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# ECONOMIC BENEFITS OF IMPROVED TELEVISION SERVICES 

TO REMOTE BRITISH COLUMBIA COMMUNITIES

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## CHAPTER 1

## INTRODUCTION

The objectives of this study are to (i) conceptualize a classification of the potential economic benefits accruing from the improvement of television facilitles serving remote communities in B.C., (ii) devise appropriate measures of these categories of benefits, and (iii) attempt by various means to obtain measurements of some of these benefits. Within this broad framework, major emphasis is given to the effect of reception improvement on labour turnover.

We decided to adopt a very broad interpretation of "remote", essentially considering any geographical area of the province not in the immediate vicinity of Vancouver or Victoria as experiencing some degree of "remoteness". The rationale for this interpretation is that remoteness connotes "distance from" something, generally from some amenity valued by at least some people. Under this interpretation, even a major urban centre such as Prince George experiences some degree of remoteness. Pushing this: reasoning further, one could consider all of British Columbia as "remote" $\ddagger$ rom some amenities, or alternatively, every area as "nonremote" from some things. Our interpretation is arbitrary but defensible on pragmatic grounds.

The economic benefits of improved television reception appear to stem primarily from the effect on a single variable, population stability. The available literature suggests that more stable population bases lead to greater identification on the part of the populace of their own longterm interests with the growth and development of their area of residence,
leading to greater entrepreneurial activity and investment, and participation in the political and social life of the community. Thus to the extent that reception affects growth, it appears to do so largely through the intermediate link of population stability.

Apart from the growth effect, population stability reduces the costs of labour turnover to firms, providing an economic benefit. Since turnover is the major focus of this study, this argument will be elaborated in Chapter 2:

There is another link potentially of interest, in that improved reception may improve a communty's ability to attract workers at ali levels of the skill spectrum. This can have two economic effects: it can affect the cost (as opposed to the magnitude) of labour turnover, and can ameliorate the growth-inhibiting effects of labour shortages or skill bottlenecks.

It should be noted that we are not arguing that growth is always desirable, but only that it generally generates net economic benefits. There is a large literature suggesting that growth also generates substantial non-economic costs, at least in some cases.
: Finally, some of the potential effects of improved reception on what can loosely be termed "human satisfaction" may yield economic benefits not captured in the effects noted above. These relate to the reduced private and social costs of alcohol and drug abuse and possibly certain types of crimes. For certain purposes, one may wish to consider the "entertainment value" of television as an economic benefit. For other purposes, this may be largely a non-economic benefit.

To recap briefly, we see the economic benefits of improved reception as falling in the following mutually exclusive categories.
A. Population Stability

1. Growth
2. Turnover
B. Ability to Attract Manpower
C. Costs of Anti-social Behaviour
D. (Possibly) Entertainment Value

This report investigates in detail only the effects of reception on labour turnover. Since we found it desirable on other grounds to attack the turnover question via an analysis of population stability, we have provided part of the groundwork for a study of growth effects. Chapter 2, which is the substance of this report, deals with turnover. Chapter 3 discusses the nature of additional work on the turnover question we feel would be fruitful, and presents some thoughts and preliminary evidence on the effects of improved reception on the other categories of economic benefits.

## CHAPTER 2

LABOUR TURNOVER

## I. Introduction

Labour turnover is universally acknowledged to be a very complex phenomenon to analyze, indeed even to define. We will herein use a very partial and simplistic model of the turnover process which allows us, at the cost of some precision, to focus on the question of interest. Turnover rates were defined by Statistics Canada, prior to the cessation of their collection and publication, as the lower of separation rates and accession rates. Further, separations include retirements, deaths, layoffs and voluntary quits. Our interest is clearly in voluntary separations, so we shall henceforth concentrate on the "quit rate" rather than the "turnover rate", where a quit is defined as a voluntary termination of employment initiated by the employee.

Variations in quit rates among establishments are assumed to be determined by three types of factors: employee attributes such as age and marital status, employer attributes such as wages and supplementary benefits and working conditions, and community attributes such as climate and availability of services. If these three categories of factors are viewed as separable and additive, the resulting model is very naive for two reasons. First, there are likely to be important interactions between categories of factors, e.g., the presence or absence of certain community services will be a consideration of importance only to married workers. Second, at the Individual level the decision to quit is a dichotomous action representing (in general) a major change. As such, it is seldom based on a single consideration. Stated another way, it
is not true that $X_{1}$ people quit their jobs because of employer attributes and $\mathrm{X}_{2}$ because of community attributes. All $\left(\mathrm{X}_{1}+\mathrm{X}_{2}\right)$ quits occur because of some combination of both types of attributes, where the nature of the combination and the weights attached to different attributes are in general not known even to the individuals themselves.

These problems are dealt with in the empirical work which follows in this section through the use of three assumptions.

1. Although the influences of given attributes cannot be disentangled at the micro level, they are assumed to be observable at the macro level as affecting the probability of quitting in an additive fashion 2. Since we are estimating the effects of many other attributes on quit rates only in order to obtain estimates of the effect of one attribute, television reception, which are relatively free of omitted variable bias; we do not estimate interaction effects among these "other" attributes under the assumption that interactions will thus be included in main effects for these attributes.
2. Since we do not have data on employer attributes, we assume the effects of employer attributes on quit rates is independent of employee and community attributes.

The last assumption is the strongest, and no doubt the least realistic. The effects of this assumption on the empirical results are partially ameliorated by two considerations. First, average incomes for males and females and industry mix variables are entered into the analysis, partially accounting for employer attributes. Second, the dependent variable used is a migration rate proxy rather than a quit rate, under the
rationale that quits which do not involve geographical migration could not have been prevented by any changes in community attributes. This has the effect of removing some of the primarily employer-attributesrelated quits from the analysis. The fact remains that the omitted variables bias may be serious in the regression results due to inability. to include more detailed employer attributes.

## II. The Data

The data utilized are cross-section observations for area aggregates (AA's) in British Columbia as defined by Statistics Canada, using a number of attribute proxies from the 1971 Census of Population together with adjusted data from Anderson, et. al. (1973) on television reception. Area aggregates are geographical subdivisions defined for the first time In 1971. In metropolitan Vancouver and Victoria, area aggregates correspond to census tracts. In the rest of the province they are derived by aggregating enumeration areas (EA's) as defined for the 1971 census. There are a total of $374 \mathrm{AA}^{\prime}$ s in British Columbia, 218 of which are census tracts. No data are published by the AA breakdown, so data were obtained from Statistics Canada on computer tapes. The variables used are listed below, using notation which will be continued throughout this chapter.
A. Dependent Variables

1. STAYERS - number of persons resident in the same municipality in 1971 as in 1966 (these persons are all 5 years of age or older in 1971).
2. POP5 + - total population aged 5 years and over in 1971.
3. 5+MOVES - number of persons who made five or more intermunicipal moves in the five year period 1966-1971.
B. Independent Variables - Census Data
4. PSWR - percent of dwellings connected to public sewer.
5. MUNW - percent of dwellings connected to municipal water supply.
6. MARR - percent of population aged 15 years and over which were married.
7. EDUC - percent of population aged 15 years and over who had an educational attainment of less than grade 9 completion.
8. AGE - percent of population aged 15 years and over who were in the age group $20-34$ years.
9. FOREST - percent of labour force engaged in forestry.
10. MINE - percent of labour force engaged in mining.
11. MFG - percent of labour force engaged in manufacturing.
12. FYRM - percent of male labour force which worked full-year (50-52 weeks).
13. AVINCM - average income for males, expressed in thousands of dollars.
14. AVINCF - average income for females, expressed in thousands of dollars.
15. M/F - the ratio of males to females in the population aged 15 years and over.
16. NJND - native Indians as percent of population.
17. GROW - percentage growth in population from 1966 to 1971. (See below on calculation of 1966 population.)
18. OWNED - percent of dwellings which are owner-occupied.
C. Independent Variables - C1imate
19. PRECIP - average annual precipitation, in inches.
20. SNOW - average annual snowfall, in inches.
21. TEMP - mean January temperature, in degrees Farenheit.

