instead of 10 per cent; it included only employed persons; and the overall mobility rates included intraprovincial mobility. For purposes of comparison, the earlier data are adjusted to correspond to the concepts used in the present Study. Since the earlier data were also afflicted by reporting and coding errors, the overall mobility rates for all the years are corrected by assuming that our estimated error rate for condensed occupations for 1966-67 is generally applicable. Details of the adjustments are reported in Appendix C. If the adjustments and corrections to the earlier data are appropriate, striking variations in overall mobility rates can be observed from year to year (Table 3-3). In particular, we note the low rates in the late fifties when unemployment rates had sharply increased. However, while the highest unemployment rate is associated with the lowest overall mobility rate there is no clear year-to-year correspondence between the two series. Moreover, the mobility rates of the mid-sixties appear to be somewhat lower than those prevailing in 1956 and 1958, although the unemployment levels in the two periods are similar. Thus the data are not of sufficient quality for valid inferences to be drawn.

[^4]Table 3-3
OVERALL MOBILITY RATES AND UNEMPLOYMENT RATES, 1952 TO 1968
(As percentages of persons remaining in insured population)

| Year | Overall <br> Mobility Rate* | Year | Unemployment <br> Rate |
| :--- | :---: | :---: | :---: |
|  |  |  | (Annual Average) |

*Corrected and adjusted for three-digit classification.
Note: For details see Appendix C.
Four other Canadian data sources are available for interprovincial mobility, each providing us with a full mobility matrix. However, although the classification system is the same in all these sources -- consisting merely of flows between the 10 Canadian provinces -- the persons included and the time periods are different for each one. Moreover, while our data relate to province of employment, the mobility definitions of the other series are in terms of province of residence. In the following comparison of data in this Study and the other sources, we use the mobility flows between the provinces (90 observations) as percentages of the relevant population in the sending province. The different series are referred to as follows:
$M I P_{1}, M I P_{2}, M I P_{3}$ - Mobility of the insured population as defined for this Study, for 1965-66, 1966-67, and 1967-68 respectively. ${ }^{3}$

MIT - Mobility of the income tax population in 1964. Coverage differs from MIP, in that self-employed and all occupations are covered and no salary ceiling exists.

[^5]MFA - Mobility of the family allowance population from June 1, 1965, to June 1, 1966. The main coverage feature of these data is that they exclude all single persons, many recently married persons, and most older families.

MCL - Mobility of the labour force, derived from the 1961 Census sample, during the period June l, 1956, to June 1, 1961.

MLP - Mobility of the labour force population 14 years of age and over, using the sample of the Labour Force Survey, during the period October 1964 to October 1965. These data also cover all persons not in the labour force and therefore constitute the most comprehensive measure of total migration flows.

The means of the 90 observations and the total interprovincial mobility rates are as follows:

|  | Means | Mobility Rate |
| :--- | :---: | :---: |
| $M I P_{1}$ | .59 | 2.7 |
| $M I P_{2}$ | .53 | 2.8 |
| $M I P_{3}$ | .46 | 2.4 |
| $M I T$ | .33 | 1.5 |
| $M F A$ | .36 | 2.0 |
| $M C L$ | .69 | 3.8 |
| $M L P$ | .23 | 1.3 |

Considering the year-to-year variation in the means of the insured population (compare $M I P_{1}$ with $M I P_{3}$ ), the various series have fairly similar means. The MCL series has the largest mean and mobility rate, because it covers a five-year period, while all of the others cover only one year. The rather low mean and mobility rate of the MLP series may be explained because MLP includes persons not in the labour force who may well be less mobile.

It should be noted that the mobility rates reported in this Study $\left(M I P_{1}, M I P_{2}\right.$ and $\left.M I P_{3}\right)$ are standardized in terms of the number of persons remaining in the insured population. Since about 25 per cent of the total sample leaves the insured population every year, our mobility

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rates would be substantially lower if standardized in terms of the total population. For example, our 2.4 per cent provincial mobility rate for 1967-68 would only be 1.8 per cent if expressed in terms of the total sample population -- legitimate only if we could assume that those persons leaving the insured population do not move between provinces. This observation should be kept in mina when comparing the provincial mobility rates of this Study with those from other sources. ${ }^{4}$

As the following correlation matrix shows, two series may have different averages and still display quite similar patterns. As can be seen, there is considerable correspondence between the patterns of interprovincial migratio. displayed by the various statistics. The series that correlates least with the others is MLP, which covers the largest population (with the smallest sample) and is also subject to more rounding errors. In the year 1965-66 ( $M I P_{1}$ ), the migration pattern of the insured population was somewhat different from that in the other two years. We shall have occasion to note this again in Chapter 5 below.

Table 3-4
CORRELATION MATRIX OF INTERPROVINCIAL MOBILITY SERIES

|  | $M I P_{1}$ | $M I P_{2}$ | $M I P_{3}$ | $M I T$ | $M F A$ | $M C L$ | $M L P$ |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $M I P_{1}$ | 1 |  |  |  |  |  |  |
| $M I P_{2}$ | .81 | 1 |  |  |  |  |  |
| $M I P_{3}$ | .91 | .92 | 1 |  |  |  |  |
| $M I T$ | .71 | .89 | .84 | 1 |  |  |  |
| $M F A$ | .71 | .89 | .87 | .94 | 1 |  |  |
| $M C L$ | .67 | .88 | .87 | .93 | .96 | 1 |  |
| $M L P$ | .60 | .81 | .79 | .83 | .92 | .90 | 1 |

${ }^{4}$ For a further discussion of mobility rates, see Economic Council of Canada, Eighth Annual Review: Design for Decision-Making (Ottawa: Information Canada, 1971), Chapter 7. This chapter gives an interregional mobility rate for $1968-69$ of 1.2 per cent; if in our case we use the same five regions (Atlantic, Quebec, Ontario, Prairies, and British Columbia) and express our total interregional mobility as a percentage of the total sample population (including exits from the insured population), we obtain a figure of 1.5 per cent for 1967-68, which is quite comparable, particularly when we remember that employment conditions generally worsened from 1967 to 1969.

The problems in making international comparisons are more serious, since classifications and definitions are even less likely to be similar. For this reason, such comparisons should be treated with a great deal of scepticism. A recent U.S. study, ${ }^{5}$ undertaken by Lowell E. Gallaway for the Social Security Administration, uses data broadly comparable to ours. These data derive from a $l$ per cent sample of the wage and salary workers covered under the OASDHI (Old Age Security, Disability, and Health Insurance) program, the continuity being provided by the social insurance number. This covers about nine-tenths of U.S. wage-earners compared with our coverage of about three-quarters of Canadian wage-earners. For the United States, no occupational data are available, and we can therefore compare only industrial and regional mobility.

Using a classification system with nine broad industry groups, Gallaway finds that 24.3 per cent of U.S. workers changed their industries or major jobs between 1957 and 1960. Using the same classification system for our Canadian data, we find that the industrial mobility rate for 1966-67 is 14.4 per cent. The main difference between the two sets of data is the time period covered; for reasons to be explored in the next chapter, the mobility rate for a three-year period is typically less than double the corresponding one-year rate. In view of this, the Canadian industrial mobility rate does not appear to be significantly lower than the U.S. rate. We should remember, however, that the Canadian mobility rates during 1957-60 were probably substantially lower than for 1966-67 (see Table 3-3 above).

A different impression is conveyed when we look at the interregional mobility rates. Gallaway subdivides the United States into nine main regions and reports an interregional mobility rate of 4.1 per cent for 1957-58; over the three-year period 1957-60, the U.S. rate is 7.2 per cent. The Canadian interprovincial mobility rates are 2.7 per cent for $1965-66,2.8$ per cent for

[^6]1966-67 and 2.4 per cent for 1967-68; over the two-year period 1965-67, the rate is 3.5 per cent. The Canadian interregional mobility rates are clearly lower than the U.S. rates, even though the U.S. regions used are far broader than Canadian provinces, and Canadian mobility rates in the late fifties would probably have been lower than in the sixties.

To check further on the conclusion that interregional mobility rates are lower in Canada than in the United States, we may compare two sets of figures from recent censuses in the two countries. In both instances, mobility refers to changes in residence of the population five years of age and over. Mobility is defined over a five-year time interval -- 1956-61 for Canada, and 1955-60 for the United States -- and the mobility rates are expressed in terms of percentages of the total populations at the end of the five-year period.

|  | Canada <br> $1956-61$ | United States <br> $1955-60$ |
| :--- | ---: | ---: | ---: |
|  |  | (Per cent) |

Source: Census of Canada, 1961, and U.S. Censu8, 1960.

All Canadian figures, with the exception of immigration, are lower than the corresponding U.S. figures. In other words, the proportion of the population that moved residence is larger for the United States than for Canada. In addition, a larger proportion moved between counties in the United States than between municipalities in Canada, even though the municipalities clearly outnumber the counties. The interstate mobility rate is two-and-a-half times the interprovincial mobility rate, confirming our earlier conclusion.

It may well be argued that interregional mobility has been less necessary in Canada because of the larger
immigrant flows in this country. ${ }^{6}$ In other words, the necessary adjustments required by changes in the Canadian labour market are partly accomplished by appropriate immigration flows. Although a complete exploration of this question requires a complex model of the two labour markets, at a superficial level we can see that the total of interprovincial and international mobility in Canada (6.5 per cent) is still considerably less than the corresponding figure for the United States (10.2 per cent).

However, as indicated earlier, international comparisons must be viewed cautiously because of the difficulty of ensuring that definitions and classifications are identical. It is even impossible to ensure that regions correspond. For example, in Canadian-U.S. comparisons, is it appropriate to use 10 provinces versus 50 states, or should we have 5 Canadian regions versus 50 states to reflect the overall population ratio? Or should we have equal numbers of regions to reflect the total land areas?

For occupational and industrial mobility, one can -not without effort -- employ identical classifications for different countries. However, the ranking of the various countries in terms of industrial mobility rates may be different, depending on the particular classification chosen. For example, in a broad-division industry classification, 4 out of 11 are primary industries, while in the two-digit classification, the ratio is only 10 out of 70 . Thus a country with a sizable primary sector may well rank higher in terms of mobility rates, based on the division classification, than if we use the two-digit classification system. International comparisons of mobility rates may well be very interesting but they should be handled with great caution and looked at with a critical eye.

## Variations, by Age and Sex

The rate at which persons leave the insured population (the exit rate) varies by age and sex groups. For females, the exit rate is somewhat higher than for males, probably largely because of the fact that females are less strongly attached to the labour force. The exit rates are highest for the youngest age groups, 14-19, in both sexes, followed closely by the 65-and-over age groups. For the 20-24 age groups, the exit rates are somewhat

[^7]larger than for the central age groups between 25 and 64. These variations between age groups correspond quite closely to what we know about labour force attachment.

Table 3-5 reports the mobility rates of persons remaining in the insured population for the 10 age-sex groups. Occupational and industrial mobility rates are based on the three-digit classification, and we shall continue to use the assumption that the error rate obtained for the condensed occupational classifications may be applied to the three-digit classifications for 1966-67. It is also assumed that the error rate for the Canada total applies to each of the groups in the original tabulations, and we have made the appropriate corrections. The total mobility rate measures the proportion of persons who moved in 1966-67; the overall occupational, industrial, and provincial mobility rates contain substantial overlaps because of multidimensional moves.

> Table 3-5

MOBILITY RATES, BY AGE-SEX GROUP, 1966-67
(Corrected three-digit classifications; percentage of persons remaining in insured population)

|  | 14-19 | 20-24 | 25-44 | 45-64 | $65+$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Males |  |  |  |  |
| All moves involving: |  |  |  |  |  |
| Occupation | 43.1 | 32.9 | 18.7 | 10.8 | 20.0 |
| Industry | 46.4 | 35.3 | 24.1 | 18.5 | 22.1 |
| Province | 4.5 | 5.0 | 2.7 | 1.6 | 1.7 |
| Total mobility rate | 56.8 | 45.5 | 30.8 | 21.9 | 31.6 |
|  | Females |  |  |  |  |
| All moves involving: |  |  |  |  |  |
| Occupation | 24.6 | 15.5 | 10.6 | 5.4 | 8.5 |
| Industry | 33.1 | 26.3 | 19.2 | 14.9 | 14.4 |
| Province | 2.9 | 4.0 | 2.4 | 1.8 | 1.4 |
| Total mobility rate | 37.4 | 29.6 | 20.1 | 16.1 | 18.4 |

First of all we note that, on the whole, males are more mobile than females. A comparison by pairing reveals that this is true for each of the age groups for virtually all aspects of mobility shown. Second, the mobility rates decline very sharply with age up to 65 , and the rate of decline with age of the various mobility rates is greater for men than for women, although the pattern is the same for both sexes. It is possible that the occupational
mobility rates of the different age and sex groups in Table 3-5 may be exaggerated because, as discussed previously, groups with high industrial mobility rates may have larger-than-average occupational reporting errors. If so, the assumption that the error rate for the Canada total also applies to each group would be unwarranted. The young age groups are affected most by this difficulty, and as a result their corrected occupational mobility rates would be overestimated, compared with the older age groups. Nevertheless, no such exaggerations are likely to be sufficiently serious to change either of the generalizations stated above. ${ }^{7}$

In any case, both of our general conclusions are in line with earlier findings. It is interesting to note that the various mobility rates increase again at age 65 and that provincial mobility reaches its peak in the 20-24 age groups. Broadly, mobility appears to decline with age for four reasons:
(1) For the younger age groups, mobility is partly a process for discovering the right niche in the overall labour market -- a process of finding out about their own talents and tastes, and about the various career paths that are open.
(2) As age increases, the pay-off period for a mobility decision becomes shorter.
(3) The longer the typical person has been in a particular labour market, the more he dislikes being uprooted.
(4) The longer a person is employed in a particular firm or industry, the more disadvantageous moving usually is mainly because of seniority rules in unionized firms and private pension plans, which we will look at again in a later chapter.

[^8]
## Differences between Provinces

Mobility rates differ strikingly from province to province, varying between a high of about 42.3 per cent for Prince Edward Island and Newfoundland, and a low of 25.1 per cent for Nova Scotia. Table 3-6 gives the mobility rates for the various provinces in terms of persons remaining in the insured population; for the corrections, it is again assumed that the overall Canadian error rates are appropriate.

The pattern of the total mobility rates suggests that mobility is most important in provinces where declining primary industries are most prominent. Thus above-average total mobility rates are recorded not only for Prince Edward Island and Newfoundland, but also for Saskatchewan, Manitoba, and New Brunswick. The patterns of occupational and industrial mobility rates roughly correspond to this proposition. The very low mobility rates observed for Nova Scotia are somewhat of an enigma, although an active training-in-industry program in this province may be part of the reason.

> Table 3-6

MOBILITY RATES, BY PROVINCE, 1966-67
(Corrected three-digit classifications; percentage of persons remaining in insured population)

|  | $\begin{aligned} & \text { Total } \\ & \text { Mobility Rate } \end{aligned}$ | All Moves Involving: |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | Occupation | Industry | Province |
| Newfoundland | 41.8 | 24.7 | 34.1 | 5.9 |
| Prince Edward |  |  |  |  |
| Island | 42.3 | 21.1 | 36.4 | 8.3 |
| Nova Scotia | 25.1 | 13.9 | 23.2 | 4.5 |
| New Brunswick | 31.8 | 17.8 | 28.2 | 5.5 |
| Quebec | 29.5 | 17.6 | 23.3 | 2.1 |
| Ontario | 27.8 | 17.0 | 22.5 | 1.8 |
| Manitoba | 32.4 | 19.3 | 24.9 | 4.9 |
| Saskatchewan | 34.9 | 19.5 | 27.4 | 6.4 |
| Alberta | 30.0 | 15.1 | 26.3 | 5.3 |
| British Columbia | 28.0 | 16.2 | 24.1 | 2.3 |
| Canada | 29.2 | 17.3 | 23.8 | 2.7 |

The provincial out-mobility rates are probably also related to the health of primary industries. But it would appear that something else is at work here as well. The provincial mobility rates in the last column vary negatively with the sizes of the provinces, a fact that may be explained by labour market choices open to a person in a particular region. If the province is small --
e.g., in the case of Prince Edward Island -- the range of choices of occupations and industries within the province is very narrow. On the other hand, for a mobile person in Ontario there are plenty of labour markets to choose from within the province itself, thus making interprovincial movement much less important. This proposition will also be examined further in Chapter 5.

## Employed and Unemployed

The differences between mobility patterns of employed and unemployed are probably the most striking of any described in this chapter. It should be noted that we consider "unemployed" only those who are claimants for unemployment insurance on June 1 of the first year. Quite clearly many people are claimants at other times of the year and not on the first of June, so we do not necessarily include all persons most affected by unemployment in our definition. As we note below, this fact may affect certain comparisons of behaviour between the claimant and employed sectors of the insured population. It is, however, reasonable to assume that our unemployed category contains a substantially larger proportion of people who are unemployed for some part of the year than is included in our employed category.

As reported in Table 3-7, the overall mobility rate is 62.7 per cent for unemployed, compared with 27.7 per cent for employed persons. Virtually every type of move is more common for unemployed than for employed. Particularly noticeable is the fact that, with 8 per cent exceptions, all moves involve a change of industry. The overall industrial mobility rate for unemployed is almost three times as high as the rate for employed, compared with a ratio of little more than 2 to 1 for overall provincial mobility. This finding is perhaps not surprising if we recall that a person who has become unemployed on June $l$ of year one must return to his old employer or to another firm in the same industry by June 1 of year two in order not to be counted as industrially mobile.

The mobility rates in Table 3-7 are derived by assuming that the occupational error rate of 27.3 per cent applies to both employed and unemployed groups. As will be recalled, however, groups with high industrial mobility rates may also have larger-than-average occupational reporting errors. The implication is that the
actual difference in the occupational mobility rates of employed and unemployed might be less striking than indicated. But the qualitative conclusion that the claimants have a considerably higher occupational mobility rate than the employed is not likely to be upset in any case. ${ }^{8}$

## Table 3-7

MOBILITY RATES FOR EMPLOYED AND UNEMPLOYED, 1966-67
(Corrected three-digit classifications; percentage of persons remaining in insured population)

|  | $\frac{\text { Employed }}{\text { (Nonclaimants) }}$ | $\frac{\text { Unemployed }}{\text { (Claimants) }}$ |
| :--- | :---: | ---: |
| Moves involving: |  |  |
| Occupation | 4.2 |  |
| Industry | 9.9 | 3.4 |
| Province | 1.0 | 20.3 |
| Occupation + Industry | 11.0 | 1.5 |
| Occupation +Province | .2 | 33.6 |
| Industry + Province | .5 | .2 |
| All three | .9 | 1.0 |
| No change | 72.3 | 3.0 |
|  |  | 37.3 |

Unemployment does not only encourage mobility; it also appears to discourage people from remaining in the labour force. While we cannot prove this contention directly, its validity is indicated by the exit patterns of the insured population. As Table 3-8 shows, the probability of leaving the insured population is more than twice as large for unemployed than for employed persons.9 Moreover, those who were unemployed in the

[^9]first year are much more likely to be unemployed in the second year than are those who are employed in year one.

Table 3-8
PROBABILITY OF CHANGING EMPLOYMENT STATUS
$\left.\begin{array}{lll}\hline & & \\ & \text { Employed } & \text { Out of } \\ \text { Insured } \\ \text { Population }\end{array}\right)$

As for persons who entered the insured population in the second year, it is interesting to note the probability of their being unemployed in year two is about twice as
high as for employed persons. Even these statistics probably understate the probability of unemployment for new entrants, as they must have sufficient employment weeks to their credit before becoming a claimant and thus appearing as unemployed in our sample. 10

The claimant rate for the insured population decreased from 1965 to 1966 and rose again from 1966 to 1967, as shown at the bottom of Table 3-8. When we compare the top two parts of the table, we notice that the probabilities of each of the groups changed between 1965-66 and 1966-67. For all groups, the probability of becoming unemployed in 1966-67 rose, and the probability of leaving the insured population also increased for each of the three categories. In 1968 the claimant rate was again somewhat higher, although the probabilities of becoming (or remaining) unemployed were on the whole somewhat lower for 1967-68. But the chances of leaving the insured population increased further in 1967-68 for employed as well as unemployed persons, possibly in lagged response to worsening employment conditions. The implication is that when claimant rates remain at a relatively high level for some time, an increasing number of persons decide to withdraw from the insured population, partly no doubt because some of them are no longer eligible for unemployment insurance. Analysis is complicated, however, because of changes between insurable and noninsurable employment. Certainly upward mobility is a major explanation for the large and increasing exit rates for employed workers ( 21.3 per cent in 1965-66, rising to 23.0 per cent in 1966-67 and 24.8 per cent in 1967-68). A major component of the leakage out of the insured population was undoubtedly salaried workers who received pay increases carrying them over the salary ceiling ( $\$ 5,460$ per year), above which it was not compulsory for the employee to contribute to unemployment insurance. ${ }^{11}$ It was in reaction to this growing leakage over the salary ceiling that the federal government raised the ceiling

[^10]from $\$ 5,460$ to $\$ 7,800$ per year, effective June 30 , 1968. ${ }^{12}$ This occurred one month after the reference date for the 1968 data used in this Study, and the effect of this amendment is therefore not reflected in Table 3-8. Moreover, due to the fact that there is not a full response in terms of our 10 per cent sample, some of the changes between insurable and noninsurable employment are probably shifts between reporting and nonreporting employers. This means that the exit rate is an amalgam of a number of different things that are difficult to disentangle.

[^11]
## CHAPTER 4

## MOVERS AND STAYERS, EXIT AND ENTRY

The decision to stay in one labour market or move to another is typically based on considerations relating to the following three factors:
(1) A person's tastes and, where relevant, those of his family. He may like or dislike certain labour markets or, more commonly, dislike the idea of moving at all, probably because of the uncertainty associated with unfamiliar labour markets. Possible determinants of his preferences are his age, family and friendship ties, and attachment to local amenities.
(2) Income and employment opportunities in the various labour markets.
(3) The barriers that need to be overcome, generally thought of as the "distance" to be moved, both literally and in terms of the difficulty involved in crossing occupational and industrial boundaries.

A person will decide to move if, in his assessment, the opportunities in the new labour market are sufficiently favourable that they more than offset the cost of, or distaste for, moving. Since we cannot measure tastes, we make the hypothesis that the chances that a typical person will move vary negatively with the "distance" to, and positively with income and employment opportunities in, another labour market. This hypothesis is used later on as a framework for the analysis of labour markets themselves.

In this chapter, we attempt to determine what proportion of the labour force is likely to move from one market to another and the reasons for movement in and out of the insured population.

## Movers and Stayers

It is a well-established fact that not all members of the labour force are equally mobile. We have already seen in the previous chapter that young persons are far more mobile than older persons and that the unemployed tend to move more often than the employed. But movers and "stayers" are distinguished by more than age and employment status, as we find on further analysis of the two groups.

With the available data, it is possible to distinguish between movers and stayers only on the basis of their status during the previous year. Thus if a person moved in 1965-66, he is classified as a mover at the beginning of the year 1966-67; if a person did not move in 1965-66, he is a stayer for 1966-67. Some generalizations about the relative propensities to move of each group are possible to obtain with the aid of exit rates and mobility rates for the two-year period 1965-67. It will be realized that we cannot distinguish between voluntary and involuntary movement, and we shall use the terms "probability" and "propensity" interchangeably.

There are, however, some obstacles to overcome before we can estimate the respective propensities. The most important statistic used in this analysis is the survival ratio $S R$, which measures the proportion of the 1965 population (excluding exits) that is still in the same labour market in 1967. This $S R$ contains three elements:
(1) persons who did not move into a different labour market the first year and who did not make a move during the second year;
(2) persons who during the second year made a return move to the same labour market from which they moved during the first year; and
(3) persons who left the insured population during the first year and re-entered during the second year, returning to the same labour market.