The climate variables pertain to the major municipality contained in the AA, or in a few cases, the average of the values for two municipalities.

In almost all cases the climate variables are long-term averages of values observed over ten to twenty years.
D. Independent Variables - Television Reception

1. BSTRCP - the source data coded reception on a scale from 1 (best) to 6 (unwatchable). This variable represents the best video reception code for any channel (inter viewer's perception). In cases where data were avallable on both "cable" and "off-air", the former were used.
2. NCHANN - number of channels received with a "watchable" signai (i.e., a reception code of 5 or less).
3. TOTRCP - a total reception variable\& built by summing the reception codes for 10 channels, assigning a reception code of 6 to any channels not received in an AA. The theoretical maximum for this variable, applicable in an area with no reception whatever, is 60. The theoretical minimuin, applicable in an area with "perfect" reception on 10 channels, is 10.

As in the case of the climatic variables, the television reception variables pertain to the major municipality contained in the $A A$, or in some cases the average of the values for two municipalities.

Since the source data on reception were gathered in the summer of 1973 and we were interested in migration between 1966 and 1971 , it was necessary to adjust the reception data to pertain to an earlier period. This was done using information supplied by Mr. E. Plekaar of Communications Canada. Basically, NCHANN was reduced to account for new signals received since 1968 , and $B S T R C P$ was adjusted by using the best reception code (as of 1973) pertaining to channels received in 1968. In cases where signal quality, but not number of channels, changed between 1968 and 1973, no change was made to the data for lack of haxd information.

## E. 1966 Population

The final variable used in the analysis is 1966 population by AA, needed both to calculate the GROW variable and to provide a denominator for a meaningful dependent variable. Unfortunately, in order to use the area aggregate data tapes it was necessary to estimate 1966 population by AA, since this information is not tabulated by Statistics Canada for AA's which do not coincide with census tracts. The procedure followed was to obtain from Statistics Canada (i) a code list showing which 1971 enumeration areas comprised each AA, and (ii) a code list showing the correspondence between 1966 and 1971 EA codes. Computer printouts giving 1966 population by 1966 EA codes were obtained from the SFU Library.

The main problem encountered was that many 1966 EA's were "split" in the 1971 census in such a manner that portions of one EA are found in more than one AA. (In an extreme example, portions of one 1966 EA are found in six different $A A^{\prime} s$ in 1971.) This makes it impossible (without recoding the micro data) to estimate 1966 population by 1971 AA code exactly. We obtained rough estimates of population and maximum error by first tabulating to include all possible double counting, and then correcting these totals by assuming that if part of a 1966 EA entered n 1971 AA's, $1 / n$ of the 1966 population was found in each of the AA's affected. The maximum error was calculated by dividing the uncorrected totals by the corrected totals, and converting to percentages. The distribution of AA's by maximum possible error category are shown below. The 218 AA 's with zero error are all census tracts, for which Statistics Canada recoded the micro data and published 1966 population figures (catalogue 92-712).

| Max error (percent) | Number of $A A^{\prime} \mathrm{s}$ |
| :---: | :---: |
| 0 | 218 |
| $1-10$ | 17 |
| $11-20$ | 42 |
| $21-30$ | 41 |
| $31-40$ | 26 |
| $41-50$ | 19 |
| $51-60$ | 8 |
| $61-70$ | 374 |

## III. Reduction of Sample

Since the source data on television reception did not cover municipalities in all $A A^{\prime} s$, we were faced with the choice of either (i) estimating reception values based on data for nearby municipalities for the missing observations, or (ii) dropping the AA's with the missing data from the analysis. We opted for the latter approach under the rationale that since we wished to perform detailed statistical analyses, it was preferable not to introduce arbitrary variation into important variables.

This resulted in a decrease in the sample size from 374 to 272. (Viewed another way, instead of using a "census" of all of British Columbia, a non-random sample of 272 AA's was substituted.) A total of 45 census tract AA's covering the areas of North and West Vancouver, Richmond, White Rock and Delta were deleted from the sample, of the 57 non-census-tract AA's deleted, 14 were in Saanich and 8 in and around Kelowna, with the rest widely scattered around the province.

On the other hand, not all of the source data on television reception available were used in this study. In cases where an AA contained part of a large municipality, as well as a small municipality for which
reception data were available, we used only the data pertaining to the large municipality. Conceptually, some weighted average would have been a better measure, but census data provide no means for computing appropriate weights. (There is no means for determining the proportion of the population of a municipality which is found in each of the constituent $A A^{\prime} s$, assuming parts of the municipality are found in several $A A^{p} s_{\rho}$ ) Given a choice between using the procedure actually adopted on using arbitrary weights, it was felt the former was more defensible, at least on grounds of simplicity.
IV. Regression Results

The main set of equations estimated used STAYERS divided by 1966 population, expressed as a percentage, as the dependent variable. This variable is denoted PCTSTAY in Table $1_{\text {, }}$ where the results are reported. The raw data underlying these estimates are found in Appendix $A_{0}$ We are primarily interested in outmigration, not stayers, but if crude death rates are assumed to be constant across AA's, we can write:
(1) $\frac{\text { OUTMIG }}{\mathrm{POP}_{66}}=(1-\mathrm{d})-\frac{\text { STAYERS }}{\mathrm{POP}_{66}}$
where POP $_{66}$ represents 1966 population and $d$ is the crude five-year death rate. Thus the stayer rate and the outmigration rate differ only by an additive constant and sign, and we can interpret coefficients (except the intercept) from an equation using PCTSTAY as the dependent variable as affecting the outmigration rate with the same magnitude but opposite sign.

Table 1 Regression Results, Dependent Variables = PCTSTAY ( $t$ values in parentheses)


Table 1 (cont'd)

| Eqn. No. | PSWR | MuNb | MARR ${ }^{-}$ | EDUC | AGE | FOREST | MINE | MFG | FYRM | TEMP | PRECIP | SNOW |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 a | $\begin{aligned} & 0.059 \\ & (2.75) \end{aligned}$ | $\begin{aligned} & -0.088 \\ & (-2.18) \end{aligned}$ | $\begin{aligned} & -0.277 \\ & (-2.75) \end{aligned}$ | $\begin{aligned} & 0.233 \\ & (2.65) \end{aligned}$ | $\begin{aligned} & -0.420 \\ & (-5.52) \end{aligned}$ | $\begin{aligned} & -0.239 \\ & (-2.13) \end{aligned}$ | $\begin{aligned} & 0.030 \\ & (0.26) \end{aligned}$ | $\begin{aligned} & 0.248 \\ & (4.00) \end{aligned}$ | $\begin{aligned} & 0.170 \\ & (2.13) \end{aligned}$ | $\begin{aligned} & 0.107 \\ & (1.12) \end{aligned}$ | $\begin{aligned} & 0.001 \\ & (0.08) \end{aligned}$ | $\begin{aligned} & 0.001 \\ & (0.03 \end{aligned}$ |
| 1 b | $\begin{aligned} & 0.056 \\ & (2.70) \end{aligned}$ | $\begin{aligned} & -0.083 \\ & (-2.10) \end{aligned}$ | $\begin{aligned} & -0.271 \\ & (-2.74) \end{aligned}$ | $\begin{aligned} & 0.247 \\ & (2.85) \end{aligned}$ | $\begin{gathered} -0.398 \\ (-5.31) \end{gathered}$ | $\begin{aligned} & -0.238 \\ & (-2.19) \end{aligned}$ | $\begin{aligned} & -0.048 \\ & (-0.42) \end{aligned}$ | $\begin{aligned} & 0.237 \\ & (3.89) \end{aligned}$ | $\begin{aligned} & 0.188 \\ & (2.42) \end{aligned}$ | $\begin{aligned} & 0.076 \\ & (0.87) \end{aligned}$ | $\begin{gathered} -0.012 \\ (-0.64) \end{gathered}$ | $\begin{aligned} & 0.012 \\ & (0.48 \end{aligned}$ |
| 1c | $\begin{aligned} & 0.047 \\ & (2.19) \end{aligned}$ | $\begin{aligned} & -0.066 \\ & (-1.65) \end{aligned}$ | $\begin{aligned} & -0.265 \\ & (-2.68) \end{aligned}$ | $\begin{aligned} & 0.231 \\ & (2.64) \end{aligned}$ | $\begin{aligned} & -0.416 \\ & (-5.44) \end{aligned}$ | $\begin{aligned} & -0.268 \\ & (-2.46) \end{aligned}$ | $\begin{aligned} & -0.025 \\ & (-0.22) \end{aligned}$ | $\begin{aligned} & 0.239 \\ & (3.88) \end{aligned}$ | $\begin{aligned} & 0.204 \\ & (2.62) \end{aligned}$ | $\begin{aligned} & 0.065 \\ & (0.73) \end{aligned}$ | $\begin{gathered} -0.010 \\ (-0.50) \end{gathered}$ | $\begin{aligned} & 0.018 \\ & (0.72 \end{aligned}$ |
| 1d | $\begin{aligned} & 0.066 \\ & (3.01) \end{aligned}$ | $\begin{aligned} & -0.057 \\ & (-1.42) \end{aligned}$ | $\begin{aligned} & -0.261 \\ & (-2.53) \end{aligned}$ | $\begin{aligned} & 0.245 \\ & (2.71) \end{aligned}$ | $\begin{aligned} & -0.391 \\ & (-5.03) \end{aligned}$ | $\begin{aligned} & -0.280 \\ & (-2.41) \end{aligned}$ | $\begin{aligned} & 0.011 \\ & (0.09) \end{aligned}$ | $\begin{aligned} & 0.203 \\ & (3.22) \end{aligned}$ | $\begin{aligned} & 0.159 \\ & (1.93) \end{aligned}$ | $\begin{aligned} & 0.142 \\ & (1.36) \end{aligned}$ | $\begin{gathered} -0.005 \\ (-0.28) \end{gathered}$ | $\begin{aligned} & 0.009 \\ & (0.34) \end{aligned}$ |
| 1e | $\begin{aligned} & 0.048 \\ & (2.15) \end{aligned}$ | $\begin{gathered} -0.043 \\ (-1.05) \end{gathered}$ | $\begin{aligned} & -0.206 \\ & (-2.43) \end{aligned}$ | $\begin{aligned} & 0.211 \\ & (2.37) \end{aligned}$ | $\begin{aligned} & -0.409 \\ & (-5.25) \end{aligned}$ | $\begin{aligned} & -0.223 \\ & (-1.94) \end{aligned}$ | $\begin{aligned} & -0.051 \\ & (-0.43) \end{aligned}$ | $\begin{aligned} & 0.215 \\ & (3.38) \end{aligned}$ | $\begin{aligned} & 0.190 \\ & (2.32) \end{aligned}$ | $\begin{aligned} & 0.021 \\ & (0.19) \end{aligned}$ | $\begin{gathered} -0.003 \\ (-0.14) \end{gathered}$ | $\begin{aligned} & 0.008 \\ & (0.31) \end{aligned}$ |

Table 1 (cont'd)

| Eqn No. | AVINCM | AVINCF | M/E | NIND | OWNED | GROW | $\overline{\mathrm{R}}^{2}$ | S.E.E. |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 a | $\begin{aligned} & 0.216 \\ & (0.50) \end{aligned}$ | $\begin{aligned} & 1.949 \\ & (1.35) \end{aligned}$ | $\begin{aligned} & -5.379 \\ & (-3.25) \end{aligned}$ | $\begin{aligned} & 0.057 \\ & (0.61) \end{aligned}$ | $\begin{aligned} & 0.172 \\ & (4.41) \end{aligned}$ | $\begin{aligned} & 0.268 \\ & (14.06) \end{aligned}$ | . 67 | 6.497 |
| lb | $\begin{aligned} & 0.302 \\ & (0.71) \end{aligned}$ | $\begin{aligned} & 2.138 \\ & (1.51) \end{aligned}$ | $\begin{aligned} & -4.853 \\ & (-2.96) \end{aligned}$ | $\begin{aligned} & 0.128 \\ & (1.38) \end{aligned}$ | $\begin{aligned} & 0.168 \\ & (4.41) \end{aligned}$ | $\begin{aligned} & 0.273 \\ & (14.58) \end{aligned}$ | . 68 | 6.381 |
| 1 c | $\begin{aligned} & 0.273 \\ & (0.63) \end{aligned}$ | $\begin{aligned} & 1.628 \\ & (1.14) \end{aligned}$ | $\begin{aligned} & -4.944 \\ & (-3.01) \end{aligned}$ | $\begin{aligned} & 0.107 \\ & (1.13) \end{aligned}$ | $\begin{aligned} & 0.164 \\ & (4.27) \end{aligned}$ | $\begin{aligned} & 0.276 \\ & (14.48) \end{aligned}$ | . 68 | 6.405 |
| 1d | $\begin{aligned} & 0.235 \\ & (0.52) \end{aligned}$ | $\begin{aligned} & 1.977 \\ & (1.34) \end{aligned}$ | $\begin{aligned} & -5.386 \\ & (-3.17) \end{aligned}$ | $\begin{aligned} & -0.015 \\ & (-0.17) \end{aligned}$ | $\begin{aligned} & 0.182 \\ & (4.58) \end{aligned}$ | $\begin{aligned} & 0.263 \\ & (13.48) \end{aligned}$ | . 65 | 6.670 |
| le | $\begin{aligned} & 0.301 \\ & (0.69) \end{aligned}$ | $\begin{aligned} & \text { 1. } 132 \\ & (0.76) \end{aligned}$ | $\begin{aligned} & -4.919 \\ & (-2.93) \end{aligned}$ | $\begin{aligned} & 0.073 \\ & (0.76) \end{aligned}$ | $\begin{aligned} & 0.159 \\ & (4.05) \end{aligned}$ | $\begin{aligned} & 0.268 \\ & (13.93) \end{aligned}$ | . 67 | 6.492 |