Our problem is that although we can say something about the probabilities by relating the mobility ratio for one year to the relevant survival ratio, the SRs are also affected by elements (2) and (3).

To see this more precisely, we adopt the following notation:
$q_{m}=$ proportion of the population (excluding exits)
classified as "movers".
$q_{s}=$ proportion classified as stayers,

$$
\begin{equation*}
q_{s}+q_{m}=1 \tag{4-1}
\end{equation*}
$$

$p_{m}=$ propensity of movers to move,
$p_{s}=$ propensity of stayers to move,
$k=$ propensity of movers to return to the same labour market,
$w=$ number of exits from insured population returning to same labour market, expressed as percentage of persons remaining in the insured population.

$$
\begin{equation*}
p=\left(p_{m}+k\right) q_{m}+p_{s} q_{s} . \tag{4-2}
\end{equation*}
$$

Equation (4-2) expresses the total mobility rate, $p$, as the weighted sum of the mobility rates of movers and stayers. We shall assume that the mobility rate remains stable from year to year, so that the annual mobility rate equals the proportion of movers, or in our formulation:

$$
\begin{equation*}
p=q_{m} \tag{4-3}
\end{equation*}
$$

With the notation adopted, we can now indicate the three components of $S R$ :

$$
\begin{equation*}
S R=\left(1-p_{s}\right)(1-p)+k p+w . \tag{4-4}
\end{equation*}
$$

The three components on the right-hand side of equation (4-4) represent the three elements enumerated above. The first component consists of persons who did not move during the first year ( $1-p$ ) and are therefore classified as stayers for the second year, of whom ( 1 - $p_{s}$ ) remain in the same labour market during the second year. The second component, $k p$, represents the return movers; we shall assume that $k=.1$ (see Appendix B). The third
component, $w$, represents the exits returning to the same labour market; $\omega=.024$, we shall assume, which is equivalent to assuming that 7.5 per cent of exits return to the same labour market. ${ }^{1}$

Accepting these assumptions, we can now derive $p_{s}$ from equation (4-4) as follows:

$$
\begin{equation*}
p_{s}=1-\frac{S R-k p-\omega}{1-p}, \tag{4-5}
\end{equation*}
$$

and using this, we obtain $p_{m}$ from equation (4-2)

$$
\begin{equation*}
p_{m}=\frac{2 p-1+S R-2 k p-w}{p} . \tag{4-6}
\end{equation*}
$$

We may illustrate this with a simple example; for this purpose, the exits returning to the same labour market are ignored; in other words, $\omega=0$. In year one, 100 persons will remain in the insured population, of whom 20 have changed labour market by year two ( $p=.2$ ); altogether 30 are in a different labour market by year three $(S R=.7)$. With $k=.1$ we can then calculate $p_{s}=.15$ and $p_{m}=.3$. Thus, of the 80 persons who did nठt move by yequr two (the stayers), only 12 moved by year three. On the other hand, of the 20 persons who moved between year one and year two, 8 persons made another move -- 6 to a different labour market, and 2 back to their year one labour market. In other words, the movers are more mobile than the stayers, but multiple moves within a two-year period count only once for the survival rate; in fact, return moves have, for obvious reasons, a completely offsetting impact on the survival rate.

[^12]In 1965-66 and 1966-67, the overall mobility rate averaged 30 per cent. The survival rate for $1965-67$ is estimated at 59.1 per cent of the persons remaining in the insured population. ${ }^{2}$ From this information, we calculate the two propensities:

$$
\begin{aligned}
& p_{s}=.23 \\
& p_{m}=.36 .
\end{aligned}
$$

Thus, while the statement "once a mover, always a mover" is clearly an exaggeration, it appears that for our definitions the movers are in fact more likely to move again than the stayers. Another way of putting it is to say that those who were movers last year, and as such were in a minority, would this year account for almost half of the overall mobility observed, including return movement.

It is clear from equations (4-5) and (4-6) that if our assumptions about $k$ and $w$ are too high, then the estimate for $p_{s}$ is too large and for $p_{m}$ too small. The estimated results are in fact very sensitive to the assumed values for $k$ and $w$; if both are taken to be zero, then $p_{s}=.16$ and $p_{m}=.64$. Unfortunately, additional evidence ${ }^{s}$ is required before we can obtain more reliable estimates. And this evidence can only be derived from extensive work histories including experience in nonwork situations.

The probabilities of moving are indeed different for movers and stayers, and therefore the distinction made between them seems to be useful. But the definitions of movers and stayers that were used have their limitations. For one thing, the mover group consists of a whole spectrum of cases ranging from persons who have very low probabilities of moving to those with high probabilities. For another, although our definitions of the two groups

[^13]have the obvious advantage of fitting in with available data and of being quantifiable, it would be preferable to distinguish between movers and stayers on the basis of their personal characteristics and work histories. Not only would this make for a sharper distinction between the two groups, but it would allow us to use one definition of movers for all aspects of mobility.

## Exit and Entry

To begin with, we may apply the same technique of distinguishing between "movers and stayers" to the phenomena of entry into, and exit from, the insured population. In these cases, "movers" are persons who entered or left the insured population during the previous year. The assumption is that "movers" have a higher probability of changing their insured population status. Here we also are dealing with return moves, consisting of persons who left the insured population during the previous year only to re-enter during the current year. We can therefore apply the same framework and notation as was employed in the previous section. The only difference is that we do not need a separate estimate for $w$, which is simply ignored. Purely for illustrative purposes, we assume that $k=.2$ or that 20 per cent of the leavers return to the insured population in the next year. In 1965-66, the percentage of the population leaving was 23.04 per cent (i.e., $p=.23$ ). Of those in the insured population in 1965 , a total of 30.7 per cent had left by 1967 (i.e., $S R=.693$ ). Again, assuming that outflow is balanced by inflow -- which is legitimate since the size of the insured population changed little over the three years -- we may use the formulas of the previous section. Thus for the value of $k=.2$ we obtain $p_{s}=.16$ and $p_{m}=.27$ values, meaning that the combined probability of recent entrants leaving and recent leavers re-entering the insured population is greater than the probability of a stayer leaving. Thus half the flows into and out of the insured population are accounted for by a relatively small proportion of the total. This conclusion is in line with an earlier finding that most of the gross flows into and out of the labour force are
initiated by a small group of secondary participants who do not have a strong attachment to the labour force. ${ }^{3}$

From the descriptions in Chapter 2, we recall that a person may leave the insured population either because he leaves the labour force or because he enters noninsurable employment; part of the latter change may in fact be the result of shifts from reporting to nonreporting employers. In the remainder of this chapter we shall analyse the factors that affect labour force behaviour and then look at the various reasons for entering noninsurable employment.

As many recent studies show, labour force behaviour is related to employment opportunities. Areas with high unemployment rates typically have low participation rates (i.e., small proportions of the population in a particular age group who are participating in the labour force). Although the exit rate among unemployed persons is very much higher than among those employed, it does not directly follow that particular areas, occupations, or industries with high unemployment rates necessarily have larger gross outflows from the labour force. We shall therefore test whether exit rates are related to unemployment rates.

The second main finding of studies of labour force behaviour is that we can separate age-sex groups into primary and secondary labour force participants. Secondary participants are those who do not have a strong attachment to the labour force. The three main groups of secondary participants are married women, young people of both sexes, and persons over 65 years of age. When general unemployment increases, participation rates in these groups typically decline. We therefore test whether

[^14]occupations and industries with relatively large proportions of secondary participants also have relatively large exit rates. ${ }^{4}$

Table 4-1 contains the least-squares estimates of the parameters (with standard errors in parentheses below) that relate the various independent variables to the exit rates -- all expressed as proportions of the 1966 insured population. The coefficient of determination, $R^{2}$, indicates the proportion of the total variance in exit rates across industries and occupations explained by the independent variables. As can be seen, two regressions are shown for occupational and industrial exit rates, the variable indicating the proportion of females being left out in the second set, as it proved insignificant.

Table 4-1
REGRESSIONS ON EXIT RATES

|  | Variables Constant | $\begin{gathered} \text { Expressed } \\ \text { Younger } \\ (14-24) \end{gathered}$ | as Propor Females | claimants | $\begin{aligned} & 966 \text { Insu } \\ & \text { Older } \\ & (65+) \end{aligned}$ | red Population Number of Observations | $R^{2}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Industry | $\begin{gathered} .101 \\ (.024) \end{gathered}$ | $\begin{aligned} & .335 \\ & (.096) \end{aligned}$ | $\begin{gathered} .036 \\ (.031) \end{gathered}$ | $\begin{aligned} & .371 \\ & (.066) \end{aligned}$ | $\begin{aligned} & .966 \\ & (.350) \end{aligned}$ | 73 | . 518 |
| Occupation | $\begin{gathered} .164 \\ (.024) \end{gathered}$ | $\begin{aligned} & .173 \\ & (.097) \end{aligned}$ | $\begin{aligned} & .035 \\ & (.035) \end{aligned}$ | $\begin{aligned} & .253 \\ & (.104) \end{aligned}$ | $\begin{aligned} & .472 \\ & (.266) \end{aligned}$ | 88 | . 163 |
| Industry | $(.093)$ | $\begin{aligned} & .404 \\ & (.075) \end{aligned}$ | -- | $\begin{aligned} & .353 \\ & (.064) \end{aligned}$ | $\begin{aligned} & 1.090 \\ & (.334) \end{aligned}$ | 73 | . 509 |
| Occupation | $(.160)$ | $\begin{aligned} & .227 \\ & (.081) \end{aligned}$ | -- | $\begin{aligned} & .224 \\ & (.103) \end{aligned}$ | $\begin{aligned} & .488 \\ & (.265) \end{aligned}$ | 88 | . 152 |

All variables have the expected positive parameters and all are significant except for the proportion of females. This is perhaps not surprising since we were unable to use as a variable the proportion of married females, who have a much weaker attachment to the labour force than unmarried women. Of particular interest is the strong effect of unemployment on exit rates: if the claimant rate increases by 10 per cent, then the exit

[^15]rate goes up by about 3 per cent. Another finding is that the $R^{2}$ is much higher for the industrial than for the occupational exit rates, which is understandable if we remember that most exclusions from the insured population -due to, for example, salary ceiling, self-employment or specific occupations -- have a greater impact on occupations than on industries. With at least half of the variance in exit rates unaccounted for, neither grouping is particularly well explained. When we look at the residuals of the estimating equations, we observe that industrial exit rates are grossly underestimated for air transport and for federal and provincial administration, while occupational exit rates are badly underestimated for managerial and professional occupations and for salesmen, agents, and policemen. All these underestimated cases are very much in line with what one would expect on the basis of the exclusions from the insured population (see Chapter 2). Thus managers and professionals have high exit rates because they become self-employed and because their salaries frequently go above the ceiling, and salesmen and agents are in the same position partly because some agents are specifically excluded from the insured population. We therefore conclude that, on the whole, exit rates vary on the basis of what we know about labour force behaviour and according to the reasons for entering noninsurable employment.

## CHAPTER 5

## INTERPROVINCIAL MOBILITY

Looking at interprovincial mobility is a bit like looking at an iceberg. Although much lies beneath the surface, at least the top provides some indication of the characteristics of the whole. For example, Greenway and Wheatley estimate that geographical mobility between local office areas is more than twice as large as interprovincial flows in the period 1957-59. ${ }^{1}$ From the 1961 Census of Canada we learn that 45.8 per cent of all labour force members changed residence between 1956 and 1961, 18.1 per cent moved between municipalities, and 3.8 per cent moved between provinces.

Table 5-1 gives some indication of the pattern of interprovincial mobility between 1965 and 1968. The net flow pattern is a fairly familiar one -- at least for periods of economic expansion -- with British Columbia recording a large net inflow and Ontario and Alberta smaller net inflows; the other seven provinces all experienced net outflows. This pattern confirms the hypothesis that, on the whole, migrants are attracted to highincome regions. Moreover, as in the other measures of mobility, gross flows are far in excess of net flows, and there is a negative relationship between unemployment rates and migration flows. Unemployment was lowest in 1966, and the total number of migrants reached its peak in 1966-67.

The figures in Table 5-1 are derived from the interprovincial mobility matrices reported in Appendix E. It should be noted that all figures reported in Appendix E relate to the 10 per cent sample of the insured population and that all data should therefore only be considered in relation to the appropriate sample population. Gross flows in Table 5-1 obviously vary strongly with province size. In the analytical section that follows later in this chapter, we shall therefore consider migration flows in relation to the relevant population sizes.

[^16]Mobility in the Labour Force

Table 5-1
INTERPROVINCIAL MOBILITY, 1965 TO 1968

|  | Outflows |  |  | Inflows |  |  | $\begin{aligned} & \text { Total Net } \\ & \text { Inflows } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1965-66 | 1966-67 | 1967-68 | 1965-66 | 1966-67 | 1967-68 | 1965-68 |
| Newfoundland | 283 | 347 | 221 | 285 | 233 | 215 | - 118 |
| Prince Edward | 143 | 73 | 71 | 60 | 132 | 54 |  |
| Nova Scotia | 467 | 453 | 413 | 351 | 402 | 54 327 | - $\quad 41$ |
| New Brunswick | 388 | 409 | 333 | 356 | 320 | 372 | - 82 |
| Quebec | 1,528 | 1,762 | 1,440 | 1.499 | 1.455 | 1,017 | - 763 |
| Ontario | 2,268 | 2,163 | 1,883 | 2,245 | 2,448 | 2,074 | 453 |
| Manitoba | 777 | 638 | 618 | 479 | 608 | 527 | - 419 |
| Saskatchewan | 460 | 531 | 489 | 498 | 402 | 404 | - 176 |
| Alberta | 854 | 845 | 686 | 758 | 825 | 885 | 83 |
| British Columbia | 524 | 687 | 736 | 1,161 | 1,087 | 1,015 | 1,316 |
| Total | 7,692 | 7.908 | 6,890 | 7,692 | 7,908 | 6,890 | 0 |

In some earlier work, attention was drawn to the phenomenon of return migration. ${ }^{2}$ With the data used there, it was possible to obtain only an indirect estimate of the quantitative importance of return migration. With a special tabulation of our present sample, however, we can give a direct estimate of the amount of return mobility between provinces. The matrices of return migration for 1966-67 and for 1967-68 are shown in Appendix E, which is summarized in Table 5-2. These figures give the number of persons migrating from province $i$ to $j$ in 1965-66 (1966-67) who returned from $j$ to $i$ in 1966-67 (1967-68). Return mobility is therefore defined in terms of a oneyear period. On average, return migrants constituted 20.8 per cent of total interprovincial migration in 1966-67 and 22.1 per cent in 1967-68. This compares with our estimate of 28.5 per cent for the period 1956-61, which was derived from relating two different data sources. Since the earlier estimate was based on a definition of

[^17]return mobility in terms of a five-year period, it should properly be higher, and the various estimates seem quite compatible. ${ }^{3}$

Table 5-2 shows not only that return mobility between provinces is quantitatively important, but also that the pattern of return migration is quite different from that of the total flows. We note that British Columbia has a net outflow of return migrants; Manitoba and Saskatchewan experience virtually no net flow; and Prince Edward Island and Nova Scotia have sizable net inflows of return migrants. This pattern is understandable when we remember that regions with the largest outflows of migrants will, on average, have the largest inflows of return migrants. ${ }^{4}$

> Table 5-2

RETURN MOBILITY BETWEEN PROVINCES

|  | Outflows |  | Inflows |  | $\begin{aligned} & \text { Total Net } \\ & \text { Inflows } \\ & \hline 1966-68 \\ & \hline \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1966-67 | 1967-68 | 1966-67 | 1967-68 |  |
| Newfoundland | 101 | 48 | 60 | 42 | - 46 |
| Prince Edward |  |  |  |  |  |
| Island | 13 | 9 | 56 | 16 | 49 |
| Nova Scotia | 68 | 79 | 108 | 93 | 54 |
| New Brunswick | 93 | 70 | 66 | 86 | - 11 |
| Quebec | 417 | 363 | 379 | 288 | -113 |
| Ontario | 464 | 426 | 510 | 504 | 124 |
| Manitoba | 102 | 146 | 123 | 124 | - 1 |
| Saskatchewan | 96 | 81 | 88 | 82 | - 7 |
| Alberta | 151 | 138 | 148 | 180 | 39 |
| British Columbia | 137 | 166 | 104 | 111 | - 88 |
| Total | 1,642 | 1,526 | 1,642 | 1,526 | 0 |

${ }^{3}$ Return migration is here expressed in relation to total migration. In the paper "Migration Flows and Their Determinants, and the Effects of Return Migration", return migration is usually expressed in relation to new migration (see, in particular, Appendix A of that paper). The latter figure is always larger than the former. If the proportion of new migrants returning is $t$, then the proportion of return migrants in terms of total migration will be $\frac{t}{1+t}$. Thus if 40 per cent of new migrants return, then an average return migration constitutes about 28.5 per cent of total migration flows.
${ }^{4}$ For a further analysis of these return migration data, see John Vanderkamp, "Return Migration: Its significance and Behavior", Western Economic Journal (forthcoming).

The following two sections describe the regression analysis used in our interprovincial mobility estimates and discuss the implications derived from it.

## Regression Analysis

Migration patterns derived from various different data sources are quite similar, as we found in Chapter 3. Therefore, findings based on our sample should be considered a useful extension of earlier empirical work based on the other sources. ${ }^{5}$ The data we employ have one important advantage -- viz., that information relating to income and unemployment rates refers to the sample itself. To illustrate this advantage, let us take Saskatchewan as an example. Comprehensive data on earned income include farm income and thus, at least for 1965-67, give Saskatchewan a high-income level that is not necessarily relevant for the mobility behaviour of the insured population. Similarly, unemployment figures for the agricultural labour force, which are generally low, are not necessarily relevant for insured persons wishing to leave or enter Saskatchewan. The data of all independent variables used in the regression analysis are reported in Appendix $F$.

The central hypothesis examined in most migration studies consists of three parts. Migration ( $M_{i j}$ ) is positively related to average incomes in receiving regions $\left(Y_{j}\right)$, negatively related to average incomes in sending regions $\left(Y_{i}\right)$, and also negatively related to distance ( $D$ ). In other words, more people are attracted to a province if its average income is high, and more people want to leave provinces with low incomes. Other things being equal, fewer people move between far distant locations.

Two comments need to be made on this central hypothesis. First, many empirical workers have used the income differential ( $Y_{j}-Y_{i}$ ) to explain migration flows, on the assumption that the positive effect of $Y_{j}$ and the negative effect of $Y_{i}$ are of the same size. There are

[^18]two reasons for thinking that the negative influence of $y_{i}$ will be smaller. Both of these reasons stem from the fact that $Y_{i}$ does not just represent the income opportunities of persons in province $i$ but also tells something about their characteristics. Thus persons from a lowincome region, on average, have less wealth to use in the financing of migration decisions (the wealth effect of $Y_{i}$ ), and their productivity is also probably lower, which means that their income opportunities elsewhere are below average (the productivity effect of $Y_{i}$ ). The wealth and productivity effects of $Y_{i}$ are both positive, and partly offset the basic negative opportunity effect of $Y_{i}$. As a result, we may expect the total negative effect of $Y_{i}$ to be smaller than the positive effect of $Y_{j}$, implying that we should not use an income differential variable, but $Y_{j}$ and $Y_{i}$ separately.

The second comment relates to the various roles played by the distance variable $D$. As a barrier to mobility, distance represents three distinct aspects:
(1) the actual cost of moving, including earnings foregone in the process;
(2) the disutility of moving, in terms of time and effort, and the disutility of leaving familiar conditions and acquaintances; and
(3) the uncertainty about income and job opportunities.

All three aspects vary with distance moved. We may therefore expect the effect of $D$ to be quite large. Moreover, we may expect the effect of the income variables to vary with distance, particularly because uncertainty about income opportunities probably increases with distance. This suggests that we should use interaction variables such as $\left(Y_{j} D\right)$ and ( $Y_{i} D$ ), and this is taken account of in the specification.

In addition to these central variables, a number of other economic and cultural variables may influence the migration flow between Canadian provinces. First, we should include variables representing population sizes in the different provinces. The dependent variable is defined as the migration flow between two provinces as a proportion of the population in the sending province (excluding those who leave the insured population by the
next year). This migration variable, $M_{i j}$, may be expected to be positively related to the size of the population in the receiving province, $P_{j}$, because the larger a region, the greater the number of employment opportunities, other things equal. For this reason we shall also test whether $P_{i}$, the population size in the sending provinces, has a negative effect on $M_{i j}$ as defined, since one may argue that mobility out of a larger region is less necessary because of a greater employment choice within such a region.

Second, we test for the importance of unemployment variables, $U_{i}$ and $U_{j}$, for sending and receiving provinces respectively. If the unemployment rate in the sending province is high, more persons may be expected to leave, and if the unemployment rate in the receiving province is high, fewer people will want to move there. Thus we shall test for the positive effect of $U_{i}$ and the negative effect of $U_{j}$ on $M_{i j}$.

Third, we should include some variables relating to cultural differences between the various provinces. For this purpose we use $F_{i}$ and $F_{j}$, which measure the percentage of French-speaking persons in sending and receiving provinces respectively. Both of these are expected to have a negative influence on $M_{i j}$. For example, persons from Quebec are less likely to move to other provinces, ceteris paribus, and people in other provinces are less likely to migrate to Quebec because of cultural and language differences.

The regressions are reported in Table 5-3 in the same fashion as for Table 4-1, except that the equations in Table 5-3 read vertically; the meaning of the second equation shown for 1965-66 is explained below. All the variables reported are at least significant at the 5 per cent level except the $P_{j}$ variable in 1965-66. The overall explanatory power of the equation as measured by $R^{2}$ is good, considering that we are using cross-section data. For the year 1965-66, the $R^{2}$ is lower, but all of this is attributable to a single observation: in that year an unusually large number of persons in the sample left Prince Edward Island to go to Newfoundland;about twothirds returned the next year. The second regression shown for 1965-66 is estimated with 89 observations, excluding the flow from Prince Edward Island to Newfoundland. It can be seen that the $R^{2}$ and the parameter estimates are now much more in line with the other two years.