Turning to equation la of Table 1 , it is observed that NCHANN has the correct sign, but is statistically non-significant. : Since signs were hypothesized for all coefficients, one-talled tests will be utllized throughout the discussion. Using a . 05 level of significance, this means $t$ values exceeding 1.645 in absolute value are associated with "significant" coefficients, provided the sign is as hypothesized. . Since a larger value of BSTRCP is associated with poorer reception, this variable also has the expected sign, and is further statistically highly significant. At the point of means, the elasticity of PCTSTAY with respect to BSTRCP is only 0.076 , but this is misleading because of the boundedness of the latter variable. Another way to intercept the coefficient magnitude is to note that if reception on the best channel is improved one point on the reception scale (e.g., from 4 to 3), PCTSTAY wi11 increase by 2.8 percentage points, or, since the mean of the 272 observations on PCTSTAY in the sample was 66.8 , an increase of 4.2 percent in PCTSTAY will result.

The results regarding "non-reception attributes" will be discussed briefly, in that the validity of the results regarding reception variables depend to an extent on the specification of the entire equation. Fuli results are reported in Table 1 for the interested reader. The PSWR and MUNW varlables were included as proxies for the development of community infrastructure more generally. They are imperfect proxies for this, but were the best available from census data. Since it was assumed greater infrastructure development would lead to higher stayer ratios, positive signs were hypothesized for both coefficients. This expectation was
realized for PSWR, which is significant, but MUNW has the wrong sign. This appears to be due to multicollinearity, since the simple correlation between PSWR and MUNW is high ( $r=.76$ ), and the simple correlations between both of these variables and PCTSTAY are positive. The usual correction for this problem would be to drop MUNW from the regression and re-estimate. This was not done here because we were not particularly interested in the coefficient for MUNW and wished to account for the maximum amount of variation in PCTSTAY due to non-reception attributes. Thus, all variables originally introduced are included in the equations reported in Table 1 , whether they turned out to be significant or not.

It was hypothesized that married persons would be less mobile than single persons, even after correcting for home ownership patterns. The results contradict this, as the coefficient for MARR is negative with large $t$ values in all equations. This again appears to be a multicollinearity problem, as the simple correlation between MARR and OWNED is 0.74 , and both variables have positive simple correlations with PCISTAY. Unlike the case of PSWR and MUNW, where both variables were assumed to be proxies for the same effect, however, MARR and OWNED measure two distinct effects. Hence further investigation of the main effects and interaction of the latter two variables is a legitimate topic for future research for those persons interested in such things. The point germane to the current study is that the "strange" sign attached to the coefficient of the MARR variable appears potentially explainable, and does not in the authors' judgement detract from the reliability of the results regarding reception variables.

The migration literature suggests that young adults and more highly educated people tend to be more mobile than others. Both of these hypotheses are strongly supported by the results in Table 1.

Regarding the industry mix variables, it was expected that areas with a high proportion of their labour force engaged in the extractive industries, forestry and mining, would exhibit relatively low stayer rates. Because these industries are raw-materials oriented, they are often located in undeveloped areas with few amenities. They are also subject to greater fluctuations in the scale of operations due to seasonal and market factors than secondary or tertiary industries, which will operate to reduce the five-year stayer rate. The expectation is fulfilled for the case of forestry, but the coefficient for MINE is non-significant in all equations. The reasons for this latter result are not clear, but scattered evidence suggests the turnover rate, and hence the outmigration rate, may be lower in mining than in forestry. Again, this is an interesting, topic for further research not critically relevant here. The third industry:mix variable, MFG, has the expected positive sign and is highly significant.

One would expect stayer rates to be high where employment stability is high. This expectation is confirmed by the results for the FYRM variable.

None of the climatic variables is statistically significant, and one would have expected a negative sign for SNOW. There is a possible multicolifnearity problem, in that TEMP and SNOW have a simple correlation of -0.77 . There is a more serious potential multicolifnearity problem in
equation 1a, because large numbers of channels are received primarily in the metropolitan Vancouver and Victoria areas, and these areas are among the warmer and more snow-free areas of the province. This problem is less severe in the other equations, and does not occur with respect to the BSTRCP variable. On the basis of additional testing, we feel (i) there is some evidence stayer rates are affected by climatic variables, and (ii) the collinearity between NCHANN and the climatic variables does not seriously affect the reliability of the estimate of the effect of number of channels, particularly as the latter is measured in equations 1 b and 1 c .

The conclusion about the influence of climatic variables is based on principal components analysis of the independent variable set, where a fairly clearly defined climate component was isolated which turned out to be significantly related to PCTSTAY with the expected sign. These results are not reported herein. The conclusion regarding the reliability of the coefficients for the reception variables is based on the results of reestimating equation 1 b dropping the three climatic variables. This results In a coefficient for $C_{1}$ of -4.717 with a $t$ value of -3.82 , and a coefficient for BSTRCP of -2.677 with a $t$ value of -4.03. These results are close to those reported in Table 1.

The coefficients for both income variables are positive, as expected, although neither is statistically significant. The large coefficients for AVINCF (relative to AVINCM) are probably due in part to the absence of a female labour, force participation rate variable in the equation. The specification could be improved, at least cosmetically, by including this variable and combining the two average income variables into one overall average.

The male/female ratio was introduced as a proxy for "degree of development" (see Piekaar, 1975, p. 21). The coefficient has the expected negative sign and is strongly significant.

The native Indian variable was originally introduced to account for expected differences in migration rates in those AA's which were primarily composed of Indian reserves. These $A A^{\prime}$ 's were dropped due to other considexations when the sample was decreased from 374 to 272 observations, but the variable was retained. In three of the five equations reported in Table 1 , NIND has the expected positive sign and in two cases the $t$ value exceeds unity.

The OWNED variable has the expected sign and is strongly significant. As noted above, the coefficient magnitude is unreliable due to collinearity with percent married.

Finally, the coefficient of the population growth variable is positive, as expected, with an extremely large $t$ value. Part of this could be spurious, in that measurement exrors in POP 66 will bias this coefficient upward given that 1966 population appears in the denominator of both PCTSTAY and GROW. Further, it was previously noted that $P_{6} P_{6}$ contains potentially serious measurement error: We do not, therefore, advise literal interpretation of the coefficient of GROW; it is biased upward to an unknown extent. This should not seriously affect interpretation of the effects of the reception variables.

It was then decided to test for nonlinearities in the effects of the reception variables. Looking first at NCHANN, it was felt that adding one
more channel would have a different impact if only one channel was received previously than if six channels were received previously, for example. Experimenting with various combinations of dummies it was determined that the effect of number of channels on PCTSTAY is such that if either one or two channels are received, PCTSTAY is negatively affected by approximately the same magnitude, but if three or more channels are received, there is no significant difference in the effect on PCTSTAY as more channels are added. Thus equation 1 lb is reported, where the variable $\mathrm{C}_{1}$ is substituted for NCHANN. This variable is equal to unity in AA's where only one or two channels are received, and equal to zero in all other AA's. The $C_{1}$ variable is strongly significant with the expected sign, whereas in equation 1a NCHANN is statistically non-significant. The interpretation of the coefficient of $C_{1}$ is that the stayer rate is 4.55 percentage points higher, on average, in areas which receive three or more channels than it is in areas which receive only one or two channels.

Since it was felt there might be nonlinearity in the effect of BSTRCP on PCTSTAY as well, equation 1 c was estimated, using in this case three dummy variables defined as follows:
$\begin{aligned} & \mathrm{R}_{1}= \text { unity for AA's where BSTRCP is one but less than two; zero in } \\ & \text { other } A A^{\prime} \mathrm{s} \text {. }\end{aligned}$
$R_{2}=$ unity for AA's where BSTRCP is two but less than three; zero in other $A A^{\prime} s$.
$\begin{aligned} & R_{3}= \text { unity in AA's. where BSTRCP is three but less than four; zero in } \\ & \text { other } A A^{\prime} s \text {. . . }\end{aligned}$ The interpretation of the coefficients for these dummies is that stayer rates are 6.68 percentage points higher in areas with best reception codes
in the range $1<2$ than in areas with best reception codes of 4 or more; 2.92 percentage points higher in areas with codes in the range $2<3$ than in areas with codes of 4 or more; and 2.69 percentage points higher in areas with codes in the range $3<4$ than in areas with codes of 4 or more. The $t$ values reported in Table 1 refer to tests of these differences against a null hypothesis of zero.

Other comparisons are made by subtraction. Comparing areas with codes $1<2$ to areas with codes $2<3$ the coefficient is 3.755 with a $t$ value of 3.21 ; comparing areas with codes $1<2$ to areas with codes $3<4$ the coefficient is 3.993 with a $t$ value of 2.20 ; and comparing areas with codes of $2<3$ to areas with codes of $3<4$ the coefficient is 0.238 with a $t$ value of 0.14. In sum, areas with reception codes in the range $1<2$ are significantly different from all other areas, but all other comparisons are statistically non-significant. There were 152 areas in the sample with reception codes of $1<2,83$ with codes of $2<3,29$ with codes of $3<4$, and 8 with codes of 4 or more. Of the 152 areas in the first category, 123 are in or near Vancouver and Victoria, and the remainder are in Penticton, Kamloops, and Prince George.

Thus the only statistically significant comparisons found essentially distinguish major urban centres from the rest of the province. This could be a spurious result, in that the reception attribute could be serving as a proxy for a large number of infrastructure attributes associated with urban centres which were not entered into the analysis. We will return to this question later, but will emphasize at this point that the coefficients
for $R_{2}$ and $R_{3}$ have expected relative magnitudes and $t$ values in excess of unity when compared to the omitted class (code 4 or more).

It was felt that a potential reason for the statistically weak results for the best reception dummies in equation lc might be that we were trying to "get too much" from the data by estimating the effects of number of channels and reception code separately. Some empirical verification for this point is provided by the simple correlations between $C_{1}$ and the best reception dummies, in that areas which receive only 1 or 2 channels tend to be areas which have high reception codes (poor reception). We thus built the TOTRCP variable in an attempt to avoid this problem. As noted In equation $1 d$, this variable is just barely statistically significant, which is an incongruous result in terms of the results for equations previously discussed. It was determined that TOTRCP, as constructed, is not interpretable as a ratio scale. For example, the value of TOTRCP in Victoria is 13.47 and in Vancouver 28.00. In short this variable, if interpreted as a ratio scale, says reception in Victoria is twice as good as in Vancouver. Further, since the theoretical maximum for TOTRCP is 60, reception in Vancouver is barely twice as good as no reception whatever.

We thus converted TOTRCP into a set of dummy variables defined as:
$\mathrm{T}_{1}=\begin{aligned} & \text { unity for } A A^{\prime} \text { 's where TOTRCP is } 30 \text { but less than } 40 \text {; zero in } \\ & \text { other } A A^{\prime} s \text {. }\end{aligned}$
$T_{2}=$ unity for $A A^{\prime}$ 's where TOTRCP is 40 but less than 50 ; zero in other AA's.
$\mathrm{T}_{3}=$ unity for $A A^{\prime}$ s where TOTRCP is 50 but less than 55 ; zero in
other $A A^{\prime} s$.
$T_{4}=\begin{aligned} & \text { unity for } A A^{\prime} s \text { where } T O T R C P \text { is } 55 \text { or more; zero in other } \\ & A A^{\prime} s \text {. }\end{aligned}$

The results are reported in Table 1 as equation le. A11 coefficients have the expected sign, relative magnitude are as expected, and all are statistically significant compared to the excluded category (Total reception codes less than 30 ). Proceeding as we did with equation leg we can get coefficients for other comparisons by subtraction and test each difference for statistical significance. The results are shown in Table 2.

Table 2: Pairwise Comparisons for Total Reception Dumies in Equation le

| Comparison | Coefficient | t Value <br> $T_{4}-T_{1}$ |
| :---: | :---: | :---: |
| $T_{4}-T_{2}$ | -6.006 | 2.99 |
| $T_{4}-T_{3}$ | -4.944 | 2.45 |
| $T_{3}-T_{1}$ | -3.049 | $\ddots$ |

Thus of: the ten pairwise comparisons possible, all but four are significant. There is no significant difference in PCTSTAY among areas with total reception codes in the range $30<55$, though all comparisons have the correct sign even in this range, and the comparisons between $T_{4}$ and $T_{3}$ and $T_{3}$ and $T_{1}$ have substantial $t$ values. There were a total of $100 \mathrm{AA}^{\prime} \mathrm{s}$ with TOTRCP less than 30,79 with codes of $30<40,26$ with codes of $40<50$, 22 with codes of $50<55$, and 45 with codes of 55 and
over. Given that both of the extreme groups are statistically significant or nearly so compared to all other groups individually, and that both extreme groups contain substantial numbers of AA's; this is strong evidence that reception does affect PCTSTAY.