Table 5-3
REGRESSIONS ON INTERPROVINCIAL MOBILITY

|  | 1965-66 | 1965-66 | 1966-67 | 1967-68 |
| :---: | :---: | :---: | :---: | :---: |
| Constant term | $\begin{gathered} 1.546 \\ (1.172) \end{gathered}$ | $\begin{aligned} & .482 \\ & (.791) \end{aligned}$ | $\begin{aligned} & .143 \\ & (.668) \end{aligned}$ | $-. .252$ |
| $Y_{i}$ | $\begin{gathered} -1.857 \\ (.353) \end{gathered}$ | $\begin{array}{r} -1.345 \\ (.241) \end{array}$ | $-(.806$ | $-. .916$ |
| $Y_{j}$ | $\begin{aligned} & 1.997 \\ & (.400) \end{aligned}$ | $\begin{aligned} & 1.668 \\ & (.270) \end{aligned}$ | $\begin{aligned} & 1.142 \\ & (.228) \end{aligned}$ | $\begin{aligned} & 1.323 \\ & (.210) \end{aligned}$ |
| $\sqrt{Y_{i} D}$ | $\begin{aligned} & 4.112 \\ & (.949) \end{aligned}$ | $\begin{aligned} & 3.230 \\ & (.641) \end{aligned}$ | $\begin{aligned} & 1.964 \\ & (.541) \end{aligned}$ | $\begin{aligned} & 2.352 \\ & (.498) \end{aligned}$ |
| $\sqrt{Y_{j} D}$ | $\begin{array}{r} -4.622 \\ (.951) \end{array}$ | $\begin{aligned} & -3.708 \\ & (.643) \end{aligned}$ | $\begin{aligned} & -2.380 \\ & (.543) \end{aligned}$ | $\begin{gathered} -2.747 \\ (.499) \end{gathered}$ |
| $F_{i}$ | $-\begin{aligned} & .758 \\ & (.290) \end{aligned}$ | $-. .653$ | $-. .577$ | $-. .541$ |
| $F_{j}$ | $\begin{gathered} -1.020 \\ (.340) \end{gathered}$ | $-. .927$ | $-\begin{gathered} .762 \\ (.194) \end{gathered}$ | $-\begin{aligned} & .770 \\ & (.178) \end{aligned}$ |
| $p_{j}$ | $\begin{aligned} & .463 \\ & (.288) \end{aligned}$ | $\begin{aligned} & .618 \\ & (.193) \end{aligned}$ | $\begin{aligned} & .719 \\ & (.164) \end{aligned}$ | $\begin{aligned} & .468 \\ & (.151) \end{aligned}$ |
| $R^{2}$ | . 590 | . 722 | . 726 | . 728 |
| Number of Observations | 90 | 89 | 90 | 90 |

Note: All variables are reported in Appendixes E and F. The dependent variable expresses migration flows as a percentage of the population in the sending province. The income variables are measured in thousands of dollars; the distance variable, in thousands of miles. The $F$-variables record the number of French-speaking persons as a proportion of the relevant population. $P_{j}$ is measured in tens of thousands of persons.
Before arriving at the regressions shown in Table 5-3, a number of tests were performed. The most important finding was that the unemployment variables are not significant in explaining the cross-section pattern of migration flows, despite the potentially important role of unemployment as an indicator of employment opportunities and uncertainty. Although this result is in line with quite a lot of earlier work, we are using unemployment variables specific to the reference group of the sample and might have expected unemployment to show more impact. Thus we have not eliminated the basic problem -- viz., that the unemployment pattern of Canadian provinces is not easy to interpret. Two of the provinces with the highest rates of out-migration are Saskatchewan and New Brunswick, which are near the low and high ends of the unemployment spectrum respectively. Similarly, British Columbia and Ontario both experience in-migration, but British Columbia has an unemployment rate well above average and Ontario is well below average.

The effect of $P_{i}$, the size of the sending province's population, was indeed negative but not significant, and $P_{i}$ is therefore excluded in the regressions shown in Table 5-3. We tested for three difference income series: (1) the average earnings of the insured population in the subsample who worked full time (i.e., 50 or more weeks in the year), which is the $Y$ variable in the regressions reported; (2) the average earnings of all persons in the insured population in the subsample, including persons who worked for only part of the year; and (3) the average earned income per person employed, as reported in the National Accounts. All three income series are reported in Appendix $F$. The income series (3) gave the poorest results, which is not surprising since it is least related to the insured population. The income series (2) was, on the whole, only slightly inferior to the $Y$-series chosen, in terms of explanatory power, and the final results would be very similar if series (2) were substituted for (1).

There are good theoretical reasons for believing that the relationship between migration flows and the income and distance variables ( $Y_{i}, Y_{j}$, and $D$ ) should be nonlinear. To put it simply, the effect of income opportunities is not the same regardless of distance both because of the distaste for moving over longer distances and because of the uncertainty associated with distant opportunities. That the relationship is nonlinear is strongly confirmed by the tests. The specification shown in Table 5-3, which includes two interaction variables $\sqrt{Y i D}$ and $\sqrt{Y j D}$, is indeed far superior to the linear case. This specification is also better, in terms of goodness of fit, than a number of other nonlinear formulations tested. ${ }^{6}$

## Implications

Because of the interaction variables, it is not easy to see at a glance what kind of effect the income and distance variables have. To determine their effect, we may calculate partial derivatives, which measure the partial effect of a variable on migration flow while other variables remain constant. It can be seen that the partial derivatives with respect to all three variables are related to distance. We therefore show the partial effects in relation to distance for 1966-67 in

[^19]Table 5-4 with incomes at about their average level of $\$ 4,700$ per year; the average distance for the 90 observations is about 1,900 miles.

This table indicates that the effect of income in the sender region $Y_{i}$ is, on the whole, negative but becomes positive for long distances. This result is reasonable, since it was argued that one of the positive elements of $Y_{i}$ 's effect is related to the financing of migration decisions, which becomes more of a problem when long distances are involved. Moreover, as was anticipated, the positive effect of income in receiving provinces is substantially larger than the negative effect of $Y_{i}$ over the whole distance range. Distance has an important negative effect on interprovincial mobility flows; this effect is more important at small distances than at large ones.

Table 5-4
PARTIAL EFFECTS OF INCOME AND DISTANCE
VARIABLES ON MIGRATION FOR 1966-67 EQUATION

|  | Distance (miles) |  |  |
| :---: | :---: | :---: | :---: |
|  | 500 | 2,000 | 3.500 |
| Partial effect of $Y_{i}$ | -. 482 | -. 168 | +. 039 |
| Partial effect of $Y_{j}$ | +. 749 | +. 368 | +. 119 |
| Partial effect of $D$ | -. 639 | -. 318 | -. 241 |
| Trade-off of $Y_{j}$ for $D$ (ratio of partial effects of $D$ and $Y_{j}$ ) | +. 853 | +. 864 | 2.025 |

The last line of Table 5-4 reports the trade-off of $Y_{j}$ for $D$. This trade-off expresses the dollar increase in $Y_{j}$ that is necessary to compensate for a one-mile increase in distance in such a way that the migration flow remains constant. At 2,000 miles this trade-off is .864, which means that an increase in distance of 100 miles requires an increase in income in the receiving province of $\$ 86$ per year to maintain the same migration flow. This finding indicates that distance is indeed a very serious barrier to mobility. But while moving is an event at a point in time, income is an ongoing event. Put in other words, the move is an investment and the income increase provides the payoff on this investment over some future period. If the payoff period is 10 years
and we discount at a 10 per cent rate, then the present value of the annual income increase of $\$ 86$ is about $\$ 530$, which is a substantial sum considering the $100-\mathrm{mile}$ increase in distance.

We do not have any estimate about the actual cost of moving. But even if the marginal costs of moving the additional 100 miles is as high as $\$ 200$, the rate of return on the mobility investment would still be more than 40 per cent. It would, of course, be very interesting to obtain some statistical information on the relation between total mobility costs and distance, but such information is not likely to upset the conclusion that the rate of return to interprovincial mobility in Canada is very high.

We naturally should ask the question why, if the rate of return is so high, migration flows are not greater. The answer must be that the other aspects of distance, besides actual costs of moving, figure very large in people's minds. Thus the dislike of leaving familiar surroundings and the uncertainty about income and job opportunities in distant locations are important considerations in mobility decisions.

It is sometimes argued that the high rates of return to mobility are due to "market imperfections", and it is therefore suggested that policies be devised to influence mobility flows. This argument is likely to be at least partly fallacious. The high rates of return do not per se suggest that a subsidy to mobility is desirable. If, as has been argued here, the reasons for the high rates of return are individual preferences concerning moving and uncertainty, then subsidies are not the proper instruments to encourage mobility. However, subsidies are clearly warranted in cases of real market failure, such as:
(a) The existence of externalities that subordinate individual preferences to other people's decisions. This type of situation may be dealt with directly by a mobility policy, e.g., the relocation of whole communities from fishing ports to the larger centres of Newfoundland.
(b) Discrimination of the capital market against persons with little wealth. This may be counteracted, as was attempted in the manpower
mobility program, by making loans available for persons who wish to finance a move.
(c) Exaggeration of the uncertainty associated with income and employment due to lack of information. This problem may be directly attacked by institutions such as Canada Manpower Centres, which provide free information about job opportunities and labour market conditions.
(d) Government programs that intentionally or otherwise tend to reduce the incentive to move from a province, e.g., some federal-provincial transfers, welfare payment schemes, and unemployment insurance. If these programs provide desirable benefits, perhaps because they contribute to a more desirable distribution of income; then it may be optimal to devise a mobility subsidy program to counteract them.

While in each of these four cases of market failure a subsidy to mobility may be justified, it is difficult to estimate how large the subsidy should be. In any case, our earlier analysis suggests that we cannot gauge the success of a mobility policy simply by the apparent rate of return realized by those persons who move under the auspices of the policy. This high rate of return is at least partly attributable to the existence of human preferences related to moving and uncertainty.

## CHAPTER 6

## OCCUPATIONAL MOBILITY

As we have already seen, the occupational mobility data are seriously affected by reporting and coding errors. For this reason, we cannot rely on any of the occupational mobility matrices for our analysis. Therefore this chapter will only contain a brief description of some aggregate occupational mobility data.

Almost 16 per cent of the persons remaining in the insured population in 1966-67 changed their occupation. In over two-thirds of these cases the change in occupation was accompanied by a change in industry which, as we can see from Table 3-2, happens more often than vice versa. The implication is that occupational boundaries are more difficult to cross than industrial ones. This conclusion is perhaps not surprising, since occupations are more clearly distinguished on the basis of differences in skills, education, and training. It should be remembered, however, that a considerable number of occupations are industry-specific -- e.g., farm workers in agriculture, loggers in forestry, and teachers in education.

Even though occupations are more clearly demarcated, in terms of labour supply characteristics, than industries, problems obstruct the analysis of occupational mobility behaviour. Education and training may be quantifiable variables (see Appendix F), but they do not describe the only important characteristics of occupations, most of which require complex mixtures of intelligence, physical toughness, manual dexterity, personality traits, and other characteristics that are not easily quantified. Furthermore, most people who have been in an occupation for a while develop decided preferences for a narrow set of "similar" occupations -- similarity depending partly on the desires and aptitudes developed. Individual preferences are much less significant for new entrants into the labour force. All this goes to say that, while it is unfortunate that the occupational mobility matrices are unusable, they would probably be as difficult to analyse as the industrial matrices of the next chapter.

Table 6-1
PERCENTAGE CHANGES IN OCCUPATIONAL POPULATION, 1966-67

|  | Population Change | Net Entrants | $\begin{aligned} & \text { Net } \\ & \text { Mobility } \end{aligned}$ |
| :---: | :---: | :---: | :---: |
| 1. Managers | 9.8 | - 2.3 | 12.1 |
| 2. Professionals | 2.7 | 2.8 | - . 1 |
| 3. Draughtsmen and surveyors | - 3.3 | - 5.9 | 2.6 |
| 4. Accountants | -11.2 | -14.9 | 3.7 |
| 5. Miscellaneous professionals | -12.5 | -11.3 | - 1.2 |
| 6. Science and engineering technicians | 1.0 | 0.1 | 0.9 |
| 7. Other professional workers | 16.0 | 5.3 | 10.7 |
| 8. Bookkeepers and cashiers | 6.0 | 1.5 | 4.4 |
| 9. Office and appliance operators | 9.1 | 2.5 | 6.7 |
| 10. Stock clerks and storekeepers | - 1.3 | 1.2 | - 2.5 |
| 11. Shipping men | 9.7 | 1.6 | 8.0 |
| 12. Stenographers | 6.5 | 3.1 | 3.4 |
| 13. Typists and clerk-typists | - 1.1 | 3.9 | - 5.0 |
| 14. Other clerical workers | - 3.8 | 0.0 | - 3.8 |
| 15. Other sales workers | -10.0 | - 9.6 | - 0.4 |
| 16. Salesmen | - 2.8 | - 9.2 | 6.4 |
| 17. Attendants | 8.6 | 11.9 | - 3.3 |
| 18. Sales clerks | 0.3 | 5.2 | - 4.9 |
| 19. Agents | - 7.4 | -15.5 | 8.2 |
| 20. Police and firemen | 23.9 | 15.8 | 8.1 |
| 21. Guards | 11.5 | - 0.2 | 11.7 |
| 22. Cooks and bartenders | - 1.5 | - 4.4 | 2.9 |
| 23. Waiters | 1.9 | 4.9 | - 3.0 |
| 24. Maids and assistants | 2.0 | 6.5 | - 4.5 |
| 25. Barbers | - 0.9 | $-0.6$ | - 0.2 |
| 26. Launderers | - 5.6 | $-0.1$ | - 5.5 |
| 27. Janitors | - 1.3 | 0.2 | - 1.6 |
| 28. Transportation foremen and pilots | -43.0 | - 3.7 | -39.3 |
| 29. Train occupations | - 4.4 | 3.0 | - 7.4 |
| 30. Shipmen | 1.3 | 0.8 | 0.5 |
| 31. Bus and taxi drivers | 5.3 | 4.1 | 1.2 |
| 32. Driver salesmen | -10.4 | - 3.9 | - 6.6 |
| 33. Truck drivers | 1.1 | - 1.8 | 2.9 |
| 34. Miscellaneous transport and communication workers | -21.2 | - 8.8 | -12.4 |
| 35. Telephone operators | 3.3 | 2.9 | 0.4 |
| 36. Mailmen, etc. | - 0.6 | 3.2 | - 3.9 |
| 37. Farm occupations | 258.3 | 209.4 | 48.9 |
| 38. Gardeners | - 1.0 | 0.0 | - 1.1 |
| 39. Loggers | -11.9 | - 9.9 | - 2.0 |
| 40. Fishermen | -15.1 | - 5.9 | - 9.5 |
| 41. Miners | - 1.8 | - 3.5 | 1.7 |
| 42. Mine labourers | 10.9 | 5.4 | 5.5 |
| 43. Bakers and millers | - 3.9 | 2.3 | - 6.2 |
| 44. Butchers | - 4.4 | - 5.4 | 1.0 |

(cont'd.)

Table 6-1 (concl'd.)

|  | Population Change | Net Entrants | Net Mobility |
| :---: | :---: | :---: | :---: |
| 45. Canners | -12.2 | - 3.8 | - 8.4 |
| 46. Other food processors | -13.8 | - 2.6 | -11.1 |
| 47. Rubber workers | - 5.2 | - 3.6 | - 2.6 |
| 48. Leather workers | - 4.3 | 2.7 | - 7.0 |
| 49. Spinners and weavers | - 6.0 | - 1.3 | - 4.7 |
| 50. Other textile workers | - 3.2 | - 2.2 | - 1.0 |
| 51. Tailors and cutters | - 7.9 | - 3.5 | - 4.4 |
| 52. Sewers | - 7.0 | - 2.0 | - 5.0 |
| 53. Upholsterers | - 5.6 | 1.0 | - 6.6 |
| 54. Carpenters | - 7.6 | - 7.1 | - 0.5 |
| 55. Wood machine operators | - 4.8 | - 2.0 | - 2.8 |
| 56. Other wood workers | -14.2 | - 3.9 | -10.3 |
| 57. Pulp and paper workers | - 5.2 | 0.6 | - 5.8 |
| 58. Typesetters | - 2.5 | 0.6 | - 3.1 |
| 59. Other printing occupations | - 3.8 | - 0.6 | - 3.3 |
| 60. Metal workers | - 5.4 | 0.9 | -6.3 |
| 61. Machinists | 3.4 | 1.7 | 1.7 |
| 62. Millwrights | 11.6 | - 4.0 | 15.6 |
| 63. Fitters | -8.5 | 2.0 | -10.5 |
| 64. Metalworking machine operators | 4.4 | 2.0 | 2.4 |
| 65. Plumbers | 3.1 | $-0.7$ | 3.8 |
| 66. Sheet metal workers | 8.6 | 2.5 | 6.1 |
| 67. Welders | $-0.2$ | - 0.6 | 0.4 |
| 68. Other metal workers | -14.8 | 1.9 | -16.6 |
| 69. Car mechanics | - 1.2 | - 1.5 | 0.3 |
| 70. Other mechanics | 10.7 | $-1.0$ | 11.7 |
| 71. Electricians | 3.0 | 1.3 | 1.7 |
| 72. Fitters -- electrical | $-5.9$ | 4.9 | -10.7 |
| 73. Linemen, etc. | 9.5 | 2.0 | 8.5 |
| 74. Painters | 0.8 | - 2.4 | 3.2 |
| 75. Construction foremen | -8.9 | - 6.6 | - 2.3 |
| 76. Bricklayers | -6.4 | - 4.2 | - 2.2 |
| 77. Glass workers | -16.0 | -14.7 | - 1.3 |
| 78. Engine men | - 1.8 | - 6.2 | 4.4 |
| 79. Hoist workers | 4.5 | - 3.3 | 7.9 |
| 80. Operators -- construction | 11.6 | 0.2 | 11.4 |
| 81. Handlers | - 7.1 | $-4.2$ | - 2.9 |
| 82. Longshoremen | 30.7 | 11.3 | 19.4 |
| 83. Warehousemen | - 3.2 | 1.8 | - 5.0 |
| 84. Sectionmen | 3.0 | 3.2 | - 0.2 |
| 85. Foremen | 6.3 | - 4.9 | 11.2 |
| 86. Other workers | 0.0 | 2.5 | - 2.5 |
| 87. Labourers | - 4.8 | 1.0 | - 5.9 |

Note: Exact occupational classification (condensed) is reported in Appendix A.

The main occupational changes in 1966-67 are summarized in Table 6-1, with all figures expressed as percentages of the 1966 population in each of the occupations. The first column simply represents the change in the size of the occupation; the other two columns break this change into two components -- net entrants into the occupation, defined as those who newly entered the insured population in that particular occupation (calculated as the residual) minus exits from the occupation, and net mobility, defined as movement in from other occupations minus movement out to other occupations. These last two mobility rates are corrected by assuming that the estimated error rate may be applied to all occupational rates; this is obviously not a wholly legitimate assumption, and the resulting figures should therefore be eyed with some skepticism.

When we look down the columns of Table 6-l, we observe that net entry and net mobility contribute to different population changes in the various occupations. Of the 87 occupations, 35 reported increases and 52 decreased in size during 1966-67. Some of the large increases -- e.g., in farm occupations -- are clearly attributable to changes in the rules regarding coverage for unemployment insurance. In 62 of the 87 cases, the change due to net entry was in the same direction as the population change, and for net mobility the corresponding figure is 71 out of 87. The implication is that occupational fortunes influence mobility flows somewhat more than they do entry and exit. This is not too surprising, since mobility flows are presumably more strongly determined by economic forces, while entry and exit are at least partly influenced by personal changes in employment status and by rules regarding unemployment insurance. ${ }^{1}$

But it does not follow that net mobility and net entry work in the same direction. In only just over half of the occupations -- 45 out of 87 -- the signs in second and third columns of Table 6-1 agree. In a number of the instances in which net entry is negative but net mobility is positive, the explanation appears to be the salary ceiling above which persons are ineligible for unemployment insurance. Thus many persons may well enter

[^20]such occupations as managers, draughtsmen, accountants, salesmen, agents, and foremen, from other occupations and below the salary ceiling. But once they have been in these occupations for some time, their higher salaries make them ineligible for unemployment insurance. On the other hand, a number of cases with positive entry but negative net mobility appear to be stations of entry into the labour force. Thus quite a few people appear to enter the labour force as clerks, typists, attendants, sales clerks, maids, and unskilled labouring occupations, and once they have acquired some basic skills and knowledge, they move out of these occupations into other ones.

It is sometimes asserted that more educated occupations are likely to be more mobile because persons in such occupations are better informed about alternative opportunities. This argument may be valid because a reduction in uncertainty about such opportunities will induce mobility. But there is another side to this coin. Lack of information will, in general, lead to a greater incidence of disappointment, which may then result in further mobility elsewhere. Under those circumstances, the multiple-moves process itself provides the information in an ex post rather than an ex ante fashion. As Table 6-2 shows, those with least education in fact tend to move most often.

Table 6-2
OCCUPATIONAL MOBILITY AND EDUCATION

Average Schooling \begin{tabular}{c}

| Average Occupational |
| :---: |
| Mobility Rates |
| (condensed) | <br>

\hline Less than 8 years (33 occupations) <br>
From 8 to 10 years (37 occupations) <br>
More than 10 years (16 occupations) <br>
\hline
\end{tabular}

But aggregate mobility rates are poor substitutes for response rates. Thus it is quite possible that moreeducated persons are better informed about labour market opportunities and respond more strongly to changes in incentives. For this purpose, we would require more detailed occupational mobility data than are currently available. Some insight into the behaviour of occupational mobility will probably be gained from our analysis of industrial mobility in the next chapter.

## CHAPTER 7

## INDUSTRIAL MOBILITY

Before we start on the more formal analysis of industrial mobility, it is useful to give a broad description of main mobility patterns. Changes in industrial populations are shown in Table 7-1 for the years 1966-67. (This table is similar to Table 6-1 on occupational mobility, except that it gives four gross flows instead of two net flows.) The most obvious pattern in Table 7-1 is the similarity of exit and entry rates for any one industry, suggesting that industry characteristics relating to female employment, unemployment experience, and the proportion of professional and technical personnel, are important in determining the size of these flows. Interestingly enough, there is also a broad correspondence -- although less strongly than for exit and entry -between in- and out-mobility rates.

Net in-mobility is somewhat more related to population change by industry than net entry. Out of 72 industries, 59 show the same direction of net mobility as for population change, and 53 the same direction as for net entry. In 40 cases, net mobility and net entry worked in the same direction. This last figure is proportionately larger than the one for occupational mobility in the previous chapter, basically because the effect of exclusions from the insured population is more evenly spread across industries than across occupations.

Rates of movement in and out, however, do not give us much idea about the actual mobility flows. The full industrial mobility matrices for 1965-66, 1966-67, and 1967-68 are reported in Appendix D, and Table 7-2 provides a summary of these matrices in terms of major groups for 1966-67. The top part of this table shows the actual mobility flows in the off-diagonal elements, while the diagonal contains the number of persons in the sample who stayed in the same industry during 1966-67. Thus 1,621 persons moved from manufacturing to construction in 1966-67. The lower half of the table shows the column and row totals, as well as the average income, unemployment rate, and proportion of females for each of the nine major industry groups (for sources, etc., see Appendex F).

Table 7-1
PERCENTAGE CHANGES IN INDUSTRIAL POPULATIONS, 1966-67

|  | (1) Population Change | (2) <br> Entrants | (3) <br> Exits | (4) <br> Movers <br> In |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1. Agriculture | 77.0 | 99.7 | 33.1 | 39.8 | 29.4 |
| 2. Forestry | - 6.9 | 29.1 | 35.7 | 20.4 | 20.7 |
| 3. Fishing | -13.6 | 29.1 | 33.6 | 12.2 | 21.3 |
| 4. Metal mining | 8.6 | 21.7 | 20.6 | 19.3 | 11.8 |
| 5. Other mining | 7.5 | 22.3 | 24.1 | 24.1 | 14.9 |
| 6. Meat production | 0.4 | 21.7 | 23.1 | 12.5 | 10.7 |
| 7. Dairy production | $-7.4$ | 18.8 | 23.2 | 12.1 | 15.1 |
| 8. Canning | - 1.5 | 31.0 | 30.7 | 13.7 | 15.5 |
| 9. Other food | 10.8 | 24.5 | 20.5 | 20.7 | 13.9 |
| 10. Beverages | 3.1 | 28.7 | 24.4 | 10.7 | 11.9 |
| 11. Tobacco products | - 0.2 | 11.7 | 13.7 | 8.2 | 6.4 |
| 12. Rubber products | - 5.0 | 20.9 | 22.9 | 12.9 | 15.9 |
| 13. Leather products | - 2.4 | 24.0 | 21.5 | 8.3 | 13.2 |
| 14. Primary textiles | - 4.6 | 16.4 | 16.2 | 7.2 | 20.1 |
| 15. Miscellaneous textiles | - 3.3 | 24.4 | 24.9 | 14.5 | 17.4 |
| 16. Knitting mills | - 9.4 | 22.8 | 28.5 | 9.7 | 13.4 |
| 17. Clothing | - 2.1 | 23.9 | 23.7 | 5.6 | 7.9 |
| 18. Sawmills | 3.8 | 23.9 | 24.4 | 27.4 | 23.2 |
| 19. Plywood and doors | -14.5 | 18.8 | 20.7 | 15.2 | 27.8 |
| 20. Furniture | 2.5 | 24.0 | 21.0 | 16.1 | 16.7 |
| 21. Pulp and paper | - 1.7 | 11.7 | 14.3 | 7.6 | 6.7 |
| 22. Other paper | 9.0 | 25.7 | 21.7 | 19.2 | 14.1 |
| 23. Printing and publishing | - 1.0 | 21.3 | 19.6 | 7.9 | 10.7 |
| 24. Iron and steel | 1.6 | 10.6 | 10.9 | 9.0 | 7.0 |
| 25. Iron foundries | - 1.3 | 14.9 | 14.9 | 19.1 | 20.3 |
| 26. Smelting and refining | -10.6 | 10.1 | 11.1 | 9.0 | 18.6 |
| 27. Nonferrous metal rolling | - 2.3 | 16.1 | 18.2 | 13.2 | 13.4 |
| 28. Metal stamping and fabrication | 1.1 | 23.7 | 20.5 | 18.1 | 20.2 |
| 29. Miscellaneous metal products | 0.2 | 20.0 | 20.2 | 20.7 | 20.3 |
| 30. Machinery products | 7.7 | 21.0 | 19.1 | 20.1 | 14.1 |
| 31. Aircraft | 13.6 | 28.1 | 19.5 | 14.2 | 9.2 |
| 32. Car production | - 2.8 | 11.9 | 15.3 | 10.4 | 9.8 |
| 33. Other transport products | -13.7 | 13.0 | 20.0 | 10.4 | 17.1 |
| 34. Electrical products | 6.2 | 25.1 | 21.1 | 12.9 | 10.6 |
| 35. Mineral products | -15.8 | 17.1 | 23.8 | 13.6 | 22.7 |
| 36. Petroleum refineries | 28.2 | 40.1 | 24.3 | 24.3 | 11.8 |

(cont'd.)

Table 7-1 (concl'd.)

|  | (1) <br> Population Change | (2) <br> Entrants | (3) <br> Exits | (4) <br> Movers In | $\begin{gathered} \text { (5) } \\ \text { Movers } \\ \text { Out } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 37. Chemical production | 1.7 | 23.4 | 21.4 | 14.8 | 15.2 |
| 38. Miscellaneous manufacturing | 2.4 | 17.5 | 22.8 | 17.2 | 19.5 |
| 39. Building construction | -12.2 | 22.9 | 29.2 | 23.0 | 29.0 |
| 40. Highway construction | 5.6 | 29.8 | 29.8 | 33.8 | 28.2 |
| 41. Special trade contracts | 0.7 | 24.6 | 24.5 | 21.3 | 20.6 |
| 42. Air transport | 1.0 | 29.4 | 40.5 | 22.9 | 10.9 |
| 43. Water transport | 9.2 | 24.7 | 21.7 | 20.7 | 14.5 |
| 44. Railways | - 1.3 | 13.6 | 11.5 | 8.3 | 11.8 |
| 45. Trucking | 7.1 | 23.7 | 22.6 | 21.8 | 15.9 |
| 46. Miscellaneous transport | 4.1 | 25.4 | 22.2 | 27.0 | 26.1 |
| 47. Storage | 13.5 | 22.1 | 25.0 | 30.9 | 14.4 |
| 48. Communications | 6.2 | 26.2 | 25.6 | 13.8 | 8.2 |
| 49. Utilities | 12.1 | 24.3 | 21.1 | 18.3 | 9.4 |
| 50. Wholesale trade (industrial) | - 6.6 | 20.4 | 26.2 | 36.3 | 37.2 |
| 51. Wholesale trade (consumer) | 9.1 | 26.0 | 23.3 | 31.2 | 24.8 |
| 52. Wholesale trade (machinery) | - 4.4 | 23.9 | 25.3 | 23.6 | 26.5 |
| 53. Food stores | - 4.7 | 28.9 | 29.5 | 10.8 | 14.8 |
| 54. Department stores | 7.3 | 28.9 | 20.9 | 8.6 | 9.2 |
| 55. Variety and general stores | 0.9 | 34.5 | 28.3 | 15.1 | 20.4 |
| 56. Car dealers, etc. | - 1.3 | 24.5 | 23.3 | 14.3 | 16.7 |
| 57. Clothing, etc. | - 0.7 | 26.7 | 24.2 | 13.0 | 16.2 |
| 58. Furniture, appliances, etc. | -6.3 | 23.7 | 24.3 | 19.0 | 24.6 |
| 59. Other retail stores | 0.4 | 27.4 | 25.3 | 18.2 | 19.9 |
| 60. Banks, etc. | - 2.4 | 27.5 | 29.2 | 8.2 | 8.8 |
| 61. Insurance, etc. | 1.7 | 27.2 | 26.3 | 13.0 | 12.3 |
| 62. Education | 14.7 | 33.8 | 27.7 | 17.4 | 8.8 |
| 63. Health | 10.2 | 38.1 | 30.3 | 11.0 | 8.6 |
| 64. Miscellaneous personal services | s 4.1 | 33.0 | 30.1 | 20.8 | 19.7 |
| 65. Business services | 1.6 | 33.5 | 33.0 | 16.6 | 15.5 |
| 66. Barbers, etc. | 0.7 | 32.0 | 32.4 | 6.7 | 5.7 |
| 67. Laundries | - 3.5 | 28.1 | 28.7 | 9.2 | 12.2 |
| 68. Hotels and restaurants | 2.5 | 37.1 | 35.0 | 11.5 | 12.1 |
| 69. Other personal services | - 6.6 | 22.2 | 28.9 | 20.2 | 20.0 |
| 70. Miscellaneous services | 6.6 | 30.2 | 27.7 | 24.3 | 20.1 |
| 71. Federal and provincial administration | 3.7 | 37.8 | 38.7 | 15.5 | 10.9 |
| 72. Local administration, etc. | 0.2 | 30.6 | 31.2 | 17.7 | 16.5 |

The row total represents the 1966 population in a particular industry that remained in the insured population; the column total gives the number of persons in a particular industry in 1967 who stayed in the insured population in 1966-67.

Table 7-2
MOBILITY MATRIX FOR NINE MAJOR INDUSTRY GROUPS, 1966-67

|  |  | Major Industry Groups |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1. Farming, <br> forestry, <br>  <br> $\begin{array}{llllllllll}\text { trapping } & 4,624 & 65 & 716 & 386 & 317 & 253 & 19 & 139 & 213\end{array}$ |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| 2. | Mining | 63 | 5,900 | 326 | 229 | 135 | 102 | 14 | 90 | 45 |
| 3. Manufac-turing $\quad 718$ 935 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| 4. Construc-tion |  |  |  |  |  |  |  |  |  |  |
| 5. Transporta- |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | ties | 187 | 160 | 1,376 | 483 | 28,850 | 687 | 124 | 564 | 427 |
| 6.7 | Trade | 261 | 178 | 3,646 | 904 | 1,221 | 45,359 | 451 | 1,427 | 330 |
| 7. Finance \& |  |  |  |  |  |  |  |  |  |  |
| 8. | Services | 130 | 90 | 1,536 | 417 | 571 | 1,306 | 424 | 27,512 | 345 |
| 9. Government |  | 174 | 31 | 267 | 221 | 543 | 183 | 54 | 323 | . 260 |
|  | Column |  | $\begin{gathered} \text { Row } \\ \text { Totals } \end{gathered}$ |  | AverageIncome |  | Unemployment |  | Percentage |  |
| Totals |  | Totals |  |  |  |  | Rate |  | Female |  |
|  |  | Income |  |  | (Per cent) |  |  |  |
| (1) | 6.533 |  |  |  |  | 6,732 |  | 3,096 |  | 39.0 |  | 3.6 |  |
| (2) | 7,637 |  | 6,904 |  | 5,498 |  | 4.3 |  | 4.7 |  |
| (3) | 211.133 |  | 111,946 |  | 4,582 |  | 3.8 |  | 26.2 |  |
| (4) | 23,428 |  | 23.713 |  | 4,955 |  | 9.9 |  | 3.0 |  |
| (5) | 34,001 |  | 32,858 |  | 4,902 |  | 4.3 |  | 16.1 |  |
| (6) | 52,381 |  | 53.877 |  | 3,433 |  | 4.1 |  | 41.3 |  |
| (7) | 12,801 |  | 12.792 |  | 3,533 |  | 3.0 |  | 66.4 |  |
| (8) | 32,891 |  | 32,331 |  | 2.956 |  | 6.1 |  | 55.9 |  |
| (9) | 9,404 |  | 9,056 |  | 3,834 |  | 9.7 |  | 23.1 |  |
| Sum | 290.209 |  | m 290. | 209 |  |  |  |  |  |  |

One of the first things we notice in examining Table 7-2 is that industry size has a major influence on mobility, i.e., the larger the industry, the greater the movement in and out of other industries. Thus the figures for manufacturing are, on the whole, larger than for any other group, as shown in row (3) and column (3). The reason is that, ceteris paribus, larger industries have more and more varied employment opportunities. A
similar conclusion was also noted in Chapter 5, where the size of the receiving province was found to be an important determinant of migration flows.

But clearly industry size is not the only determinant of mobility flows. From a brief glance at Table 7-2, one might conclude that high unemployment drives people out and that high income attracts them. Thus industry group l -- farming, forestry, fishing, etc. -- with the highest unemployment rate also has the highest rate of out-mobility. And persons moving out of group 1 have a greater tendency to move to high-wage industries such as construction and transportation than to the low-wage service industry. But it is easy to find exceptions to these generalizations. For example, in total, a slightly larger number of persons moves into industry group 1 with a very high unemployment rate than into mining, which has a low claimant rate (perhaps partly because of an aggregation problem, since we have merged three industries with different experiences to make industry group 1). Also, persons leaving industry group 7 -- finance -- find their way in larger numbers to the low-wage service sector than to construction or transportation.

## Theoretical Model

The foregoing discussion of Table 7-2 illustrates that it is not easy to detect any mobility pattern that has a simple explanation. Let us therefore proceed more formally by setting up some hypotheses and by testing them with our mobility data. The following equation reflects our discussion concerning general hypotheses in Chapters 4 and 5:

$$
\begin{equation*}
M_{i j}=a_{0}+a_{1} Y_{j}+a_{2} Y_{i}+a_{3} U_{j}+a_{4} U_{i}+a_{5} D_{i j} \tag{7-1}
\end{equation*}
$$

$M_{i j}$ represents the mobility flow from industry $i$ to $j ; Y$ refers to the industry wage and $U$ to the unemployment rate; and $D_{i j}$ represents the "distance" between industry $i$ and $j$-- that is, the monetary and psychic costs of moving. We would expect $M_{i j}$ to be positively related to ${ }_{j}$ and $U_{i}$ i negatively, to $Y_{i}, U_{j}$ and $D_{i j}$.

The $Y$ and $U$ variables are operational variables for which we have quantitative estimates (see Appendix F), but the $D_{i j}$ variable is more difficult to quantify. In Chapter 5 , when studying interprovincial mobility, we
used a measure of geographical distance to reflect $D_{i j}$ and discussed various aspects of the costs of movement represented by this distance variable in the case of migration. But this simple approach will not suffice when we consider industrial mobility. Here $D_{i j}$ should represent such things as:
-- differences in education and training requirements;
-- differences in basic skills;
-- differences in products handled;
-- differences in working conditions, which includes a variety of aspects such as blue-collar versus white-collar jobs, indoor versus outdoor, large versus small establishment, urban versus rural location, etc.; and
-- differences in unionization and pension plan coverage.

No comprehensive measure can represent all these things. Some quantitative information on education, unionization, and pension plans does exist, but it is even difficult to visualize how the other "costs of adjustment" might be measured. However, to provide some insight into these various elements of the "costs of adjustment", we shall describe some of the patterns observable from the full industrial mobility matrix (see Appendix D).

Three striking generalizations emerge from a brief glance at the major mobility flows of the matrix. First, a large number of major mobility flows are near the diagonal. As can be seen from Table 7-1, the order in which industries appear is the usual one employed in industrial classification systems, starting with primary industries, then manufacturing, construction, transportation, and trade, and ending with service industries. As can readily be seen, there are sizable mobility flows among industry components of the main groupings, e.g., primary, textile, wood and paper products, construction. The major exceptions to this generalization are three groups of dissimilar manufacturing industries, 10-13 (beverages, tobacco, rubber, and leather), 24-26 (iron and steel, iron foundries, and smelting and refining), and 34-36 (electrical, mineral products, and petroleum
refineries), and some service industries, 62-67 (education, health, miscellaneous, business services, barbers, and laundries). This generalization suggests that the industries are in some sort of "natural" order, in the sense that people encounter smaller costs of movement when they go to "neighbouring" industries.

Secondly, construction and wholesale trade are involved in mobility flows with many other industries. A large part of the major mobility flows away from the diagonal are accounted for by flows to and from these two industry groups.

The third generalization is related to the previous ones; broadly speaking, the mobility matrix is symmetrical with regard to the diagonal. Less technically, this states that if we find a major mobility flow from industry A to $B$, we are also likely to observe a major flow from $B$ to $A$. This may be the result of return mobility, which tends to link flows in opposite directions. But this is not a very important phenomenon in the case of industrial mobility (see Appendix B). The other explanation for this observed symmetry is that the cost of movement between such industries as $A$ and $B$ is small in either direction. But we may not use this as evidence in calculating a comprehensive measure of the varying costs of movement since that would clearly be tautological.

The following three examples serve to indicate how complex the costs-of-movement concept is. People leaving the fishing industry move in fairly large numbers to forestry, canning, the three construction industries, and federal and provincial administration. Persons leaving the automobile industry typically go to metal stamping, other metal products, machinery, aircraft, electrical products, mineral products, special trade contracts in construction, wholesale trade in consumer goods or machinery, and car dealers. Finally, persons moving out of business services typically end up in printing and publishing, miscellaneous manufacturing, the three construction industries, wholesale trade, banks, insurance, miscellaneous services, or government. No doubt, part of the apparent complexity is the result of the fact that industries are aggregations of occupations. On the other hand, it is likely that the kind of product, the nature of the work, and the physical location are important aspects of the "costs" of mobility, and these concepts are at least in part related to the notion of industry.

Referring back to Table 7-2, we can see that a number of these distinctions become blurred by aggregation into broad industry groups. In other words, there are no zero elements in Table 7-2, while there are many zero or nearzero elements in Appendix D.

From the preceding discussion, we may conclude that it is difficult to measure the costs-of-movement variable objectively. We might therefore start by assuming that we cannot measure $D_{i j}$. We can then proceed by testing for the significance of other variables by estimating an equation such as (7-1) without $D_{i j}$. If $D_{i j}$ is an important and significant variable, this procedure will produce rather poor results. For each of the 72 industries, we estimate the following equation:

$$
\begin{equation*}
M_{i j}=a_{0}+a_{1} Y_{j}+a_{2} U_{j}+a_{3} P_{j} \tag{7-2}
\end{equation*}
$$

The dependent variable $M_{i j}$ is the proportion of industry $i$ 's population (excluding exits) which moves to $j$ in 1966-67 -- a total of 71 observations for each industry. There are 72 such equations, one for each industry's outmobility to other industries; we leave out industry 73, unspecified (see Appendix D). $Y_{j}$ is average income in industry $j$ for persons working full time during the year; the other income variable available for our sample -namely, overall income -- produced somewhat inferior results in preliminary testing and is therefore not used in the subsequent results. $U_{j}$ represents the claimant rate in industry $j$, and $P_{j}$ is the size of the population in $j$. For sources and definition, see Appendix F. It is not necessary to include the $Y_{i}$ and $U_{i}$ variables of equation (7-1) because equation (7-2) is applied to each of the rows of the mobility matrix in turn.

The results are indeed very poor. Not only is the explanatory power of equation (7-2) very low, but the income and unemployment variables are, on the whole, insignificant. Of the $72 Y_{j}$ coefficients estimated, only 16 are significantly positive, while 37 are insignificant, and 19 are significantly negative. In the case of the $U_{j}$ variable, there are no significantly negative coefficients, and 65 estimates are insignificant, with the remainder significantly positive. Only the $P_{j}$ variable, which represents the size of industry $j$, is significantly positive in 57 out of the 72 equations estimated. In an indirect way, these results confirm
the proposition that the costs-of-movement variable cannot be ignored; in fact, leaving out $D_{i j}$ appears to have the effect of making the other main economic variables $Y_{j}$ and $U_{j}$ insignificant.

It is possible that aggregation of the mobility matrix will help to obscure the importance of the $D_{i j}$ variable. The argument is that for major industry groups the $D_{i j}$ variable is more likely to have roughly the same value. We therefore next estimate an equation such as (7-1) without the $D_{i j}$ variable for the mobility matrix of broad industry groups (see Table 7-2). The result is the following equation (using $9 \times 8=72$ observations):

$$
\begin{aligned}
& R^{2}=.678 . \quad(7-3)
\end{aligned}
$$

The symbols retain their earlier meaning; $Y$ is average total earnings measured in thousands of dollars, and $P_{j}$, the size of the $j$-th industry, is measured in terms of thousands of persons.

The most significant variable by far in equation (7-3) is industry size $P_{j}$, as the sole independent variable $P_{j}$ produces an $R^{2}=0.554$, but this is largely the consequence of aggregating into industry groups that are unequal in size. The results regarding the more important economic variables are not significant at all, with the exception of $U_{i}$, unemployment in the sending industry, which is significant. This is probably largely accounted for by our industry group, farming, forestry, fishing, etc., which, as we observed above, has a high rate of out-mobility and a high unemployment rate. If we leave the three insignificant variables, $Y_{j}, Y_{i}$, and $U_{j}$, out of the regression, the remaining coefficients and the $R^{2}$ stay virtually unchanged.

## Further Specification

The foregoing results are not very encouraging, but they were not expected to be, since important costs-ofmovement variables were left out of the equations. To obtain meaningful results, we shall obviously have to use at least those costs-of-adjustment variables for
which we have quantitative measures: the extent of collective agreements, the existence of private pension plans, the level of education, and the sex ratio.

Collective agreements and pension fund provisions are usually accompanied by seniority rules, which are often quoted as barriers to industrial mobility. The reason is that a person who has established seniority privileges or pension rights in a particular company has to give these up when moving to another firm or, generally, to another industry. This argument is persuasive and has been supported by some empirical evidence.

To obtain some preliminary ideas about the importance of these two variables, we may look at some aggregate mobility rates in Table 7-3. In the top half of this table, industries are grouped according to the proportion of workers who are under collective agreements (CA); in the lower half, they are grouped according to the proportion of employees covered by pension plans (PP). The sources of these statistics are reported in Appendix $F$; for some of the industries, no information is available and they are therefore left out of the table. The figures reported are the industrial mobility rates for 1966 -67.

The effect of unionization on mobility rates appears quite clear-cut; the more unionized an industry, the lower the mobility rate. Pension plans are more widespread than collective agreements, which may make it more difficult to test for the effect of PP. In any case, there is no unequivocal tendency for mobility rates to decline when pension plan coverage increases, although the lowest mobility is observed for the group of industries in which more than 80 per cent of workers are covered by pension plans.

The third variable to be included to represent parts of the costs of movement is $E_{\text {, }}$ the average number of years of schooling of the labour force in an industry (see also Appendix F). As already mentioned in the previous chapter, the level of education may have two opposing effects on the rate of mobility. The higher the average education level in industry $i$, the smaller the average cost of movement to other industries, because the chances of their requiring more schooling are lower and the chances of being better informed are higher. Thus it might be supposed that education aids mobility. But mobility itself provides information about career opportunities, suggesting that persons with less education may be
more mobile, at least soon after entering the labour force, when they hunt for suitable jobs. In the previous chapter, we found no clear-cut tendency for occupational mobility rates to vary with education levels. Whereas occupations are at least partly distinguished by schooling levels, industrial categories have virtually no relation to education criteria. This means that in the case of industries the education measure will be a less meaningful average than for occupations.

Table 7-3
AVERAGE MOBILITY RATES OE PERSONS IN INDUSTRIES WITH COLLECTIVE AGREEMENTS (CA) AND PENSION PLANS (PP), 1966-67

|  | Average Mobility Rates |
| :---: | :---: |
|  | (Per cent) |
| Industries with collective agreements |  |
| CA less than 4 ( 22 industries) | 21.6 |
| CA between . 4 and . 7 (24 industries) | 18.6 |
| CA more. than .7 (16 industries) | 17.5 |
| Industries with pension plans |  |
| PP less than 66 (15 industries) | 19.9 |
| PP from . 6 to . 8 (22 industries) | 23.6 |
| PP more than 88 (25 industries) | 15.7 |

The fourth variable is $F$, the proportion of female workers in an industry. We have seen earlier that women are, on the whole, less mobile than men, which suggests that the larger $F$ is, the smaller the mobility out of that industry will be. Moreover, as will be explained momentarily, this variable also signifies a segmentation of the labour market into predominantly male and predominantly female industries. (Note that the $F$ variable in this chapter does not denote the same thing as in Chapter 5.)

Preliminary testing revealed that the pension fund variable $P P$ is of no significance, so it is therefore eliminated from the results reported here. The remaining three variables, $C A, E$, and $F$ enter the regressions in a particular way, which requires some explanation. The basic idea is that all three variables at least partly represent a kind of segmentation of the labour market into more- and less-unionized sectors, more- and lesseducated industries, and mostly male and mostly female groupings. This segmentation implies less mobility between dissimilar industries and more mobility between
similar sectors. Taking the $F$ variable as an example, we can express this segmentation aspect with the aid of a variable such as $\left(\sqrt{F_{i}}-\sqrt{F_{j}}\right)^{2}$. This expression will be larger the less similar industries $i$ and $j$ are with regard to the proportion of female employees; the expression will be zero for two industries that have only female employees, but it will also be zero for two entirely male industries. Now, we would expect mobility to be reduced by segmentation or, in other words, our mobility variable Mij to be negatively affected by our segmentation variables. Ignoring other variables for the moment, we can write this in linear form as follows:

$$
\begin{equation*}
M_{i j}=b_{0}+b_{1}\left(\sqrt{F_{i}}-\sqrt{F_{j}}\right)^{2} \tag{7-4}
\end{equation*}
$$

We would expect $b_{1}$ to be negative. By multiplying out the expression, we obtain the following equivalent equation:

$$
\begin{equation*}
M_{i j}=b_{0}+b_{1} F_{i}+b_{1} F_{j}-2 b_{1} \sqrt{F_{i} F_{j}} \tag{7-5}
\end{equation*}
$$

Concentrating purely on the segmentation aspect, when estimating equation (7-5) we would expect the $F_{i}$ and $F_{j}$ coefficients to be negative and the same size, and the $\sqrt{F i F_{j}}$ coefficient to be positive and twice the absolute size of the $F_{i}$ parameter. Estimation of (7-5) gives us therefore an interesting test of the segmentation proposition. By not imposing these restrictions we can write the full mobility equation as follows:

$$
\begin{align*}
M_{i j} & =a_{0}+a_{1} Y_{j}+a_{2} Y_{i}+a_{3} U_{j}+a_{4} U_{i}+a_{5} F_{i}+a_{6} F_{j} \\
& +a_{7} \sqrt{E_{i} F_{j}}+a_{8} E_{i}+a_{9} E_{j}+a_{10}{\sqrt{E_{i} E_{j}}+a_{11} C A_{i}+a_{12} C A_{j}}+a_{13} \sqrt{C A_{i} C A_{j}} .
\end{align*}
$$

Purely in terms of the segmentation argument, we would expect the following estimating results:

$$
\begin{array}{ll}
a_{5}=a_{6}<0 & a_{7}=-2 a_{5} \\
a_{8}=a_{9}<0 & a_{10}=-2 a_{8} \\
a_{11}=a_{12}<0 & a_{13}=-2 a_{11} .
\end{array}
$$

But there are a number of reasons why our parameter estimates may not obey the conditions in equation (7-7). First of all, segmentation may not have a completely symmetrical effect. For example, mobility may be systematically less between two unionized industries than between two nonunionized industries. This would mean that $\sqrt{C A_{i} C A_{j}}$ also absorbs the negative effect of this lack of symmetry. The result may still leave the coefficient of this variable $\left(\alpha_{13}\right)$ as positive, but it will be less than twice the absolute size of $a_{11}$ and $a_{12}$.