We also estimated $\neq 0$ equation using the rank value of TOTRCP instead of the variable itself. (A procedure suggested in Communications Canada, April 1975, p. 11.) The rank varlable had a coefficient of -0.024 with a $t$ value of -2.40 , in short statistically significant with the expected sign. The $t$ value is not as large as would have been expected however. This may be due in part to the ranking algorithm used, which randomiy assigns ranks among tied observations, but we suspect is mostly evidence of remaining non-1inearity in the rank series. We regard the estimates using dummy variables as more reliable and more easily interpretable.

Since the primary evidence in this report bearing on the question of whether reception affects turnover, and if so in what manner and to what extent, rests on analysis of the cross-section data, we felt it incumbent upon us to investigate additional properties of the sample data. The direction this supplemental analysis took was an analysis of selected interaction effects, specifically between education and reception and age and reception.

Kirsh, et. al. (1973, p. 121), note that there are no substantial differences In television viewing activity by age and education, but "the oldest group, the least educated, students, and housewives were, however, more noticeable among the heavy viewers than among the light
viewers". This does not provide any a priori hypotheses regarding our results; as one could expect heavy viewers would be more concerned about reception; or that heavy viewers are by revealed preference more satisfied with current reception and programming.

In any event we proceeded by simply introducing cross-product terms. Reporting only partial results (the equations contained all of the nonreception variables contained in equation 1 b ) we obtained:
(2) PGTSTAY $=\underset{(-2.44)}{-11.909 C_{1}}-\underset{(-4.89)}{11.546}$ BSTRCP $+\underset{(1.73)}{0.297}\left(\mathrm{C}_{1}\right)($ EDUC $)+$

$$
\begin{aligned}
0.336 \\
(4.05)
\end{aligned} \text { (BSTRCP) (EDUC) }-0.268 \text { EDUC }+\ldots
$$

$$
\begin{aligned}
& {\stackrel{\mathrm{R}^{2}}{ }=.71}_{\text {S.E.E. }=6.04}
\end{aligned}
$$



$$
0.238 \text { (BSTRCP) (AGE) }-0.003 \mathrm{AGE}+\ldots
$$

$$
(-3.25) \quad(-0.02)
$$

$$
\begin{aligned}
& \overline{\mathrm{R}}^{2}=.70 \\
& \text { S.E.E. }=6.19
\end{aligned}
$$

Three of the four cross-product terms are statistically significant, but unfortunately both AGE and EDUC become non-significant, and EDUC and BSPTRP switch sign with substantial $t$ values. The estimations are not viewed as being reliable except perhaps near the point of means, but the directions of effect are interesting. From equations 2 and 3 we derive:
(4) $\quad \delta \operatorname{PCTSTAY} / \delta \mathrm{C}_{1}=-11.909+0.297$ (EDUC)
(5) $\quad \delta$ PCTSTAY $/ \delta B S T R C P=-11.546+0.336$ (EDUC)
(6). $\delta \operatorname{PCTSTAY} / \delta \mathrm{C}_{1}=1.282-0.150$ (AGE)
(7) $\delta$ PCTSTAY $/ \delta B S T R C P=5.376-0.238$ (AGE)

At the means of $A G E$ and EDUC, these expressions provide estimates close to those obtained in equation 1b in Table 1. Areas which have a higher than average percentage of their adult population in the education category "less than 9 years completed" will experience a lower than average response of PCTSTAY to changes in television reception. Similarly, areas which have a higher than average percentage of their adult population in the age group " 20 to 34 years" will experience a higher than average response of PCTSTAY to changes in television reception. To illustrate the magnitude of the effect, consider expression 5. This expression implies that improving the reception code by one unit will increase PCTSTAY by 4.8 percentage points in areas with 20 percent of their population in the education category "less than 9 years", 3.2 percentage points in areas with 25 percent of their population in the same category, and by 1.5 percentage points in areas with 30 percent of their population in this education category.

One could continue in this vein and estimate interaction effects for a11 of the attributes included in the equations in Tab1e 1; indeed one could attempt to estimate all of the interactions simultaneously. Unfortunately this process would introduce so much collinearity into the independent variable set that none of the results would be reliable.

Even in the simple example presented in equation 2 above, the simple correlation between $C_{1}$ and the product $\left(C_{1}\right)$ (EDUC) is 0.97. We do not therefore consider this a useful approach.

In the following section we turn to an interpretation of the magnitude of the coefficients in Table 1, always interpreting these as relevant at the point of means. The proceding discourse on interaction effects is included in this report to emphasize that straightforward application of the results in this paper to specific areas with values of various attributes which depart substantially from the sample mean may provide misleading implications. The current "state of the art" in data analysis simply does not allow simultaneous estimation of effects, tests of their significance, and proper treatment of interaction.

## V. Interpretation of Results

Interpretation of coefficient magnitudes will be restricted to equations 1 c and $1 e_{0}$ given previous comments about deficiencies in the other estimates. The mean number of channels received in those $A A^{\prime}$ 's where $C_{1}$ is unity is 1.379, and in those AA's where $C_{1}$ is zero is 7.584. Thus we have estimated a difference of 6.205 channels is associated with a difference in PGTSTAY of 5.398 percentage points, or 0.87 percentage points per channel. Bearing in mind the nonlinearity in the effect of NGHANN that was the rationale for introducing the $C_{1}$ dummy, we can say that introducing one more channel in an area that previously received only two channels will increase the stayer rate by at least 0.87 percentage points.

To avoid giving a false impression of accuracy, we will round off to one percentage point, which is still probably a conservative estimate.

The mean of BSTRCP for those AA's for which $R_{1}=$ unity is 1.253 , for those for which $R_{2}=$ unity is 2.079 , for those for which $R_{3}=$ unity is 3.234 , and for those with reception codes of four or greater 4.525 . Using the coefficients from equation $1 c$, an improvement in the recep tion code of one unit from a base in the category $2<3$ will increase the stayer rate by $(6.679-2.924) /(2.079-1.253)=4.5$ percentage points. Improving the reception code by one unit from a base in the category $3<4$ will increase the stayer rate by $(2.924-2.686) /(3.234-2.079)=$. 0.2 percentage points. Finally, improving the reception code by one unit from a base in the category 4 plus will increase the stayer rate by $(2.686) /(4.525-3.234)=2.1$ percentage points. The original source for the reception data (Anderson, et. a1., 1973) described reception codes of 1 to 6 as excellent, fine, passable, marginal, inferior and unusable, respectively (more detailed description in source). Thus equation le indicates improving a marginal signal to passable will increase the stayer rate by 2 percentage points, improving a passable signal to fine has no effect $t_{\text {, }}$ on the stayer rate, and improving a fine signal to excellent has a very large ( 4.5 percentage points) effect on the stayer rate. As noted previously, the last comparison is probably contaminated by the fact that excellent signals are received primarily in Vancouver and Victoria, so the reception variable may be serving as a proxy for a number of omitted variables. For most applications of interest ("isolated"
or "very remote" communities), the best estimate available from equation lc is that improving a marginal (or worse) signal to passable will increase the stayer rate by 2 percentage points. The reader is reminded that this last comparison is based on a very small number of observation points, as there are only eight $A A^{\prime}$ s in the reception category 4 plus.