Secondly, estimating (7-6) allows us to incorporate other effects of the same variables. We have already discussed the smaller mobility rate among females. Thus an industry with more female workers would be expected to have a lower rate of out-mobility. This means that, aside from the segmentation argument, $F_{i}$ will have a negative effect on our dependent variable. We would then expect $a_{5}$ to be larger in absolute size than $a_{6}$. Along the same lines, workers in unionized industries may be less mobile because unionization brings with it nonwage benefits that a worker is not eager to give up. This would mean that the $C A_{i}$ variable captures an additional negative effect. On the other hand, $C A j$ may represent an additional positive effect because, other things being equal, workers are attracted to a unionized industry. The net result may be that $a_{11}$ is more negative than $a_{12}$.

In the case of our education variable, the segmentation argument has some interesting ramifications. As an objective cost of adjustment, we would expect education to produce a strongly asymmetrical type of segmentation. A person without much education has to overcome a large cost of adjustment (in the form of money outlay and forgone earnings) in order to be able to enter a labour market that requires more education. But a person with a great deal of general education does not have to incur any costs to enter a labour market that requires less education. On the other hand, the psychic costs of adjustment are probably greater the more apart the two industries are, in terms of education requirements, regardless of the direction. Thus an average person in industry i is unlikely to be happy about moving to other industries that have far more or far less in the way of education standards. In fact, if industry j's education requirement is lower than $i$ 's, the psychic cost aspect may be even more important than in the upward direction.

The conclusion to be drawn from this discussion is that the parameters of the education variables may not obey the symmetry conditions of (7-7). If the objective cost-of-adjustment aspect is of overriding importance, then we would expect that the $E_{j}$ parameter $\alpha_{g}$ would be more negative than the $E_{i}$ coefficient $a_{8}$. If, on the other hand, the asymmetry of the psychic-cost aspect counterbalances the asymmetry of the objective-cost aspect of education, then conditions in (7-7) may hold approximately. We will be able to evaluate these and earlier arguments when we look at the parameter estimates of equation (7-6).

## Results

The equations, written vertically, are shown in Table 7-4. They correspond to equation (7-6) except that the $P_{j}$ variable has been added, representing the size of the sample population in industry $j$. This variable has been used before in the work on geographic mobility (Chapter 5) with the argument that it represents, in part, the employment opportunities in the receiving labour market. The dependent variable $M_{i j}$ is the number of persons who moved from industry $i$ to $j$, expressed as a proportion of the population in industry $i$ who remained in the insured population. The number of observations is 4,692 ( $69 \times 68$ industries), since four industries are left out due to lack of data (industries $46,66,69$, and 73, see Appendix F). ${ }^{1}$

The first thing we notice about Table 7-4 is the low coefficients of determination $\left(R^{2}\right)$, which on average indicate that the equations explain only about 13 per cent of the variance of our full industrial mobility matrix. This implies that we have not been quite successfull in locating all the various factors that influence the industrial mobility pattern. On the other hand, it should be remembered that these results are based on a very large number of observations of a cross-section type, and low coefficients of determination are the rule in this kind of work. It is, of course, possible to

[^21]alter the specification of the model and obtain much better coefficients of determination. One type of specification that accomplishes this is the casting of the dependent variable in terms of the proportion of stayers in an industry. ${ }^{2}$ It will be realized that this is a form of aggregation along the rows of the mobility matrix. This specification was attempted with our data, but the results are not reported here since the advantages are completely illusory. First, the coefficients of determination are much higher, but they cannot be compared with the ones reported, since the dependent variables are different. Second, the resulting parameter estimates are not really different, and therefore this method does not shed any additional light on the questions asked here.

Broadly speaking, the qualitative results reported in Table 7-4 are in keeping with the hypotheses advanced. Except for $Y_{i}$, all variables are, on the whole, significant and most of them have the expected sign. Thus, in line with our arguments the $C A, E$, and $F$ variables have negative coefficients, and the interaction variables, such as $\sqrt{C A_{i} C A_{j}}$, have positive parameters. Income in the receiving industry $Y_{j}$ has a positive effect, and unemployment in the sending industry $U_{i}$ also has a positive influence on industrial mobility. Also, the $P_{j}$ variable, which represents part of the employment possibilities in the receiving industry, has a strong positive effect.

The two puzzles are the insignificant coefficient of $Y_{i}$ and the significantly positive parameter of $U_{j}$. The first puzzle can perhaps be resolved when we recall the other effects of $Y_{i}$ referred to in Chapter 5. It was argued there that the average income in labour market $i$ not only represents forgone opportunities (which should have a negative effect on mobility), but also describes some of the characteristics of persons in labour market $i$. In particular, it may be argued that the lower the average income in industry $i$, the lower the income position obtained in industry $j$ by those who move, because lower income signifies lower productivity. This productivity effect of $Y_{i}$ on $M_{i j}$ is obviously positive and will therefore tend to offset the negative opportunity effect.

[^22]In a similar way, $Y_{i}$ represents the average wealth position, which has an effect on the ability to finance mobility decisions, and this wealth effect of $Y_{i}$ is also positive. As a result, the net effect of $Y_{i}$ may be insignificant as reported here.

Table 7-4
INDUSTRIAL MOBILITY EQUATIONS
(4,692 observations)

|  | 1965-66 | 1966-67 | 1967-68 |
| :---: | :---: | :---: | :---: |
| Constant | . 0016 | . 0041 | . 0008 |
| $Y_{i}$ | $\begin{gathered} -.0228 * \\ (.0183) \end{gathered}$ | $\begin{gathered} -.0202 * \\ (.0187) \end{gathered}$ | $\begin{aligned} & .0160 * \\ & (.0182) \end{aligned}$ |
| $Y_{j}$ | $\begin{aligned} & .0438 \\ & (.0184) \end{aligned}$ | $\begin{aligned} & .0458 \\ & (.0189) \end{aligned}$ | $\begin{aligned} & .0152 * \\ & (.0183) \end{aligned}$ |
| $u_{i}$ | $\begin{aligned} & 1.2331 \\ & (.2418) \end{aligned}$ | $\begin{aligned} & .6028 \\ & (.1525) \end{aligned}$ | $\begin{aligned} & .7492 \\ & (.1416) \end{aligned}$ |
| $u_{j}$ | $\begin{aligned} & 1.1042 \\ & (.2419) \end{aligned}$ | $\begin{aligned} & .4598 \\ & (.1525) \end{aligned}$ | $\begin{aligned} & .6026 \\ & (.1413) \end{aligned}$ |
| $C A_{i}$ | $\begin{aligned} & -.5738 \\ & (.0802) \end{aligned}$ | $\begin{aligned} & -.5869 \\ & (.0827) \end{aligned}$ | $\begin{aligned} & -.4939 \\ & (.0803) \end{aligned}$ |
| $C A{ }_{j}$ | $\begin{aligned} & -.5260 \\ & (.0806) \end{aligned}$ | $\begin{aligned} & -.6164 \\ & (.0831) \end{aligned}$ | $\begin{aligned} & -.5327 \\ & (.0806) \end{aligned}$ |
| $\sqrt{C A_{i} C A}{ }_{j}$ | $\begin{aligned} & .5316 \\ & (.1100) \end{aligned}$ | $\begin{aligned} & .5751 \\ & (.1132) \end{aligned}$ | $\begin{aligned} & .4360 \\ & (.1094) \end{aligned}$ |
| $E_{i}$ | $\begin{aligned} & -.6191 \\ & (.0933) \end{aligned}$ | $\begin{aligned} & -.5607 \\ & (.0996) \end{aligned}$ | $\begin{gathered} -.6169 \\ (.0947) \end{gathered}$ |
| $E_{j}$ | $\begin{aligned} & -.6060 \\ & (.0934) \end{aligned}$ | $\begin{gathered} -.5486 \\ (.0997) \end{gathered}$ | $\begin{aligned} & -.6066 \\ & (.0948) \end{aligned}$ |
| $\sqrt{E_{i} E_{j}}$ | $\begin{aligned} & 1.2397 \\ & (.1932) \end{aligned}$ | $\begin{aligned} & 1.1037 \\ & (.2063) \end{aligned}$ | $\begin{aligned} & 1.2437 \\ & (.1963) \end{aligned}$ |
| $F_{i}$ | $\begin{aligned} & -.0988 \\ & (.0088) \end{aligned}$ | $\begin{gathered} -.0961 \\ (.0091) \end{gathered}$ | $\begin{aligned} & -.0783 \\ & (.0087) \end{aligned}$ |
| $F_{j}$ | $\begin{aligned} & -.0852 \\ & (.0089) \end{aligned}$ | $\begin{aligned} & -.0863 \\ & (.0092) \end{aligned}$ | $\begin{aligned} & -.0879 \\ & (.0089) \end{aligned}$ |
| $\sqrt{F_{i} \bar{F}_{j}}$ | $\begin{aligned} & .1595 \\ & (.0147) \end{aligned}$ | $\begin{aligned} & .1573 \\ & (.0151) \end{aligned}$ | $\begin{aligned} & .1496 \\ & (.0145) \end{aligned}$ |
| $P_{j}$ | $\begin{aligned} & .0526 \\ & (.0028) \end{aligned}$ | $\begin{aligned} & .0486 \\ & (.0026) \end{aligned}$ | $\begin{aligned} & .0415 \\ & (.0026) \end{aligned}$ |
| $R^{2}$ | . 1402 | . 1352 | . 1181 |

[^23]The second puzzle cannot easily be rationalized. The $U_{j}$ coefficients in Table 7-4 state that the higher the unemployment rate in industry $j$, the more people want to move to $j$, perhaps from a misspecification in our model. We have to remember that we cannot appropriately test for the significance of one variable in a model unless we are certain that the rest of the model is properly specified. We may be able to improve our model in two ways -- i.e., by paying some attention to other costs of adjustment alluded to earlier in this chapter but not quantified, and by providing a better representation of the employment opportunities notion, in particular of its turnover aspect. We shall examine these two ideas in turn.

Earlier on in this chapter, we discussed some of the main features of the industrial mobility matrix. This discussion suggests that the cost of adjustment between industries $i$ and $j$ is less when both industries are concerned with the same kind of products. Presumably, working with a product brings with it certain skills that are employable in other industries using similar products. We can also argue that the cost of adjustment is likely to be less when the work environments and kinds of work are similar. These are reasonable hypotheses, but how do we quantify the similarities? The procedure adopted here is to create a special kind of dummy variable that reads one when the two industries concerned are similar, and zero otherwise. Industries may be similar in terms of product group (or products used), in terms of work environment (indoor-urban or outdoor-rural), and in terms of type of work (heavy or light). If two industries are similar in all these three aspects, the dummy reads one; if they are strongly similar with regard to the product group only, the dummy also reads one. The precise procedure is explained in detail in Appendix $G$.

It is clear that this similarity dummy ( $S D$ ) only represents the costs-of-adjustment differentials in a very rough and approximate way. Nevertheless, it will be interesting to see whether the $S D$ variable contributes to the explanatory power of our mobility equation. A significantly positive parameter for $S D$ will confirm the importance of other costs of mobility. It will be realized that $S D$ represents not only monetary costs, but also psychic costs. If two industries are similar by our definition, the average worker may have to acquire
less in the way of new skills when moving, but he will also probably encounter less psychic cost in the adjustment. ${ }^{3}$

The results of adding our $S D$ variable to the mobility equations are reported in Table 7-5. The coefficients of determination are considerably higher, and the $S D$ variable has a very significantly positive parameter. Thus there is very strong support for the proposition that we have up to now excluded some large costs of moving, even though $S D$ is a very inadequate measure of these other costs. The other parameter estimates are not much affected by the inclusion of $S D$. In particular, our second puzzle -- the positive coefficient of $U_{j}--$ has not been resolved. We now turn therefore to our second idea for improving the model.

So far, employment opportunities and uncertainty have been represented by two basic variables -- unemployment rate and size of the relevant labour market. These variables do not explicitly measure the turnover in a labour market. Turnover obviously has an influence on the number of job opportunities as perceived by a typical individual. For example, a high rate of turnover in labour market $j$ means that $j$ has a large number of employment opportunities over a particular period of time for persons in industry $i$. With our data, two flows constitute the turnover outflow from industry $j$ : OUT $j$, the number of persons leaving $j$ to go to other industries; and EXIT $j$, the number of people in $j$ leaving the insured population (both expressed as proportions of $j^{\prime}$ 's population). Both these variables are included in the regressions shown in Table 7-6.

These results broadly confirm our suspicion that the $U_{j}$ variable unintentionally represented the turnover phenomenon and thus obtained a coefficient with a positive sign earlier. In Table 7-6, the turnover variables have significantly positive coefficients in all but one case,

[^24]and the $U_{j}$ variable is no longer significantly positive in two of the three years. If an industry, for a variety of reasons, has a high turnover of labour, it is also quite likely to be a high-unemployment industry, particularly since the unemployed are assigned to industries on the basis of their last jobs. Thus, in a number of industries, high unemployment may mean large turnover, which, at least to some extent, represents favourable employment opportunities.

Table 7-5
MOBILITY EQUATIONS INCLUDING SIMILARITY DUMMY

> (4,692 observations)

|  | 1965-66 | 1966-67 | 1967-68 |
| :---: | :---: | :---: | :---: |
| Constant | . 0008 | . 0032 | . 0001 |
| $Y_{i}$ | $\begin{gathered} -.0135^{*} \\ (.0179) \end{gathered}$ | $\begin{gathered} -.0109 * \\ (.0183) \end{gathered}$ | $\begin{gathered} .0265 \\ (.0177) \end{gathered}$ |
| ${ }^{\text {j }}$ | $\begin{aligned} & .0557 \\ & (.0181) \end{aligned}$ | $\begin{aligned} & .0581 \\ & (.0185) \end{aligned}$ | $\begin{gathered} .0286 * \\ (.0179) \end{gathered}$ |
| $u_{i}$ | $\begin{aligned} & 1.0995 \\ & (.2368) \end{aligned}$ | $\begin{aligned} & .5141 \\ & (.1492) \end{aligned}$ | $\begin{aligned} & .6377 \\ & (.1384) \end{aligned}$ |
| $v_{j}$ | $\begin{gathered} .9551 \\ (.2369) \end{gathered}$ | $\begin{aligned} & .3616 \\ & (.1493) \end{aligned}$ | $\begin{aligned} & .4883 \\ & (.1382) \end{aligned}$ |
| $C A_{i}$ | $\begin{aligned} & -.3865 \\ & (.0795) \end{aligned}$ | $\begin{aligned} & -.3916 \\ & (.0819) \end{aligned}$ | $\begin{aligned} & -.3087 \\ & (.0794) \end{aligned}$ |
| $C A_{j}$ | $\begin{aligned} & -.3478 \\ & (.0799) \end{aligned}$ | $\begin{aligned} & -.4303 \\ & (.0822) \end{aligned}$ | $\begin{aligned} & -.3556 \\ & (.0796) \end{aligned}$ |
| $\sqrt{C A_{i} C A}{ }_{j}$ | $\begin{aligned} & .3071 \\ & (.1087) \end{aligned}$ | $\begin{aligned} & .3407 \\ & (.1118) \end{aligned}$ | $\begin{aligned} & .2126 \\ & (.1079) \end{aligned}$ |
| $E_{i}$ | $\begin{aligned} & -.3922 \\ & (.0927) \end{aligned}$ | $\begin{aligned} & -.3161 \\ & (.0988) \end{aligned}$ | $\begin{aligned} & -.3663 \\ & (.0940) \end{aligned}$ |
| $E_{j}$ | $\begin{aligned} & -.3800 \\ & (.0927) \end{aligned}$ | $\begin{aligned} & -.3050 \\ & (.0989) \end{aligned}$ | $\begin{aligned} & -.3565 \\ & (.0940) \end{aligned}$ |
| $\sqrt{E_{i} E_{j}}$ | $\begin{aligned} & .7655 \\ & (.1918) \end{aligned}$ | $\begin{gathered} .5933 \\ (.2047) \end{gathered}$ | $\begin{aligned} & .7186 \\ & (.1948) \end{aligned}$ |
| $F_{i}$ | $\begin{aligned} & -.0765 \\ & (.0088) \end{aligned}$ | $\begin{aligned} & -.0732 \\ & (.0090) \end{aligned}$ | $\begin{aligned} & -.0552 \\ & (.0087) \end{aligned}$ |
| $F_{j}$ | $\begin{aligned} & -.0619 \\ & (.0088) \end{aligned}$ | $\begin{aligned} & -.0623 \\ & (.0091) \end{aligned}$ | $\begin{aligned} & -.0636 \\ & (.0088) \end{aligned}$ |
| $\sqrt{F_{i}{ }^{\text {j }}{ }_{j}}$ | $\begin{aligned} & .1120 \\ & (.0147) \end{aligned}$ | $\begin{gathered} .1078 \\ (.0151) \end{gathered}$ | $\begin{gathered} .1003 \\ (.0145) \end{gathered}$ |
| $P_{j}$ | $\begin{aligned} & .0497 \\ & (.0027) \end{aligned}$ | $\begin{gathered} .0458 \\ (.0026) \end{gathered}$ | $\begin{gathered} .0390 \\ (.0025) \end{gathered}$ |
| So | $\begin{aligned} & .0031 \\ & (.0002) \end{aligned}$ | $\begin{aligned} & .0032 \\ & (.0002) \end{aligned}$ | $\begin{aligned} & .0032 \\ & (.0002) \end{aligned}$ |
| $R^{2}$ | . 1770 | . 1708 | . 1592 |

[^25]
## Implications

In this concluding section, we shall refer to the final estimating results obtained in Table 7-6. We first turn our attention to the income variables. Income prospects in the receiving industry appear to have an important positive effect on industrial mobility. Moreover, our interpretation of the insignificant contribution of $Y_{i}$ implies that the negative effect of forgone earnings would be observable if it were not for the positive productivity and wealth effects of $Y_{i}$. We may therefore conclude that the labour market works, in the sense that labour supplies respond to differential income prospects. Thus larger numbers of workers move from low-wage industries into high-wage industries than vice versa. This gives rise to a very important observation regarding incomes policies that attempt to freeze the wage structure. There is a well-known argument that says that incomes policies can be pursued without harmful effects on the workings of the labour market, since labour supplies do not respond to differential earnings. ${ }^{4}$ Our results clearly show this argument to be fallacious, since workers do in fact respond to income prospects.

As our results derive from a cross-section analysis, we cannot say how long it would take for the labour supply response to be affected by an incomes policy. It is quite possible that it would take a year or two for the harmful effects to be noticeable. On the other hand, an incomes policy that is only enforced for a year or two would probably have little beneficial impact on the rate of inflation.

Employment opportunities also play an important role in our model. More people leave industries with high unemployment rates, and a large labour market with many employment opportunities serves as an attraction. Also a high rate of out-mobility in an industry creates more job opportunities within any particular period, and this appears to have a positive influence on mobility flows into that industry. Our data do not permit a distinction between voluntary and involuntary mobility. We might, however, expect that an involuntarily mobile person would place somewhat greater emphasis on employment opportunities than income prospects. Part of the observed influence

[^26]of our turnover variables may thus be the reflection of the behaviour of involuntarily mobile people.

Table 7-6
MOBILITY EQUATIONS INCLUDING OUT AND EXIT VARIABLES
(4,692 observations)

|  | 1965-66 | 1966-67 | 1967-68 |
| :---: | :---: | :---: | :---: |
| Constant | $-.0056$ | -. 0023 | -. 0048 |
| $Y_{i}$ | $\begin{gathered} -.0123 * \\ (.0178) \end{gathered}$ | $\begin{gathered} . .0108^{*} \\ (.0182) \end{gathered}$ | $(.0264 * *$ |
| $Y_{j}$ | $\begin{aligned} & .0927 \\ & (.0185) \end{aligned}$ | $\begin{aligned} & .0915 \\ & (.0191) \end{aligned}$ | $\begin{aligned} & .0351 \\ & (.0184) \end{aligned}$ |
| $v_{i}$ | $\begin{aligned} & 1.0067 \\ & (.2353) \end{aligned}$ | $\begin{aligned} & .5224 \\ & (.1485) \end{aligned}$ | $\begin{aligned} & .6348 \\ & (.1377) \end{aligned}$ |
| $U_{j}$ | $\begin{aligned} & .8524 \\ & (.2821) \end{aligned}$ | $\begin{gathered} .0415^{*} \\ (.1715) \end{gathered}$ | $\begin{gathered} .2568^{*} \\ (.1785) \end{gathered}$ |
| $C A_{i}$ | $\begin{aligned} & -.4123 \\ & (.0796) \end{aligned}$ | $\begin{aligned} & -.3798 \\ & (.0816) \end{aligned}$ | $\begin{aligned} & -.2984 \\ & (.0792) \end{aligned}$ |
| $C A_{j}$ | $\begin{aligned} & -.1971 \\ & (.0843) \end{aligned}$ | $\begin{aligned} & -.2995 \\ & (.0843) \end{aligned}$ | $\begin{gathered} -.1708 \\ (.0830) \end{gathered}$ |
| $\sqrt{C A_{i}{ }^{C A}{ }_{j}}$ | $\begin{aligned} & .3468 \\ & (.1092) \end{aligned}$ | $\begin{aligned} & .3210 \\ & (.1114) \end{aligned}$ | $\begin{gathered} .1935 * \\ (.1077) \end{gathered}$ |
| $E_{i}$ | $\begin{aligned} & -.3042 \\ & (.0926) \end{aligned}$ | $\begin{aligned} & -.3270 \\ & (.0984) \end{aligned}$ | $\begin{aligned} & -.3632 \\ & (.0935) \end{aligned}$ |
| $E_{j}$ | $\begin{aligned} & -.2762 \\ & (.0930) \end{aligned}$ | $\begin{aligned} & -.3203 \\ & (.0986) \end{aligned}$ | $\begin{aligned} & -.3493 \\ & (.0938) \end{aligned}$ |
| $\sqrt{E_{i}{ }^{j}{ }_{j}}$ | $\begin{gathered} .5821 \\ (.1917) \end{gathered}$ | $\begin{aligned} & .6157 \\ & (.2038) \end{aligned}$ | $\begin{aligned} & .7122 \\ & (.1937) \end{aligned}$ |
| $E_{i}$ | $\begin{aligned} & -.0784 \\ & (.0087) \end{aligned}$ | $\begin{aligned} & -.0731 \\ & (.0090) \end{aligned}$ | $\begin{aligned} & -.0550 \\ & (.0086) \end{aligned}$ |
| $F_{j}$ | $\begin{aligned} & -.0334 \\ & (.0095) \end{aligned}$ | $\begin{aligned} & -.0454 \\ & (.0097) \end{aligned}$ | $\begin{aligned} & -.0485 \\ & (.0090) \end{aligned}$ |
| $\sqrt{F_{i} F_{j}}$ | $\begin{aligned} & .1169 \\ & (.0147) \end{aligned}$ | $\begin{aligned} & .1076 \\ & (.0151) \end{aligned}$ | $\begin{aligned} & .0999 \\ & (.0145) \end{aligned}$ |
| $P_{j}$ | $\begin{aligned} & .0502 \\ & (.0027) \end{aligned}$ | $\begin{aligned} & .0455 \\ & (.0026) \end{aligned}$ | $\begin{aligned} & .0389 \\ & (.0026) \end{aligned}$ |
| SD | $\begin{aligned} & .0030 \\ & (.0002) \end{aligned}$ | $\begin{aligned} & .0032 \\ & (.0002) \end{aligned}$ | $\begin{aligned} & .0031 \\ & (.0002) \end{aligned}$ |
| $\text { OUT }_{j}$ | $\begin{aligned} & .0151 \\ & (.0018) \end{aligned}$ | $\begin{aligned} & .0084 \\ & (.0019) \end{aligned}$ | $\begin{aligned} & .0142 \\ & (.0021) \end{aligned}$ |
| $E \dot{E X I T}{ }_{j}$ | $\begin{gathered} -.0020^{*} \\ (.0025) \end{gathered}$ | $\begin{aligned} & .0082 \\ & (.0020) \end{aligned}$ | $\begin{aligned} & .0040 \\ & (.0021) \end{aligned}$ |
| $B^{2}$ | . 1895 | . 1791 | . 1691 |

[^27]The remaining 10 variables all measure, imperfectly, some aspects of the cost of moving and the barriers to mobility. The statistical significance and parameter sizes of these variables attest to the great importance of adjustment costs. Thus, while we conclude that the labour market works in the sense that supply responds to differential income prospects and employment opportunities, we should also appreciate that several barriers to mobility have a strong impact on mobility patterns. This means that we should not test supply response by some simple-minded correlation of supply change and income variables. It also implies that the ease with which the imbalance in a particular labour market will be corrected depends very much on the position of this labour market in the mobility spectrum. For example, if industry $i$ finds itself in a labour surplus position, and the industries with good income prospects and employment opportunities have very large costs of mobility vis-à-vis industry $i$, then we may expect that it will take some considerable time before the surplus in $i$ has worked itself out. The implications for the industrial training programs and other such policies are obvious.

Even though our 10 variables are, no doubt, an imperfect measure of the total costs of moving between industries, they already display a remarkable variety. For example, the cost factor is affected by the type of product, the work environment, and the nature of the work. The other variables represent a three-way segmentation of the overall labour market, indicating that differences in education, unionization, and sex ratio produce significant barriers to mobility. Most of these factors are in the nature of data, in the sense that they are related to technological and human characteristics. Thus some persons are better suited for manual work; others, for work involving mental capacities. Similarly, the significance of our $F$ variable presumably derives from the fact that some types of work are more suitable for women than for men. The importance of product similarity suggests that certain basic knowledge and skills are associated with the type of product handled. The education variables reveal the importance of job characteristics with regard to education and skills. To be sure, not all of this. effect is attributable to the technology of the work; at least a part of it relates to the psychic attachments of people.

It is striking to note that the so-called symmetry conditions of equation (7-7) apply only in the case of our education variables. It was argued above that this result may be expected if the psychic cost elements are of overriding importance. A word of caution is, however, in order. It is possible that the symmetry derives from the fact that jobs requiring less in the way of general education (measured by $E$ ) may require more in the way of specific skills. The channels by which these skills are obtained include on-the-job training, apprenticeships, vocational schooling, etc., none of which are captured by our $E$ variables. Thus a move from an industry with a large $E$ value to one with a small $E$ may require a sizable investment in skills that are not part of a person's general education. In any case, the results show that differential educational requirements, perhaps combined with skill requirements, present important barriers to mobility. Manpower policies related to training and education may, of course, be used to help workers overcome these barriers. Such policies may be used to aid the disadvantaged in the labour market and may be useful in correcting income inequalities. However, when such policies are used to improve the overall "efficiency of the labour market", we have to keep in mind the same kind of warnings as stated in the concluding section of Chapter 5 .

The coefficients of the $F$ variables in Table 7-6 confirm the segmentation of the labour market in terms of the two sexes. This result is very much in line with casual observations. The $F_{i}$ parameter is negative and larger in absolute size than the $F_{j}$ coefficient, presumably signifying the fact observed earlier that women are less mobile than men.

Finally, the pattern of the collective agreement coefficients suggests that the labour market is segmented into more- and less-unionized industries. ${ }^{5}$ Moreover, the size of the coefficient of the interaction variable $\sqrt{C A_{i} C A_{j}}$ (which is positive but less than double the

[^28]absolute size of the other $C A$ parameters) indicates that mobility is smaller between two unionized industries than between two nonunionized ones. At first glance, these results may suggest that the abolition of unions would lead to a substantial increase in industrial labour mobility. Such a sweeping conclusion cannot, however, be made without further evidence. Unionization is most frequently found in large establishments and usually involves manual workers in manufacturing, construction, transportation, mining, and forestry industries. Therefore it is at least possible that our unionization variable represents, as a proxy variable, other aspects of the work environment. Thus the segmentation represented by our CA variables may, in part at least, be the result of a segmentation in terms of the size of establishment and the nature of the work performed. It is reasonable that different workers should attach very different utilities to these characteristics of the work environment, thereby creating the segmentation observed. If this last interpretation is correct, then there are no obvious policy conclusions about the effects of unionization on industrial labour mobility.

## CHAPTER 8

## SUMMARY AND CONCLUSIONS

The Canadian labour force shows a great deal of natural mobility. Of those who remained covered by unemployment insurance -- the "insured population" -- during our sample period, close to 30 per cent changed industry, occupation, or province of employment in the course of a year. The purpose of this Study is to describe and analyse their mobility patterns, using data that, at least for Canada, are unique.

Most of the data are reported in the various appendixes to enable other students of labour mobility to test different hypotheses.

The data base does, however, have two main limitations. First, the sample necessarily consisted of the population eligible for unemployment insurance in the mid-sixties, which comprised only about 60 per cent of the economically active; and second, the analysis of movement between occupations is impaired by errors in reporting and coding the relevant data. Nevertheless, the results of the Study should provide valuable inputs into policy decisions affecting manpower.

In general, we found that Canadian mobility rates in the mid-sixties were roughly comparable to those in the mid-fifties. Comparisons with other countries are inherently difficult and should be handled with care, but they can produce some valid findings. For example, it can be stated that industrial mobility in Canada is roughly comparable to that in the United States, but interregional mobility rates are considerably lower.

Comparisons of the various age-sex groups reveal a clear tendency for males to be more mobile than females and for mobility rates to decline with age. Another result, which confirms earlier findings, relates to the differences in mobility behaviour between employed and unemployed persons, i.e., the unemployed are far more

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mobile in every aspect, but particularly industrially. ${ }^{1}$ In addition, unemployment appears to discourage people from remaining in the insured population. In spite of the special effects of eligibility for unemployment insurance, the pattern of exits from the population covered by unemployment insurance is broadly similar to what we know about the behaviour of the total labour force.

An analysis of interprovincial mobility, which shows gross flows far in excess of net flows, reveals that return migration constitutes about 20 per cent of the annual interprovincial mobility flow. This finding is in line with earlier estimates obtained indirectly.

The general hypothesis used in our analysis of mobility patterns is that people are motivated by income and employment prospects but take into account the overall costs of moving and adjusting. The problems of further specifying this hypothesis for interprovincial mobility data are dealt with at some length; most of these revolve around the various costs of movement represented by the distance variable. The central result is that interprovincial movers do in fact respond to income incentives and that distance does represent much more than just transport costs. Different unemployment rates appear to have little effect on the pattern of interprovincial movement.

Applying this general model to the industrial mobility data is not an easy task because of the many varied "costs of movement" between industries. To attack the problems of identifying and measuring these costs, the labour market is further specified in terms of unionization, sex ratios, and education variables. Moreover, a special dummy variable is created that indicates when two industries are similar in terms of products and work environment -similarity being associated with smaller mobility costs. The final results provide strong support for our general hypothesis that income and employment opportunity variables are important determinants of industrial mobility.

[^29]Our costs of mobility variables help to explain the complex pattern of industrial mobility.

The finding that there is quite a lot of natural mobility in the Canadian labour market should counteract the frequently expressed view that the labour market is inflexible and incapable of absorbing changes. This argument, which is often used to urge the maintenance of a special-interest policy, is clearly fallacious.

Not only does our analysis show a great deal of natural mobility, but it also suggests that mobility flows are determined primarily by economic incentives. One implication is that if certain special-interest policies were abandoned, any resulting unemployment should tend to disappear as workers moved to more promising labour markets.

In addition our findings suggest that there are many costs of movement and adjustment and that these have a striking influence on observed mobility patterns. These costs often relate to individual preferences and to the universal dislike of the unfamiliar. Because costs are, in effect, barriers to natural mobility, adjustment will be slower in some labour markets than in others. However, not all such barriers are necessarily imperfections, nor do substantial costs of movement require an all-out manpower policy with many subsidies and special privileges for movers. Such a policy might end up simply subsidizing the movers at the expense of the stayers. Or it might raise national output without improving social welfare. The conclusion is that, although subsidies may be justified under some circumstances, not all manpower policies improve the general welfare, even if they do manage to raise wages in specific locations.

In general, then, the results of our analysis confirm the view that the labour market works in a reasonably rational and predictable manner. Although problems certainly exist, the allocation process does seem to be fulfilling at least some of its functions. Thus any policy that interferes with allocation has a serious cost attached to it. For instance, a policy of wage controls can prevent an industry from solving labour supply problems by a shift in relative wages and consequent mobility. Such a policy may therefore lead to an increase in the economy's structural imbalances.

## APPENDIX A

## CONDENSED CLASSIFICATIONS

In the original records, occupations and industries are coded according to the three-digit classifications used for the 1961 Census of Canada. Since these classifications would produce too many elements to construct occupational and industrial mobility matrices of a useful size (about 80,000 elements for each matrix), it was decided to create special condensed classifications for this purpose. In most cases, a condensed group is a combination of a number of three-digit groups. The condensing procedure was based on three criteria:
(1) the size of the condensed group should contain no fewer than 500 persons in our sample of the insured population;
(2) the condensed group should be fairly homogeneous in terms of its representativeness of the insured population in relation to total wageearners; this provides us with the option of eliminating condensed groups that are poorly representative in our analysis; and
(3) the group should have good linkage possibilities with other data; all 1961 Census of Canada data are, of course, matched, but in the case of some industrial statistics, linkage is more difficult.

The resulting condensed classifications are shown in Tables A-1 and A-2, which give 88 occupational and 73 industrial groups respectively. The numbers after the name of the condensed group indicate the three-digit classes included in the particular group. An asterisk after a name indicates that, in the case of that condensed group, the insured population is poorly representative of the total wage-earners. It will be noticed that two large occupational groups -- managers and professionals -- are not distinguished, since the insured population only covers a small proportion of the total wage-earners in these groups. It can also be seen that, by combining appropriate condensed groups, we can form one-digit classifications of occupations and industries.

Table A-1
CONDENSED OCCUPATIONAL CLASSIFICATION

| Name | Code |
| :---: | :---: |
| 1. Managers* | 001 |
| 2. Professionals* | 101-181 |
| 3. Draughtsmen \& surveyors | 182-183 |
| 4. Accountants, etc. | 184-188 |
| 5. Miscellaneous professional occupations* | 191-196 |
| 6. Science and engineering technicians | 198 |
| 7. Other professionals* | 199 |
| 8. Bookkeepers \& cashiers | 201 |
| 9. Office appliance operators | 203 |
| 10. Stock clerks \& storekeepers | 212 |
| 11. Shipping men | 214-223 |
| 12. Stenographers | 232 |
| 13. Typists and clerk-typists | 234 |
| 14. Other clerical | 241-249 |
| 15. Other sales | 301-312 |
| 16. Salesmen* | 314 |
| 17. Attendants | 316-323 |
| 18. Sales clerks | 325 |
| 19. Agents* | 327-339 |
| 20. Police and firemen* | 401-403 |
| 21. Guards* | 405-411 |
| 22. Cooks and bartenders | 412-414 |
| 23. Waiters | 415 |
| 24. Maids and assistants | 416-433 |
| 25. Barbers | 451 |
| 26. Launderers | 452 |
| 27. Janitors, etc. | 453-459 |
| 28. Transport foremen \& pilots* | 510-520 |
| 29. Train occupations | 531-537 |
| 30. Shipsmen | 541-547 |
| 31. Bus and taxi drivers | 551-552 |
| 32. Driver-Salesmen | 554 |
| 33. Truck drivers | 556 |
| 34. Miscellaneous transport \& communications* | 561-582 |
| 35. Telephone operators | 584 |
| 36. Mailmen, etc.* | 585-588 |
| 37. Farm occupations* | 601-605 |
| 38. Gardeners, etc.* | 607-609 |
| 39. Loggers | 611-615 |
| 40. Fishermen, etc. | 631-633 |
| 41. Miners, etc. | 651-656 |
| 42. Mine labourers, etc. | 657-659 |
| 43. Bakers and millers | 701-702 |
| 44. Butchers | 703 |

(cont'd.)

Table A-1 (concl'd.)

| Name | code |
| :--- | :---: |
|  |  |
| 45. Canners | $704-706$ |
| 46. Other food processors | $707-709$ |
| 47. Rubber workers | $711-719$ |
| 48. Leather workers | $721-729$ |
| 49. Spinners and weavers | $731-736$ |
| 50. Other textile workers | $737-739$ |
| 51. Tailors and cutters | $741-745$ |
| 52. Sewers | 746 |
| 53. Upholsterers, etc. | $747-749$ |
| 54. Carpenters | 751 |
| 55. Wood machine operators, etc. | $752-758$ |
| 56. Other wood workers | 759 |
| 57. Paper and pulp makers | $761-769$ |
| 58. Typesetters | 771 |
| 59. Other printing occupations | $772-779$ |
| 60. Miscellaneous metal workers | $781-793$ |
| 61. Machinists, etc. | $801-803$ |
| 62. Millwrights | 805 |
| 63. Fitters | 806 |
| 64. Metalworking machine operators | 808 |
| 65. Plumbers | 810 |
| 66. Sheet-metal men | $811-815$ |
| 67. Welders | 817 |
| 68. Other metal occupations | $818-819$ |
| 69. Car mechanics, etc. | $821-822$ |
| 70. Other mechanics, etc. | $824-829$ |
| 71. Electricians | 831 |
| 72. Fitters - electrical | 832 |
| 73. Linemen and other electrical workers | $833-839$ |
| 74. Painters | $841-843$ |
| 75. Construction foremen, etc. | $851-852$ |
| 76. Bricklayers, etc. | $854-859$ |
| 77. Glass workers | $861-869$ |
| 78. Engine men | $871-873$ |
| 79. Hoist workers | $874-875$ |
| 80. Operators - construction | 876 |
| 81. Material handling, etc. | $877-878$ |
| 82. Longshoremen | 881 |
| 83. Warehousemen | 883 |
| 84. Sectionmen | 890 |
| 85. Foremen, n.e.s. | 900 |
| 86. Other workers | $91-919$ |
| 87. Labourers, n.e.s. | 920 |
| 88. Not specified | 980 |
|  |  |
|  |  |
|  |  |

Table A-2

## CONDENSED INDUSTRIAL CLASSIFICATION

| Name | code |
| :--- | :---: |
|  |  |
| 1. Agriculture* | $001-021$ |
| 2. Forestry | $031-039$ |
| 3. Fishing | $041-047$ |
| 4. Metal mining | $051-059$ |
| 5. Other mining | $061-099$ |
| 6. Meat production | $101-103$ |
| 7. Dairy production | $105-107$ |
| 8. Canning | $111-112$ |
| 9. Other food | $123-139$ |
| 10. Beverages | $141-147$ |
| 11. Tobacco products | $151-153$ |
| 12. Rubber products | $161-169$ |
| 13. Leather products | $172-179$ |
| 14. Primary textile mills | $183-201$ |
| 15. Miscellaneous textile products | $211-229$ |
| 16. Knitting mills, etc. | $231-239$ |
| 17. Clothing | $242-249$ |
| 18. Sawmills | 251 |
| 19. Plywood and doors | $252-254$ |
| 20. Furniture, etc. | $256-268$ |
| 21. Pulp and paper | 271 |
| 22. Other paper | $272-274$ |
| 23. Printing and publication | $286-289$ |
| 24. Iron and steel | 291 |
| 25. Iron foundries, etc. | $292-294$ |
| 26. Smelting and refining | 295 |
| 27. Nonferrous metal rolling | $296-298$ |
| 28. Metal stamping and fabric | $301-304$ |
| 29. Miscellaneous metal products | $305-309$ |
| 30. Machinery products | $311-318$ |
| 31. Aircraft | 321 |
| 32. Car production | $323-325$ |
| 33. Other transport production | $326-329$ |
| 34. Electrical products | $331-339$ |
| 35. Mineral products | $341-359$ |
| 36. Petroleum refineries | $365-369$ |
| 37. Chemical production | $371-379$ |
|  |  |

(cont'd.)

Table A-2 (concl'd.)

| Name | code |
| :--- | :---: |
| 38. Miscellaneous manufacturing products |  |
| 39. Building construction | $381-399$ |
| 40. Highway construction, etc. | 404 |
| 41. Special trade construction | $406-409$ |
| 42. Air transport* | 421 |
| 43. Water transport | $501-502$ |
| 44. Railways | $504-505$ |
| 45. Trucking | 506 |
| 46. Miscellaneous transport | 507 |
| 47. Storage | $508-518$ |
| 48. Communications | $524-527$ |
| 49. Utilities | $543-548$ |
| 50. Wholesale trade industrial materials* | $572-579$ |
| 51. Wholesale trade consumer products | $602-613$ |
| 52. Wholesale trade machinery, etc. | $614-619$ |
| 53. Food stores | $621-629$ |
| 54. Department stores | 631 |
| 55. Variety and general | 642 |
| 56. Car dealers, etc. | $647-649$ |
| 57. Clothing, etc. | $652-658$ |
| 58. Furniture, appliances, etc. | $663-669$ |
| 59. Other retail stores | $673-678$ |
| 60. Banks, etc. | $681-699$ |
| 61. Insurance, etc. | $702-704$ |
| 62. Education* | $731-737$ |
| 63. Health* | $801-809$ |
| 64. Miscellaneous personal services* | $821-828$ |
| 65. Business services | $831-859$ |
| 66. Barbers, etc. (including household help)* | $861-869$ |
| 67. Laundries | $871-873$ |
| 68. Hotels and restaurants | 874 |
| 69. Other personal services | 876 |
| 70. Miscellaneous services | $876-879$ |
| 71. Federal and provincial administration* | $891-899$ |
| 72. Local administration, etc. | $902-931$ |
| 73. Not specified* | $951-991$ |
|  | 999 |
|  |  |

## APPENDIX B

## ESTIMATION OF ERROR RATES

As was indicated in the text (Chapter 2), reporting and coding errors of occupations and industries can have a potentially serious effect by inflating overall mobility rates and by distorting the mobility matrices. If an individual in occupation $i$, for example, was in 1966 incorrectly coded in occupation $j$, then this is likely to create false mobility from $i$ to $j$ in 1965-66 and false mobility from $j$ to $i$ in 1966-67. The reason is that the same mistake about this individual is not likely to be made twice, as the annual reporting and coding is done independently from year to year.

In the case of an employed person, the information is reported by the firm in which he is employed; for claimants, the local Unemployment Insurance Commission office provides the information. In both cases, the industry code is based on the name of the firm reported; for claimants, this is the firm of the last job before becoming unemployed. The occupation code is based on a short title of the occupation in which the individual is (or was) last employed as reported by the firm (or by the UIC office). It is known that the instructions about occupational classification issued to the firms and UIC offices are inadequate and that the space allowed for the description of the occupation is insufficient. Neither of these problems afflicts the reporting of industry, because the name of a firm and its business is well-known and easily recorded. We would therefore anticipate that errors in occupational coding will be far more serious than errors in industrial coding.

To get an estimate of coding errors, we use some special tabulations. These tabulations consider all persons in the sample with the same occupation code in 1965 and 1967; a matrix shows the occupations in which they were classified in 1966. Similar tabulations are available for industries, both for those years and for the years 1966 and 1968, with matrices of industrial coding for 1967. These subsamples cover only part of the total sample -- viz., about 33 per cent in the case of occupations and about 43 per cent for industries --

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because so many people leave the insured population or change occupations (or industries) over a two-year period. And the errors themselves often indicate changes where in fact none have been made.

We now make the assumption that all persons identified with a particular occupation $i$ in 1965 and 1967 (or 1966 and 1968) are correctly identified with occupation $i$ in both of the years. The reason is that the probability of incorrectly identifying the same person with occupation $i$ in two years is very small indeed, because the reporting and coding in different years are done independently. We can then represent the tabulations as follows -- e.g., for occupations for 1965-67:


The symbol $S$ represents the subsample as a proportion of the total sample population. The first subscript refers to the occupation of reported identification; the second subscript, to the correct identification. Thus $S_{j i}$ in 1966 shows the number of persons correctly identified with $i$ in 1965 and 1967 who were reportedly identified with $j$ in 1966 but should have been coded $i$. The $S_{j j}$ element shows return mobility.

The problem now is that the off-diagonal elements in the matrices of these special tabulations represent not only errors (Channel 3) but also return movement (Channel 2). To separate the two, we express return mobility $r m$ as a proportion $k$ of the true occupational mobility rate $b$.

$$
\begin{equation*}
r m=k b \tag{1}
\end{equation*}
$$

If $a$ is the true proportion of the population that does not change occupation and $n$ is the proportion of the population that leaves the insured population, then

$$
a+b+n=1
$$

In our special tabulations, we capture only the part of $r m$ that is coded correctly in the two end years -- e.g., 1965 and 1967 (call this rme). Then

$$
\begin{equation*}
r m c=k b(1-e) \tag{2}
\end{equation*}
$$

in which $e$ is the error rate. The error rate $e$ is the sum of two components $e_{1}$ and $e_{2}$, which measure the proportions of the subsamples that were allocated to the wrong occupations in the first and second years respectively. In other words, the total amount of incorrect mobility between two years is the total of incorrect codings in the first year plus the incorrect codings in the second year. This follows more or less directly from the assumption that the probability of incorrectly identifying the same person with a particular occupation in two years is small enough that it may be ignored. The effect of $e$ on the various mobility rates will be further explored below.

The numerical estimates show that the component error rates $e_{1}$ and $e_{2}$, measured for the two years 1966 and 1967, are very similar. We shall therefore assume that

$$
\begin{equation*}
e_{1}=e_{2}=\frac{e}{2} \tag{3}
\end{equation*}
$$

In addition to rme, the off-diagonal elements in our special tabulations therefore contain $e_{1}(S-r m c)$. Or if we call $Q$ the sum of all off-diagonal elements in the special tabulations as a proportion of the total sample population:

$$
\begin{equation*}
Q=r m c+\frac{e}{2}(S-r m c) . \tag{4}
\end{equation*}
$$

We recall that $S$ is the total subsample population as a proportion of the total sample population. Using equation (2), we may write this as

$$
\begin{equation*}
Q=\frac{e}{2} S+\left(1-\frac{e}{2}\right)(1-e) k b . \tag{5}
\end{equation*}
$$

The first expression on the right represents the error part; the second, the return mobility part of the offdiagonal elements. It can be seen from equation (5) that the maximum values attainable by $e$ and $k$, both of which are positive fractions, occur when $k=0$ and $e=0$ respectively. Thus

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$$
\begin{equation*}
k_{\max }=\frac{Q}{b} . \tag{6}
\end{equation*}
$$

Equation (6) states that if the error rate is zero, our special tabulations only capture return mobility in the off-diagonal elements. This technique was, in effect, applied to obtain the return migration figures reported in Chapter 5. It is assumed for this that no errors are made in the coding of province of employment, so that the special tabulations for interprovincial mobility only show return migrants in the off-diagonal elements.