Since the "weak" results from equation lc are due in part to attempting to estimate the effects of number of channels and reception quality separately, let us turn to equation 1e. The means of TOTRCP are: 33.980 for $A A^{\prime}$ 's for which $T_{1}=$ unity, 44.304 for $A A^{\prime} s$ for which $T_{2}=$ unity, 52.784 for $A A^{\prime}$ s for which $T_{3}=$ unity, 56.585 for $A A^{\prime}$ s for which $T_{4}=$ unity, and 24.248 for $A A^{\prime}$ 's in the omitted class, TOTRCP less than 30. We will focus attention only on a comparison of the two categories for which TOTRCP is largest, but means of othex categories are provided so that the interested reader can perform other comparisons if desired.

AA's with total reception codes of 55 or more are characterized by reception of one channel with excellent signal, two channels with passable signal, or possibly three channels with marginal to inferior signals. AA's with total reception codes of 50 but less than 55 are characterized by reception of two channels with fine to excellent reception or three channels with marginal to passable reception. other combinations are possible, but not realistic. For example, if ten channels are received with an inferior signal, TOTRCP $=50$. The source data isolates no areas with this sort of reception profile.

Thus an improvement in reception which would transfer an area from the 55 plus category to the $50<55$ category would in general entail introducing a new channel with passable reception quality or upgrading reception on two previously received channels by a point or two on the reception scale. A point estimate of the effect of such a change on PCTSTAY is $(10.294-7.245)=3.049$ or rough1y three percentage points. If a more minor change is contemplated, say a change of one unit on the tOTRCP scale in areas with TOTRCP approximately equal to 55 , we calculate the effect on PCTSTAY as $3.049 /(56.585-52.781)=0.8$ percentage points. In what follows we will speak of a "basic change" in recëption as consisting of some combination of actions which improves reception by 3 points on the TOTRCP scale, and use as our estimate of effect "two to three percentage points" on the stayer rate.

## VI. Application to Turnover

Finally, we come to the thorny question of applying these results regarding migration rates to quit rates. We frankly do not have data which allow us to do this in a very satisfactory manner, and will hence proceed to note probable effects under different assumption sets. The mean of PCTSTAY for the 45 AA's in our sample with TOTRCP of 55 or greater is 57.8 percent. The crude death rate for British Columbia over the five-year period 1966-1970 averaged 4.18 percent (Statistics Canada, 11-505, pp. 7,12 ). Assuming the areas of interest had death rates equal to the provincial average, this means the outmigration rate over
the five year period was about 38 percent for the average area in the set of areas of interest. A "basic change" in reception in the "average area of interest" would then have reduced the five-year outmigration rate by $2 / 38=5$ percent to $3 / 38=7$ percent.

Assuming average family sizes are the same for "movers" as for "stayers", and that improvements in television reception would not affect the quit decisions of persons who remain in the commuity after quitting, we need three additional pieces of information before we can estimate the effect of reception on quit rates.

1. Some outmigration does not involve quitting, even under our assumptions, in that persons may be unemployed for other reasons and then decide to move. Thus we need to know what percentage of outmigrants quit their previous employment.
2. We need to know overall quit rates, or equivalently, what percentage of persons who quit became outmigrants.
3. Since quit rates are usually expressed in terms of number of quits divided by average employment, we need to convert our five-year outmigration rate into an annual time dimension.

Hard data are not available on any of these points for the areas of interest, and one is forced to rely on scattered evidence and reasonable approximations.

Regarding the first point, Jenness (1969, p. 210), citing other studies, estimates geographical mobility rates for the unemployed to be twice as great as for the employed. Vanderkamp (1973, p. 24) reports
that interprovincial migration rates are 1.5 times as great for the unemployed as for the employed. Since the unemployed may be more limited than the employed in their ability to finance long distance moves, these two estimates are not necessarily inconsistent. Assuming that the proper factor is two, we can solve:
(8) $\frac{\mathrm{OM}_{T}}{\mathrm{POP}_{T}}=\frac{\mathrm{POP}_{E}}{\mathrm{POP}_{\mathrm{E}}} \cdot\left(\frac{\mathrm{OM}_{\mathrm{E}}}{\mathrm{POP}_{\mathrm{E}}}\right)+2 \frac{\mathrm{POP}_{\mathrm{U}}}{\mathrm{POP}_{\mathrm{T}}}\left(\frac{\mathrm{OM}_{\mathrm{E}}}{\mathrm{POP}_{E}}\right)$
to obtain the outmigration rate for the employed, given that we know total outmigration. In the notation, $O M$ refers to outmigration, $P O P$ to population; and $T, E$ and $U$ to total, employed, and unemployed, respectively. The average unemployment rate for British Columbia for the mid-1966 to mid-1971 period was 5.9 percent (Statistics Canada, 11-505, p. 50), and there appears to be no systemmatic difference between "remote", and "nonremote" regions of the province (Statistics Canada, 94-790, p. 15). Using 0.38 for the total outmigration rate and 0.059 for the unemployment rate in equation 8, we get an estimate of 36 percent for the outmigration rate for employed persons. If we assume reception improvements affect the outmigration decisions of employed persons only, than a "basic change" in reception would reduce the five-year outmigration rate of employed persons by $2 / 36=6$ percent to $3 / 38=8$ percent. If we assume reception changes affect employed and unemployed persons' migration decisions equally then the previous estimate of 5 to 7 percent is still valid.

Regarding the overall quit rate, very scanty data are availab1e. Piekaar (1975, p. 53) reports "the turnover rate in large centres like

Kitimat is $40-50 \%$ per year". MacMillan, et. al. (1974, p. 55) report the overall quit rate for 62 mining firms in Manitoba for 1972 to be 35 percent, with an overall separation rate of 42 percent. The latter study further reports (pp. 58-59) the quit rate for employees with less than one year of service to be 77 percent, for employees with one to five years of service to be 30 percent, and for those with over five years of service to be 4.6 percent. These are calculated from the source by dividing quits by tenure category by the simple average of beginning of year and end of year employment in the category.

Regarding the estimation of annual outmigration rates, we had hoped to get information from the Inter-county Migration Data Base System at Statistics Canada, but were unable to gain access to the data in time to include results in this report. Vanderkamp (1973, p. 15) presents interprovincial migration rates based on both five-year and one-year measurement, but the former are for 1956 to 1961 and the latter are for various years in the middle and late $1960^{\prime} s$. The non-coincidence of time periods makes use of this data for our purpose hazardous. Further, there is no good reason to assume the relative sizes of five-year and one-year migration rates are the same for interprovincial as for intermunicipal migration. Finally, the 1971 census (Statistics Canada, 92-745; p. 36) reports a total of 1.5 million intermunicipal moves (assuming a mean of six for the open-ended category "five or more moves") were made in the five year period preceding the census date by the 2 miliion persons aged 5 years and over resident in British Columbia on the census date.