The value of $k_{\max }$ for industrial mobility is about .ll. Since it was argued above that there is little reason to expect errors in the industrial coding, we shall assume that the actual return mobility rate $k$ for industries is .l. This means that there is little room left for errors, and using equation (5), it can in fact be calculated that with a 10 per cent return mobility proportion, the industrial error rate is less than 2 per cent. It is therefore assumed that industrial coding errors are sufficiently unimportant that they may be ignored. The industrial mobility figures reported throughout this Study are therefore directly derived from the original mobility matrices.

To obtain an estimate of the occupational error rate, we shall assume that return mobility between occupations is as important as between industries. In other words, we assume that $k=.1$ for occupations, which means that of the true occupational mobility in a year 10 per cent is return mobility to occupations occupied in the preceding year. The reasoning behind this is that it is difficult to argue that the phenomenon of return mobility should be much more important in the case of occupations than industries. Using this assumption, equation (5) can be employed to calculate the error rate $e$. Of the various parameters in (5), only $b$ is not directly observable, but it is related to the observed mobility rate $b^{\prime}, ~ a s ~ f o l l o w s$.

$$
\begin{equation*}
b=b^{\prime}-e a=b^{\prime}-\frac{e a^{\prime}}{1-e} . \tag{7}
\end{equation*}
$$

In equation (7) , $b^{\prime}$ is the observed mobility rate (including errors) and $a^{\prime}$ is the observed proportion of the population that records no change (also including errors). When errors are made, the no-change proportion of the population is reduced by a quantity $e a$, which is added
to the mobility rate. This will be further explored below.

Substituting (7) into (5) gives

$$
\begin{equation*}
Q=\frac{e}{2} S+k\left(1-\frac{e}{2}\right)(1-e)\left(b^{\prime}-\frac{e a^{\prime}}{1-e}\right) \tag{8}
\end{equation*}
$$

This is a quadratic equation in which $e$ has the following solution

$$
\begin{equation*}
e=\frac{-Y+\sqrt{Y^{2}-4 X Z}}{2 X} \tag{9}
\end{equation*}
$$

and in which $X, Y$, and $Z$ are complex parameters, as follows:

$$
\begin{aligned}
& X=k\left(a^{\prime}+b^{\prime}\right) \\
& Y=S-k\left(3 b^{\prime}+2 a^{\prime}\right) \\
& Z=2(k b+Q) .
\end{aligned}
$$

Using the following actual values for the parameters,

$$
\begin{aligned}
& a^{\prime}=.4626 \text { for } 1966-67 \\
& b^{\prime}=.2916 \text { for } 1966-67 \\
& S=.3300 \text { average for } 1965-67 \text { and } 1966-68 \\
& Q=.0525 \text { average for } 1965-67 \text { and } 1966-68 \\
& K=.1,
\end{aligned}
$$

it is calculated that $e=.273$. This error rate is used in the various corrected mobility rates reported in the text. It has been implicitly assumed in the argument presented above that the error rate of the subsample applies to the whole sample. In the corrections appearing in the text of this Study, the explicit assumption is made that this occupational error rate of .273 also applies to various subgroups of the sample in 1966-67 and to different years (see also Appendix C).

At one point it was thought that this technique for estimating the overall error rate could also be applied to each and every one of the elements of the occupational
mobility matrix in order to obtain a corrected mobility matrix. But the additional assumptions that are necessary to make this workable are so numerous that the task would be too heroic for the scope of this Study. This attempt was therefore abandoned, as the resulting mobility matrix would possibly be as unreliable as the original one.

Once we have the overall error rate, we can correct the various mobility rates. To show how this is accomplished, we construct a scheme (which is shown below, together with a hypothetical example) in which the true mobility rates are known (indicated by ordinary letters $a, b, c, d, f, e t c$.$) , and the effect of occupational$ errors is traced to the observed rates (indicated by primed letters $\left.a^{\prime}, b^{\prime}, ~ e t c.\right)$.


In the column headed "errors", the relevant numbers are "arrowed into" the appropriate category of the observed rates. The figures with asterisks are ignored because, in cases where true mobility is recorded, errors may affect the observed direction but not the observed overall mobility rates. This is one of the reasons why it is much more difficult to correct the individual elements of the occupational mobility matrix.

Since we do not know the true mobility rates $(a, b$, $c$, etc.) we must calculate them from the observed error rates ( $a^{\prime}, b^{\prime}, c^{\prime}$, etc.). From the example, we can derive the following conversion formulas:


The formulas in equation (10) are used in a variety of forms in the text in calculating corrected mobility rates.

The method outlined in this Appendix provides us with a reasonable estimate of the occupational error rate. The most difficult assumption in the chain of argument is that occupational return mobility is 10 per cent of total occupational mobility. While this assumption is not implausible, it is not easy to verify empirically. As additional assumptions would be necessary to obtain corrected mobility matrices, and since the error rate is quite large, we do not report or analyse the occupational mobility patterns. The contents of Chapter 6 are therefore restricted to a general description of overall occupational mobility rates.

## APPENDIX C

## ADJUSTMENTS TO EARLIER MOBILITY RATES

Information on mobility rates of Canada's insured population is available for the period 1952 to 1960 (for sources, see footnote 3 of Chapter 2). The data are not exactly comparable to those we used in this Study, and this Appendix discusses the discrepancies and reports the adjustments required to bring the earlier data into line with the recent ones for 1965-68. Unadjusted, the overall mobility rates, expressed as a percentage of the number of persons remaining in the insured population, were as follows:

| $1952-53$ | $54 \%$ | $1956-57$ | $54 \%$ |
| :--- | :--- | :--- | :--- |
| $1953-54$ | $54 \%$ | $1957-58$ | $50 \%$ |
| $1954-55$ | $56 \%$ | $1958-59$ | $41 \%$ |
| $1955-56$ | $59 \%$ | $1959-60$ | $45 \%$ |

There are five points of difference with the data for 1965-68, and in some instances we can make adjustments to bring the two sets more into line.
l. The earlier data are based on a 1 per cent sample of the insured population instead of a 10 per cent sample. While the smaller sample will increase the sampling error, it does not impart any systematic bias to the overall mobility rates.
2. For the period 1952-56, no new cases were added to the initial 1 per cent sample drawn in 1952 (see Canadian Statistical Review, July 1960), and the effect of using only the original sample is difficult to assess. Our recent data suggest that new entrants into the insured population have a somewhat higher probability of becoming unemployed than those who remain in the insured population from year to year. Furthermore, unemployed persons have a higher mobility rate than employed persons, suggesting that the overall mobility rates for 1953-54, 1954-55, and 1955-56 should be somewhat higher than reported. But it is not possible to adjust to solve this problem and, in any case, the upward adjustment would probably only be a small fraction of 1 per cent.
3. The data for 1956-60 do not include any claimants. The recent data suggest that the uncorrected overall mobility rate for unemployed is about 60 per cent higher than for employed persons. Adopting the following claimant rates -- 1956-57, 4 per cent; 1957-58, 6 per cent; 1958-59, 7 per cent; and 1959-60, 6 per cent -the adjustments required for the overall mobility rates are as follows: 1956-57, +1.3 per cent; $1957-58,+1.8$ per cent; 1958-59, +1.8 per cent; and 1959-60, +1.6 per cent.
4. The data for 1952-60 include intraprovincial mobility -- i.e., movement between local office areas within the same province, whereas the recent data consider only changes in the province of employment. The simple unidimensional local office area mobility rate (multidimensional moves involving the local office area aspect should be ignored for this purpose) for 1956-58 was about 2.9 per cent. Allowing for occupational coding errors (see Appendix B), the local rate would be about 3.9 per cent, compared with an interprovincial rate of about 1.1 per cent. To adjust for the inclusion of intraprovincial mobility, all the mobility rates for the years 1952-60 are therefore reduced by 2.8 per cent (3.9-1.1 per cent).
5. The data for $1952-60$ do not take coding errors into account. Incorporating the adjustments of the last two sections results in the following uncorrected mobility rates:

| $1952-53$ | $51.2 \%$ | $1956-57$ | $52.5 \%$ |
| :--- | :--- | :--- | :--- |
| $1953-54$ | $51.2 \%$ | $1957-58$ | $49.0 \%$ |
| $1954-55$ | $53.2 \%$ | $1958-59$ | $40.0 \%$ |
| $1955-56$ | $56.2 \%$ | $1959-60$ | $43.8 \%$ |

These figures are inflated by reporting and coding errors regarding occupations. On the assumption that the error rate estimate for 1966-67 is also applicable to these earlier years, we obtain the following correction formula for $R$, the overall mobility rate (see Appendix B).

$$
\begin{equation*}
R=\frac{R^{\prime}-e}{1-e} . \tag{11}
\end{equation*}
$$

This formula is directly obtained from the definitions of the corrected overall mobility rate $R=\frac{1-a-n}{1-n}$ and the uncorrected rate $R^{\prime}=\frac{1-a^{\prime}-n}{1-n}$. Applying the
formula to the uncorrected data gives us the figures in Table 3-2 of Chapter 3. It is clear from the foregoing description that the adjustment procedure is quite rough and ready. While large changes in mobility rates are probably broadly in correspondence with reality, any minor year-to-year variations are of doubtful significance. In Chapter 2, the possibility was considered that the occupational error rate may to some extent vary with the industrial mobility rate, because a change of employer is more likely to lead to a reporting error. If this is true, it means that our corrected overall mobility rate is somewhat on the low side in years when the industrial mobility rate was low -- e.g., in 1958-59.

## APPENDIX D

## INDUSTRIAL MOBILITY MATRICES, 1965-68

This Appendix reports the basic industrial mobility data in matrix form, using the condensed industrial classification (see Appendix A). In each "cell" there are three observations for the three years 1965-66, 1966-67, and 1967-68 in that order. The data are reported row by row; a row represents the number of persons in the sample in a particular industry in the first year who were in different industries in the second year. Thus the 12 th element for industry 8 represents the number of people in the sample who moved from industry 8 in the first year to industry 12 in the second year. For each industry, we also report the total sample population in that industry in the first year, the number of stayers who did not change industry, and the number of exits -persons leaving the insured population during the year.















| JNOUSTRY | 43 |  | POPUL | ATION |  | $\begin{aligned} & 2043 \\ & 2810 \\ & 3069 \end{aligned}$ |  | STAYER | ERS |  | $\begin{aligned} & 261 \\ & 792 \\ & 905 \end{aligned}$ |  | ITS |  | $\begin{aligned} & 495 \\ & 611 \\ & 702 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | 14 | 1 | 14 | 6 | 0 | I | 5 | 1 | 2 | 0 | 1 | 0 | 1 | 2 | 0 |
| 2 | 14 | 5 | 54 | 8 | 2 | 1 | 12 | 2 | 1 | 0 | 0 | 0 | 2 | 0 | 0 |
| 4 | 28 | 12 | 25 | 3 | 2 | 1 | 7 | 4 | 3 | 0 | 2 | 0 | 0 | 0 | 0 |
| 0 | 4 | 0 | - 2 | 12 | 2 | 1 | 1 | 0 | 2 | 0 | 3 | 4 | 1 | 3 | 3 |
| 1 | 7 | 0 | 01 | 6 | 0 | 2 | 0 | 0 | 1 | 1 | 3 | 2 | 2 | 0 | 1 |
| 0 | 14 | 0 | 1 | 13 | 2 | 1 | 0 | 2 | 3 | 0 | 0 | 5 | 3 |  | 4 |
| 7 | 4 | 7 | 12 | 3 | 2 | 6 | 26 | 6 | 2 | 0 | 24 | 6 | 8 | 8 | 6 |
| 9 | 4 | 4 | 40 | 2 | 2 | 9 | 17 | 9 | 3 | 0 | 104 | 15 | 13 | 17 | 4 |
| 10 | 3 | 10 | 1 | 2 | 0 | 15 | 21 | 12 | 0 | 0 | 88 | 12 | 7 | 5 | 15 |
| 3 | 11 | 0 | 017 | 4 | 1 | 0 | 2 | 0 | 0 | 3 | 3 | 3 | 1 | 1 | 3 |
| 1 | 2 | 6 | 7 | 2 | 1 | 0 | 8 | 2 | 1 | 11 | 4 | 4 | 2 | 1 | 4 |
| 6 | 1 | 7 | 712 | 3 | 2 | 2 | 10 | 2 | 2 | 5 | 1 | 5 | 6 | 0 | 8 |
| 7 | 0 | 1 | - 8 | 1 | 3 | 6 | 3 | 12 |  |  |  |  |  |  |  |
| 6 | 1 | 0 | - 20 | 0 | 12 | 8 | 7 | 5 |  |  |  |  |  |  |  |
| 5 | 1 | 0 | - 13 | 1 | 5 |  | 25 | 12 |  |  |  |  |  |  |  |
| INDUSTRY | 44 |  | POPUL | ATION |  | $\begin{aligned} & 10850 \\ & 13079 \\ & 12909 \end{aligned}$ |  | Stay | ERS |  | $\begin{aligned} & 8589 \\ & 0039 \\ & 8888 \end{aligned}$ |  | ITS |  | $\begin{aligned} & 1099 \\ & 498 \\ & 3056 \end{aligned}$ |
| 6 | 18 | 5 | 59 | 38 | 3 | 6 | 8 | 12 | 3 | 0 | 2 | 1 | 4 | 1 | 0 |
| 6 | 23 | 4 | 419 | 10 | 3 | 4 | 8 | 16 | 6 | 1 | 4 | 2 | 4 | 3 | 2 |
| 16 | 26 | 9 | 914 | 18 | 7 | 7 | 9 | 12 | 6 | 1 | 6 | 2 | 5 | 1 | 0 |
| 1 | 20 | 6 | $6 \quad 3$ | 8 | 4 | 6 | 10 | 6 | 3 | 1 | 12 | 11 | 13 | 3 | 19 |
| 2 | 18 | 4 | 4.9 | 14 | 8 | 9 | 7 | 2 | 8 | 0 | 7 | 11 | 11 | 5 | 13 |
| 3 | 13 | 4 | 49 | 14 | 4 | 6 | 3 | 3 | 6 | 0 | 14 | 9 | 8 | 6 | 15 |
| 173 | 10 | 12 | 21 | 15 | 8 | 28 | 29 | 24 | 9 | 195 | 0 | 40 | 20 | 9 | 103 |
| 12 | 19 | 10 | 06 | 11 | 5 | 30 | 29 | 35 | 11 | 100 | 0 | 48 | 288 | 3 | 274 |
| 5 | 13 | 8 | 83 | 9 | 6 | 32 | 32 | 51 | 3 | 44 | - 0 | 48 | 49 | 5 |  |
| 18 | 6 | 12 | 217 | 7 | 8 | 2 | 25 | 0 | 4 | 4 | 9 | 9 | 8 | 2 | 3 |
| 22 | 3 | 17 | 720 | 9 | 15 | 4 | 26 | 2 | 3 | 6 | 9 | 7 | 14 | 3 |  |
| 25 | 9 | 14 | $4 \quad 28$ | 11 | 8 | 4 | 37 | 6 | 6 | 8 |  | 15 | 22 | 4 |  |
| 15 | 1 | 3 | 330 | 1 | 17 | 11 | 21 | 11 |  |  |  |  |  |  |  |
| 29 | 4 | 2 | 2136 | 1 | 27 | 16 | 20 | 16 |  |  |  |  |  |  |  |
| 20 | 1 | 5 | 541 | 4 | 33 | 15 | 28 | 15 |  |  |  |  |  |  |  |
| Industry | 45 |  | POPULA | ATION |  | $\begin{aligned} & 6349 \\ & 6832 \\ & 7316 \end{aligned}$ |  | StAYERS |  |  | $\begin{aligned} & 863 \\ & 207 \\ & 159 \end{aligned}$ | EXITS |  | $\begin{aligned} & 1328 \\ & 1541 \\ & 1873 \end{aligned}$ |  |
| 9 | 46 | 6 | 11 | 44 | 8 | 12 | 6 | 17 | 3 | 0 | 5 | 1 | 4 | 4 | 0 |
| 18 | 48 | 6 | 13 | 32 | 7 | 13 | 6 | 21 | 8 | 1 | 7 | 1 | 4 | 3 | 0 |
| 19 | 51 | 2 | 12 | 31 | 9 | 8 | 3 | 22 | 4 | 0 | 9 | 0 | 4 | 2 | 0 |
| 1 | 15 | 4 | 11 | 5 | 9 | 5 | 7 | 5 | 6 | 4 | 24 | 11 | 18 | 6 |  |
| 1 | 12 | 10 | 9 | 11 | 3 | 7 | 10 | 3 | 6 | 2 | 26 | 7 | 16 | 6 | 26 |
| 5 | 22 | 7 | 8 | 9 | 7 | 4 | 3 | 6 | 6 | 1 | 9 | 11 | 7 | 3 | 15 |
| 4 | 17 | 28 | 3 | 12 | 7 | 64 | 81 | 70 | 4 | 14 | 36 | 0 | 45 | 16 | 9 |
| 8 | 11 | 29 | 4 | 14 | 5 | 56 | 51 | 59 | 1 | 10 | 35 | 0 | 48 | 13 | 12 |
| 6 | 16 | 41 | 2 | 9 | 8 | 53 | 77 | 52 | 2 | 12 | 20 | 0 | 64 | 117 | 7 |
| 8 | 14 | 17 |  |  | 18 |  | 69 |  |  |  | 6 | 7 |  | 1 |  |
| 15 | 17 | 35 | 54 | 13 | 13 | 5 | 61 | 3 | 3 | 11 | 8 | 8 | 5 | 3 | 3 |
| 13 | 16 | 45 | 71 | 14 | 7 | 8 | 72 | 2 | 13 | 15 | 7 | 6 | 8 | 4 | 5 |
| 25 | 0 | 4 | 19 | 0 | 31 | 15 | 32 | 20 |  |  |  |  |  |  |  |
| 21 | 0 | 5 | 19 | 0 | 24 | 15 | 24 | 20 |  |  |  |  |  |  |  |
| 31 | 3 | 9 | 32 | 1 | 34 | 11 | 37 | 35 |  |  |  |  |  |  |  |












## APPENDIX E

## PROVINCIAL MOBILITY MATRICES

This Appendix reports the interprovincial mobility data for 1965-66, 1966-67, and 1967-68 as well as the return mobility for 1966-67 and 1967-68 (return mobility occurs when a person who migrated in 1965-66 or 1966-67 returns to the original province in 1966-67 and 1967-68 respectively). These data are presented in a manner similar to that of the industrial mobility data in Appendix D. Each "cell" represents mobility from the province designated on the left-hand side of a particular row to the province at the top of the column. The figures in each cell are listed in chronological order: 1965-66, 1966-67, and 1967-68 for mobility, and 1966-67 and 1967-68 for return mobility. For example, 27 persons moved from Prince Edward Island to Ontario between 1966 and 1967. The three columns on the right (not reported for return mobility) indicate the sample size, number of stayers, and number of exits for the corresponding province named on the left.

## Table E-1

INTERRROVINCIAL MOBILIIY

|  | NFLD | PEI | NS | NB | $P Q$ | ONT | MAN | SASK | ALB | BC | POP | Stayers | EXITS |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| NELD | 0 | 11 | 33 | 20 | 53 | 153 | 2 | 2 | 2 | 7 | 7039 | 5029 | 1727 |
|  | 0 | 66 | 32 | 15 | 93 | 131 | 2 | 0 | 3 | 5 | 8018 | 5548 | 2123 |
|  | 0 | 7 | 37 | 8 | 27 | 125 | 2 | 2 | 9 | 4 | 8009 | 5023 | 2765 |
| PEI | 57 | 0 | 36 | 14 | 2 | 29 | 1 | 0 | 3 | 1 | 1319 | 836 | 340 |
|  | 11 | 0 | 18 | 8 | 1 | 27 | 3 | 0 | 1 | , | 1319 | 809 | 437 |
|  | 22 | 0 | 16 | 9 | 3 | 20 | 0 | 0 | 0 | 1 | 1340 | 812 | 457 |
| NS | 29 | 14 | 0 | 106 | 38 | 232 | 5 | 3 | 19 | 21 | 12803 | 9460 | 2876 |
|  | 44 | 24 | 0 | 87 | 45 | 198 | 1 |  | 24 | 25 | 13044 | 9520 | 3074 |
|  | 29 | 8 | 0 | 117 | 39 | 165 | 12 | 4 | 15 | 24 | 13111 | 9269 | 3429 |
| NB | 11 | 12 | 87 | 0 | 93 | 162 | 5 | 2 | 5 | 11 | 9635 | 6963 | 2284 |
|  | 17 | 10 | 114 | 0 | 115 | 132 | 7 | 0 | 5 | 9 | 10201 | 7065 | 2727 |
|  | 14 | 8 | 69 | 0 | 78 | 125 | 5 | 2 | 5 | 17 | 9808 | 6890 | 2595 |
| PQ | 98 | 2 | 42 | 115 | 0 | 1064 | 61 | 12 | 44 | 90 | 107772 | 82196 | 24048 |
|  | 59 | 4 | 44 | 123 | 01 | 1339 | 43 | 18 | 43 | 89 | 110259 | 82314 | 26193 |
|  | 45 | 3 | 43 | 109 | 01 | 1016 | 52 | 17 | 58 | 97 | 109247 | 79342 | 28465 |
| ONT | 82 | 20 | 126 | 90 | 1227 | 0 | 198 | 63 | 149 | 313 | 146404 | 111277 | 32859 |
|  | 84 | 21 | 158 | 77 | 1029 | 0 | 284 | 52 | 146 | 312 | 153897 | 114829 | 36905 |
|  | 97 | 15 | 138 | 115 | 751 | 0 | 207 | 76 | 166 | 318 | 155687 | 114431 | 39373 |
| MAN | 2 | 0 | 5 | 4 | 23 | 264 | 0 | 211 | 104 | 164 | 16443 | 12098 | 3568 |
|  | 1 | 0 | 9 | 2 | 35 | 206 | 0 | 109 | 110 | 166 | 17018 | 12337 | 4040 |
|  | 1 | 2 | 2 | 4 | 24 | 245 | 0 | 105 | 111 | 124 | 17411 | 12005 | 4788 |
| SASK | 2 | 0 | 3 | 1 | 7 | 62 | 108 | 0 | 184 | 93 | 10208 | 7479 | 2269 |
|  | 1 | 2 | 4 | 1 | 10 | 81 | 131 | 0 | 206 | 95 | 11270 | 7749 | 2990 |
|  | 0 | 0 | 3 | 0 | 12 | 47 | 122 | 0 | 216 | 89 | 11226 | 7709 | 3028 |
| ALB | 1 | 0 | 7 | 1 | 25 | 122 | 68 | 169 | 0 | 461 | 21975 | 14895 | 6226 |
|  | 13 | 1 | 12 | 2 | 52 | 133 | 76 | 174 | 0 | 382 | 22634 | 15206 | 6583 |
|  | 4 | 0 | 12 | I | 31 | 110 | 58 | 129 | 0 | 341 | 23568 | 15335 | 7547 |
| BC | 3 | 1 | 12 | 5 | 51 | 157 | 31 | 36 | 248 | 0 | 37580 | 27660 | 9396 |
|  | 3 | 1 | 11 | 5 | 71 | 201 | 61 | 47 | 287 | 0 | 39504 | 28750 | 10067 |
|  | 3 | 1 | 7 | 9 | 52 | 221 | 69 | 69 | 305 | 0 | 40587 | 28554 | 11297 |

## Table E-2

INTEREROVINCIAI, RETURN MOBILITY

|  | NFLD | PEI | NS | NB | PQ | ONT | MAN | SASK | ALB | BC |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| NFLD | 0 | 37 | 5 | 1 | 48 | 9 | 0 | 0 | 0 | 1 |
|  | 0 | 5 | 11 | 2 | 13 | 17 | 0 | 0 | 0 | 0 |
| PEI | 2 | 0 | 4 | 4 | 0 | 3 | 0 | 0 | 0 | 0 |
|  | 0 | 0 | 3 | 1 | 1 | 4 | 0 | 0 | 0 | 0 |
| NS | 10 | 10 | 0 | 24 | 5 | 14 | 0 | 1 | 2 | 2 |
|  | 4 | 2 | 0 | 33 | 7 | 26 | 4 | 1 | 2 | 0 |
| NB | 5 | 5 | 47 | 0 | 27 | 8 | 1 | 0 | 0 | 0 |
|  | 5 | 2 | 21 | 0 | 26 | 14 | 1 | 0 | 0 | 1 |
| PQ | 15 | 0 | 6 | 21 | 0 | 353 | 5 | 3 | 5 | 9 |
|  | 11 | 0 | 13 | 25 | 0 | 272 | 13 | 3 | 14 | 12 |
| ONT | 25 | 4 | 40 | 13 | 266 | 0 | 52 | 11 | 22 | 31 |
|  | 19 | 6 | 37 | 22 | 218 | 0 | 53 | 12 | 26 | 33 |
| MAN | 0 | 0 | 0 | 0 | 3 | 45 | 0 | 28 | 15 | 11 |
|  | 0 | 0 | 0 | 1 | 4 | 90 | 0 | 24 | 18 | 9 |
| SASK | 1 | 0 | 1 | 1 | 2 | 16 | 33 | 0 | 38 | 4 |
|  | 0 | 0 | 1 | 0 | 4 | 7 | 19 | 0 | 46 | 4 |
| ALB | 1 | 0 | 2 | 1 | 1.6 | 24 | 20 | 41 | 0 | 46 |
|  | 1 | 0 | 6 | 0 | 8 | 28 | 11 | 32 | 0 | 52 |
| BC | 1 | 0 | 3 | 1 | 12 | 38 | 12 | 4 | 66 | 0 |
|  | 2 | 1 | 1 | 2 | 7 | 46 | 23 | 10 | 74 | 0 |

## APPENDIX F

## OTHER EXPLANATORY DATA

This Appendix reports most of the data used to attempt to explain industrial and provincial mobility; where information is not available, the following tables are marked N.A. The population variable used to convert the raw mobility figures into mobility rates was the 1966 sample net of "no records" where the "no records" were persons in the insured population in 1966 but not in 1967 ("Exits").

Alternative definitions of income were used as explanatory variables. Full-time income is the wage and salary income (averaged over two years, 1966 and 1968) of persons in the sample who were employed 50 to 52 weeks of the year. Average income is the average wage and salary income (averaged over two years, 1966 and 1968) of all persons in the sample regardless of the number of weeks actually employed. Both of these sets of income data were made available by the Unemployment Insurance Commission upon request. A third income variable, total earned income, was employed in explaining provincial mobility. This variable was obtained from the National Accounts of Canada by summing wage and salary income, unincorporated business income, and farm income and dividing the total by the number of persons employed (The Labour Force).

The percentage of females in an occupation or industry was obtained by dividing the number of females in the particular group in 1966 by the total sample population (including "no records"). The percentage of claimants -- persons 15 to 24 years of age, and persons over 64 -- was defined in an analogous manner. This information is derived from the sample of the insured population.

Four different measures of education were derived for occupations: years of schooling, age of entry to the occupation, years of general educational development (GED) and years of specific vocational preparation (SVP). The years of schooling were obtained from the 1961 Census of Canada. The age of entry was obtained from the same source and is defined as the minimum age, which includes 10 per cent of the labour force of an occupation.

| AGE OF YEARS OF YEARS OF PERCENT PERCENT |
| :--- | :---: | :---: | :---: |
| ENTKY G.E.D. S.V.P. $15-24$ YRS OVER 64 YRS |












NUMBER




(cont'd.)






$*$









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NUMBER

























Mobility in the Labour Force

## Table F-3

PROVINCIAL MOBILITY DATA

|  | NFLD | PEI | NS | NB | PQ | ONT | MAN | SASK | ALB | BC |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| SAMPLE |  |  |  |  |  |  |  |  |  |  |
| NET OF NO RECORD | 5485 | 915 | 9859 | 7346 | 82861 | 115614 | 12825 | 8139 | 15940 | 28970 |
| FULL TIME |  |  |  |  |  |  |  |  |  |  |
| INCOME | 4612 | 3738 | 4407 | 4360 | 4801 | 5287 | 4675 | 4681 | 4988 | 5630 |
| AVERAGE |  |  |  |  |  |  |  |  |  |  |
| INCOME | 2909 | 2199 | 2999 | 2806 | 3521 | 3899 | 3405 | 3239 | 3491 | 4028 |
| TOTAL |  |  |  |  |  |  |  |  |  |  |
| EARNED INCOME | 4063 | 3114 | 3834 | 3818 | 4333 | 5190 | 4592 | 5055 | 4652 | 5409 |
| PER CENT CLAIMANT | 30.6 | 19.6 | 11.3 | 16.0 | 7.9 | 4.1 | 5.7 | 5.1 | 4.6 | 7.0 |
| PER CENT |  |  |  |  |  |  |  |  |  |  |
| MIGRANTS | 3.51 | 10.53 | 14.70 | 13.31 | 11.63 | 30.97 | 31.34 | 28.15 | 40.84 | 53.30 |
| PER CENT |  |  |  |  |  |  |  |  |  |  |
| FRENCH <br> SPEAKING | 1.27 | 8.75 | 6.90 | 37.72 | 87.34 | 9.43 | 8.28 | 4.96 | 4.68 | 3.68 |
| DISTANCE |  |  |  |  |  |  |  |  |  |  |
| NFLD | --- | 950 | 968 | 1122 | 1680 | 2028 | 3159 | 3591 | 3995 | 4723 |
| PEI |  | - | 174 | 224 | 784 | 1130 | 2261 | 2693 | 3097 | 3825 |
| NS |  |  | --n | 278 | 838 | 1184 | 2313 | 2747 | 3161 | 3879 |
| NB |  |  |  | --- | 625 | 971 | 2102 | 2534 | 2938 | 3666 |
| PQ |  |  |  |  | --- | 346 | 1477 | 1909 | 2313 | 3041 |
| ONT |  |  |  |  |  | --- | 1283 | 1.715 | 2119 | 2847 |
| MAN |  |  |  |  |  |  | --- | 432 | 836 | 1564 |
| SASK |  |  |  |  |  |  |  | --n- | 404 | 1175 |
| ALB |  |  |  |  |  |  |  |  | --- | 787 |
| BC |  |  |  |  |  |  |  |  |  | ---- |

The years of GED and SVP schooling were originally estimated by the U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, in a publication called Estimates of Worker Trait Requirements for 4,000 Jobs. These data were adapted for use with the Canadian three-digit occupational classification by Bruce $W$. Wilkinson in Studies in the Economics of Education, Occasional Paper No. 4, Canada Department of Labour, Ottawa, 1965. The author wishes to express his gratitude to Mr. Wilkinson for making this information available to him.

Two special variables were used in the industrial section -- percentage of employees in a union, and percentage with a pension plan. This information is available in Report No. 10 of the Economics and Research Branch of the Canada Department of Labour, called Working Conditions in Canada. In some cases, the description of the industries in this report did not exactly match that of the condensed classification and, in a few instances, there was simply no correspondence; these cases are marked N.A. in Tables $\mathrm{F}-1$ and $\mathrm{F}-2$.

Three variables were used exclusively in the provincial mobility study: percentage of migrants; percentage of French-speaking; and distance. The percentage of migrants is the proportion of a province's population in the 1961 Census of Canada born outside of the province. The percentage of French-speaking is the proportion of a province's population in the 1961 Census of Canada who spoke only French or both French and English. The distance variable is a measure of the number of miles between the centres of population of all provinces. This information was obtained from the Canadian Automobile Association.

APPENDIX G

THE DUMMY VARIABLE USED IN THE INDUSTRIAL MOBILITY REGRESSIONS ${ }^{1}$

The purpose of the similarity dummy (SD) variable is to capture, in a very rough and ready manner, certain similarities in work environments in different industries. We would expect that the cost of movement is less between "similar" industries and that the mobility flow would therefore be larger. The $S D$ variable is constructed on the basis of three similarity aspects: product, location, and type of work. These are examined in turn, followed by a discussion of how the three parts are put together into one dummy variable.

## Product Similarity

The first task is to allocate our condensed industries into product groups. For this, we use an exhaustive ll-way classification of broad groups. Table G-l shows how our condensed industries are allocated to the 11 groups; we use only 69 industries, since industries $46,66,69$, and 73 are left out of the relevant empirical work in Chapter 7.

Table G-1
PRODUCT GROUPS

|  | Condensed Industries (See Appendix A) |
| :---: | :---: |
| a - Food and other agricultural products | 1, 3, 6-11, 13 |
| b - Wood products | 2, 18-22 |
| c - Metal products | 4, 24-28 |
| d - Nonmetallic minerals | 5, 35, 36 |
| e - Textiles | 14-17 |
| f - Other manufacturing | 12, 23, 29-34, 37, 38 |
| g - Construction | 39-41 |
| h - Transport and communication services | 42-45, 47. 48 |
| i - Sales services | 50-59 |
| j - Personal services | 60-65, 67, 68, 70 |
| k - Government services | 49, 71, 72 |

[^30]Most of the groupings are self-evident and the allocations self-explanatory. The product group "other manufacturing" represents a rather diverse collection of products, but this is not easily avoidable.

But industries have product links that are not captured by a classification such as in Table G-1. Table G-2 presents these secondary product links organized along the lines of the product groups used in G-1. Most of the links are in the nature of input-output links; e.g., in the first group we have "storage" industry 47 because it includes storage of agriculture products, wholesaling industries 50 and 51 because of agricultural and food products that are sold through wholesale firms, and "food stores" industry 53, which retails food products.

Table G-2
SECONDARY PRODUCT LINKS

|  | Condensed Industries |
| :---: | :---: |
| a - Food and other agricultural products | 47, 50, 51, 53 |
| b - Wood products | 39-41, 50-52 |
| c - Metal products | 29-34, 39-41, 49, 52 |
| d - Nonmetallic minerals | 37, 39-41, 50, 56 |
| e - Textiles | 1, 12, 13, 51, 57 |
| £ - Other manufacturing | $\begin{aligned} & 28,36,49,51,52,56, \\ & 58 \end{aligned}$ |
| g - Construction | 19, 28, 35, 71, 72 |
| h - Transport and communication services | 23, 31-34, 68 |
| i - Sales services | $\begin{aligned} & 1,6-13,17,19-23, \\ & 28-38,60,61,64, \end{aligned}$ |
| - Personal services | 65, 67, 68 42-44, 48 53-59 |
| Personal services | $72$ |
| k - Government services | 39-41 |

It will be realized that the designation of secondary links is an even more arbitrary exercise than the product grouping. This problem is unavoidable and perhaps not too serious since our final $S D$ variable is only a rough summary of the three similarity aspects. In any case, by showing exactly the nature of our classifications, we allow others to improve on this type of effort.

Location Similarity
Table G-3 shows a two-way grouping of industries in terms of the location of the work activity: inside work
and urban location, or outside work and rural location. In mixed cases, we have allocated industries according to the aspect that was thought to be predominant.

Table G-3

## LOCATION SIMILARITY

|  | Condensed Industries |
| :--- | :--- |
| Inside, urban | $6-17,19-38,47-65$, <br> $67,68,70-72$ |
| Outside, rural | $1-5,18,39-45$ |

## Work Similarity

Table G-4 indicates a two-way division of industries in terms of the type of work: light (including mental activity), and heavy (including many manual jobs).

Table G-4
WORK SIMILARITY

|  | Condensed Industries |
| :--- | :--- |
| Light | $6-17,20,22,23,38$, |
|  | $42,47,48,50-65$, |
| Heavy | $67,68,70-72$ |
|  | $1-5,18,19,21$, |
|  | $24-37,39-41,43-45$, |
|  | 49 |

The Similarity Dummy (SD)
In putting things together, different weights were attached to the various similarity tables. Weights range from 4 to 1 in order of importance but also in line with the degree of confidence that we have in the various groupings. Appearances in Table G-1 are assigned 4; in Tables G-1 and G-2, 2; and in Tables G-3 and G-4, 1. Thus if two industries appear in the same product group -e.g., industries 1 and 6-- then cells $1-6$ and 6-1 are assigned 4. If two industries have secondary product links in the same product group -- e.g., industries 6 and 53-- then cells 6-53 and 53-6 are assigned 2. Finally, if two industries are in the same group in Tables G-3 or G-4, the appropriate cells are assigned 1.
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Appendix $G$

|  |  | $\cdots-1$ |  | 0 | $\bigcirc$ | 0 | 0 | 0 | $-$ | 0 | 0 |  | 0 |  | 0 |  |  |  | $\bigcirc$ | - | -1 | $\sim$ | -1 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 0 | 0 | -1-1 | -1 | - | - 0 | - | $\bigcirc$ | 0 | - | - | 0 |  | O |  | 0 | 0 | $\bigcirc$ | $\bigcirc$ | $\bigcirc$ | $\sim$ | - | $\cdots$ | -+ | - | $\rightarrow$ |  |  |  |  |
| $\bigcirc$ | - | - | $\bigcirc$ | $\bigcirc$ | 0 | O | - | - | - | $\bigcirc$ | O | $\bigcirc$ | H | $\cdots$ | $\cdots$ | $\cdots$ | - | -1 | -1 | $\cdots$ | - | $\cdots$ | -1 | $\checkmark$ | - |  |  |  |  |
| - | 9 | - | - | -1 | - + | - | - | $\square$ | $\bigcirc$ | - | $\cdots$ | - | - | - | $\cdots$ | $\cdots$ | $\cdots$ | $\rightarrow$ | $\cdots$ | - | -1 | -1 | $\checkmark$ | $\rightarrow$ |  |  |  |  |  |
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Now $S D=1$ when the sum of the numbers assigned to a cell is 4 or more, and $S D=0$ otherwise. It will be realized that if two industries are in the same primary product group, then $S D=1$; if they are not in the same primary product aroup, $S D$ will be unity only if the two industries have secondary product links and appear in the same groups in Tables $G-3$ and $G-4$. The final dummy $S D$ is reported in Table G-5 in matrix form; the matrix is symmetrical.

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[^0]:    ${ }^{1}$ The cards also provide information on marital status and local office area (the country is divided into about 200 such office areas). Neither of these two variables is thought to be usable, because recording of the marital status of women is affected by income tax considerations, and local office area designations are misleading due to head office versus establishment reporting.
    ${ }^{2}$ The three-digit classification system is used in the reports of the 1961 Census of Canada. There are 294 industries at the three-digit level (see Standard Industrial Classification Manual, DBS Catalogue No. 12-501) and 273 occupations (see Occupational Classification Manual, Census of Canada 1961, DBS Catalogue No. 12-506).

[^1]:    ${ }^{3}$ The error problem is not as serious for the occupational and industrial distribution statistics of the insured population at any one of the points in time because, here, mistakes will at least partly cancel each other out.
    ${ }^{4}$ Earlier data are reported in H. F. Greenway and G. W. Wheatley, "Regional Aspects of Labour Mobility in Canada, 1956-1959" in Papers of the 1961 C.P.S.A. Conference on Statistics, edited by Wm. C. Hood and John A. Sawyer (Toronto: University of Toronto Press, 1963). See also Canadian Statistical Review, July 1960, and subsequent issues.

[^2]:    ${ }^{5}$ A recent investigation by the Sampling Division of Statistics Canada reveals that actual mistakes in coding occupations are of little significance, which also suggests that the errors arise from inaccurate reporting.

[^3]:    Note: The same error rate is assumed in correcting occupational mobility rates for all three classifications.

[^4]:    ${ }^{1}$ In calculating the corrections for Table 3-2 it is assumed that the occupational errors are independent of the type of mobility flow (see Appendix B). This assumption is made of necessity, but it should be remembered that mobility flows in terms of occupation and industry may be subject to greater errors (see Chapter 2).
    ${ }^{2}$ For sources, see Greenway and Wheatley, op. cit.

[^5]:    ${ }^{3}$ The other four series are mentioned and discussed in John Vanderkamp, "Interregional Mobility in Canada: A Study of the Time Pattern of Migration", Canadian Journal of Economics, vol. 1 (August 1968).

[^6]:    $5^{5}$ See Lowell E. Gallaway, Interindustry Labor Mobility in the United States 1957-1960, Research Report No. 18 (1967), and Geographic Labor Mobility in the United States 1957 to 1960, Research Report No. 28 (1969), U.S. Department of Health, Education and Welfare, Social Security Administration, Office of Research and Statistics.

[^7]:    ${ }^{6}$ I am grateful to Professor Ron Shearer for making this point.

[^8]:    ${ }^{7}$ Even if we made the extreme assumption that the error rates for the different age and sex groups varied in exactly the same way as their industrial mobility rates, the younger age groups would continue to have substantially higher occupational mobility rates than the older age groups.

[^9]:    ${ }^{8}$ Even if the occupational error rate for the unemployed group were 50 per cent, the corrected overall occupational mobility rate for this group would still be about twice as large as for the employed group.
    ${ }^{9}$ This difference may be more marked than it normally is because of the June 1 reference date for our sample. It is generally felt that those persons still on unemployment benefits, after many claimants have returned to work in April and May, represent those with a generally more tenuous attachment to the labour force, e.g., married women and persons over age 65. For example, the percentage of females in the active-claim count during 1968 as a whole was 31.9 per cent, but on June 1, 1968, 35.4 per cent of active claimants were females. If our reference point in the year had been different, the differences between the employed and unemployed in the probabilities of leaving the insured population might well have been less dramatic than the above results show.

[^10]:    ${ }^{10}$ For a much more detailed analysis of these questions, see Frank T. Denton, "A Model with Variable Transition Probabilities for Simulating Short-Run Labour Force Behaviour in Canada", unpublished working paper No. 71-16, McMaster University, Hamilton, Ontario.
    ${ }^{11}$ This represented a movement out of insured employment without an actual change of job, although it is also the case that some previously insured workers moved into specially exempted categories of employment -- e.g., teaching and most provincial civil service positions.

[^11]:    ${ }^{12}$ It is estimated that the amendment brought some 300,000 to 400,000 salaried workers back into the insured population (see Chapter 2 of this Study and also Dominion Bureau of Statistics, "Statistical Report on the Operation of the Unemployment Insurance Act", Cat. No. 75-001, June 1968, Table 1, and July 1971, Table 2).

[^12]:    ${ }^{1}$ We have some independent evidence which shows that, at maximum, the proportion of exits returning to the same occupation is .16; for industries, this figure also is about .16; for provinces, it is .4. The probability of persons returning to the same labour market, in every one of its three dimensions, is of course considerably smaller than any of the three figures mentioned. Assuming that the three probabilities are independent and using the mobility weights of Table 3-2, we can calculate the maximum proportion of exits returning to the same labour market in each of its dimensions to be about 10 per cent.

[^13]:    ${ }^{2}$ Strictly speaking, the number of persons remaining in the insured population in 1965-66 and 1965-67 are not the same. We shall see below that a substantial proportion of persons entering the insured population in one year leave again by the next year, and those who leave may enter again in sizable numbers as well. We do not have sufficient cross-classified information to come to grips with this problem, and it will therefore be ignored by assuming that the proportion of movers leaving the insured population is the same as for the stayers.

[^14]:    ${ }^{3}$ See F. J. Whittingham and B. W. Wilkinson, Work Patterns of the Canadian Population, 1964, Special Labour Force Studies No. 2, (Ottawa: Information Canada, 1967). They also show that the number of persons participating in the labour force at some time during 1964 is almost 12 per cent greater than the annual average of the labour force for that year.

[^15]:    ${ }^{4}$ See reference in previous footnote. See also N.H.W. Davis, Cycles and Trends in Labour Force Participation, Special Labour Force Studies, series B, no. 5 (Ottawa: Information Canada, 1971); P. P. Proulx, "La Variabilité Cyclique des Taux de Participation à la Main-d'oeuvre au Canada", Canadian Journal of Economics, vol. 2 (May 1969); R. Swidinsky, "A Note on Labour Force Participation and Unemployment", Canadian Journal of Economics, vol. 3 (February 1970).

[^16]:    ${ }^{\mathrm{l}}$ Greenway and Wheatley, op. cit.

[^17]:    ${ }^{2}$ See John Vanderkamp, "Inter-regional Mobility in Canada: A Study of the Time Pattern of Migration", Canadian Journal of Economics, vol. 1 (August 1968), and "Migration Flows and Their Determinants and the Effects of Return Migration", Journal of Political Economy, vol. 79 (September-October 1971).

[^18]:    ${ }^{5}$ See two references in footnote 2, and also Marvin McInnis, "Provincial Migration and Differential Economic Opportunity", in L. D. Stone (ed.), Migration in Canada, Some Regional Patterns (Ottawa: DBS Census monograph, 1970), and Thomas J. Courchene, "Inter-provincial Migration and Economic Adjustment", Canadian Journal of Economics, vol. 3 (November 1970).

[^19]:    ${ }^{6}$ For a further analysis of the question of specification, see John Vanderkamp, "Some Further Tests of the Migration Model", Department of Economics, University of Guelph, Ontario (forthcoming).

[^20]:    ${ }^{1}$ It should perhaps be noted again that these conclusions are subject to possible error not only because of errors in occupational reporting, but also because of the nonresponse element; reporting errors inflate mobility but nonresponse inflates exit and entry.

[^21]:    ${ }^{1}$ For this purpose, the variables reported in Appendix F are multiplied by certain fractions to obtain reasonably sized coefficients: $Y \times 10^{-5}, U \times 10^{-4}, C A \times 10^{-4}, E \times 10^{-2}, F \times 10^{-3}, P \times 10^{-5}$. These fractions are also used in the subsequent regressions shown in this chapter. The independent variables are the same for each of the three regressions shown, except the $U$ and $P$ variables, which differ for the three years.

[^22]:    ${ }^{2}$ This specification is used a great deal by Lowell Gallaway; see the references quoted in footnote 4 of Chapter 3, and his "Age and Labor Mobility Patterns", Southern Economic Journal, vol. 36 (October 1969).

[^23]:    *Not significant at the 5 per cent level.

[^24]:    ${ }^{3}$ For a discussion of a number of other specifications and refinements of our industrial mobility equations, see paper by John Vanderkamp, "Industrial Mobility: An Empirical Model", Department of Economics, University of Guelph, Ontario (forthcoming). In this chapter we have concentrated on the industrial aspects of the costs of movement. In some cases of industrial mobility, it is also necessary to change occupations or location, which clearly raises the costs of movement. In the forthcoming paper, an attempt is made to take account of these added costs.

[^25]:    *Not significant at the 5 per cent level.

[^26]:    ${ }^{4}$ See Organisation for Economic Co-operation and Development, Wages and Labour Mobility (Paris: OECD, 1965).

[^27]:    *Not significant at the 5 per cent level. The OUT and EXIT variables differ for the three years.

[^28]:    ${ }^{5}$ It. should be noted that the data do not permit us to differentiate between different types of unions -- e.g., industrial unions and craft unions. It could be argued that industrial unions facilitate occupational mobility while craft unions facilitate industrial mobility. Unfortunately it is not possible to examine such propositions in the context of this study.

[^29]:    ${ }^{1}$ This should not be read to mean that an increase in general unemployment raises overall mobility levels. On the contrary, the available evidence suggests a negative relationship between mobility and general unemployment rates. The statement is intended to imply only that at any one time unemployed are more mobile than employed.

[^30]:    ${ }^{1}$ I am particularly grateful to Frank Claydon for construction of the SD variable.