This yields an average annual outmigration rate of 15 percent. It should be noted that this includes an unknown amount of return migration. One indication of the possible size of return flow is that 5.4 percent of the persons we have defined as stayers (persons resident in the same municipality on both the 1966 and 1971 census dates) made intermunicipal moves in the intervening period. Indeed one percent of them made five or more such moves. The 15 percent estimate pertains to the province as a whole, and is not necessarily appropriate for what we have termed the "average area of interest", i.e., a "remote" area. The direction of bias is probably negative, in that five-year outmigration rates in our "areas. of interest", previously estimated to be 38 percent, are higher than the average five-year outmigration rate for the province as a whole, whith is 29 percent when estimated in a comparable manner. If we assume the proportionality between five-year and one-year rates is the same in the "areas of interest" and the province as a whole, the overall outmigration rate in the former areas is $(38 / 29) 15=19.7$ percent per year or 98 percent over a five-year period. Lest this "large" number be confusing, we note that, the interpretation is that over a five-year period there will be 98.3 persons moving out for every 100 persons resident in the area at any one point in time. Such a condition is consistent with even a very high stayer rate, as long as the "mover" group turns over rapidly enough.

One last assumption, and we can conclude this section. We have estimated the effect of a "basic change" in reception on the five-year
outmigration rate as being in the range of 5 to 8 percent. We do not know the effect on the overall migration rate. We will deal with this by presenting results under two polar assumptions. ASSUMPTION I: the effect on the overall migration rate is of the same percentage magnitude as the effect on the five-year migration rate. ASSUMPTION II: the effect on migration other than that captured by the five-year rate is zero. The "truth" undoubtedly lies somewhere between these extremes. Intuitively, since "migration other than that captured by the five-year rate" consists of persons who "came and went" in the five-year interval; it will include a higher proportion of "mobility prone" persons than will the population resident on a given date.

Putting all of these assumptions together, we get Table 3. The final column in this table is derived by multiplying the fourth column times one-fifth of the second column and dividing by the first column, under ASSUMPTION I. Under ASSUMPTION II the same procedure is followed, except the result is multiplied by column 3 and divided by column 2.

It will be observed that part of the variation observed in the last column is due to the assumption regarding the level of the quit rate. If the quit rate is 35 percent, the most likely value for the effect of a "basic change" is a bit over two percent. If the quit rate is 45 percent, the most likely value is a bit less than two percent. In any event, for quit rates in this range it is unlikely that the effect is less than one percent or greater than four percent, accepting the numbers at face value.

Table 3: The Effect of a "Basic Change" in Reception on the Quit Rate under Varying Assumptions. (all numbers are percentages)

| $\therefore \quad$. | . | (1) <br> Quit <br> Rate | (2) <br> Overall Migration Rate | (3) <br> 5-year Migration Rate | (4) <br> Effect on 5-year Rate | (5.) <br> Effect on Quit Rate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSUMPTION |  | 35 | 98 | 38 | 5 | 2.8 |
|  |  | 35 | 98 | 38 | 8 | 4.5 |
|  |  | 45 | 98 | 38 | 5 | 2.2 |
|  |  | 45 | 98 | 38 | 8 | 3.5 |
|  | 1 | 35 | 75 | 38 | 5 | 2.1 |
|  |  | 35 | 75 | 38 | 8 | 3.4 |
|  |  | 45 | 75 | 38 | 5 | 1.7 |
|  |  | 45 | 75 | 38 | 8 | 2.7 |
| ASSUMPTION | II: | 35 | 98 | 38 | 5 | 1.1 |
|  |  | 35 | 98 | 38 | 8 | 1.7 |
|  |  | 45 | 98 | 38 | 5 | 0.8 |
|  |  | 45 | 98 | 38 | 8 | 1.4 |
|  |  | 35 | 75 | 38 | 5 | 1.1 |
|  |  | 35 | 75 | 38 | 8 | 1.7 |
|  |  | 45 | - 75. | 38 | 5 | 0.8 |
|  |  | 45 | $\therefore 75$ | 38 | 8 | " 1.4 |

## VII. Costs of Turnover

It is generally desired that economic benefits be expressed in dollars, which in the case of turnover reduction implies obtaining an estimate of the "average cost of a quit". We did not undertake any large scale research project on the costing question, but did perform a literature search and an informal survey of personnel supervisors and other presumed experts in the area. The modal response from all sources was $\$ 1,000$ per.quit, with several qualifiers about why "no one really knows". We thus have no hard empirical results to report, but do have some observations on the subject which may prove useful to persons contemplating further work in the area.

First, for anyone contemplating survey work, personnel departments are the logical survey respondents. Unfortunately, high positional replacement costs are apparently viewed in some personnel departments as potential evidence of inefficiency in the department. This can lead to downward biased estimates of cost per replacement in survey responses.

Second, most of the models in the literature, e.g., Flamholtz (1973), ignore one possible employer response to turnover, usually termed "1abour hoarding". This is defined as keeping more people on payroll than one really needed in order to avoid the "stockout costs" of running shorthanded. The "extra" workers are usually assumed to be assigned to nonessential maintenance. It is very difficult to measure the costs of such activity.

Third, most models ignore or incompletely capture the effects of very basic changes in operations which may be due to the problem of attracting and holding workers in remote areas. For example, sawmiling is a weight-losing process, and transport cost considerations should dictate locating mills near the source of supply of logs. "This may be uneconomical if labour turnover would be much higher in a mill near the source of supply than in one nearer to amenities. Again, this is a very difficult cost to measure. This is not a serious problem for the current application, since it appears changes in television reception have only marginal effects on turnover.

Finally, it may be worthwhile to note the obvious fact that recruitment costs are generally much higher in remote locations than in more
urban areas, and the effect of reception on turnover costs is the product of two terms: the effect on turnover rates, previously estimated, and the effect on average cost per quit, which is not estimated. We may thus have a substantial underestimate of the effect of reception changes on total turnover costs. We are led to this speculation on the basis of intuition and the comments of some of the persons we talked to. One employer in the Vancouver area stated he had to hire " 20 men every Monday morning", even with a stable level of operations. He noted that while this was a considerable bother and entailed costs, it was not really too serious because he had no trouble finding 20 men on Monday morning. The situation is different in remote areas where a seven side logging camp may only be running five sides due to inability to attract labour. Again the costs in terms of loss of scale economies are difficult to measure.

We made a very crude and unsuccessful attempt to measure the effects of reception on ability to attract labour. We regressed inmigration over the five-year intercensal period as a percentage of 1971 population in the area on the sets of independent variables found in Table 1. Since GROW is an independent varlable, treated as exogenous, all we obtained was another estimate of population instability. Areas with poor reception have high inmigrant ratios. Some results of this attempt are reported in the next chapter under the latter interpretation. The relevant summary comment at this point is that we have no results substantiating the hypothesis that poor reception may increase the difficulty of attracting labour, nor have we devised a satisfactory means of testing this hypothesis.

CHAPTER 3

CRITIQUE AND SUGGESTIONS

This chapter has several purposes. It briefly presents results from some other relevant studies, discusses directions other than those previously reported which our research took and the results (more generally lack of results) which obtained, briefly summarizes and critiques our own results presented in Chapter 2 , and discusses the fruitfulness of a number of potential directions for future research. While the previous chapter was concerned almost solely with turnover, the current chapter deals with economic benefits of improved reception more generally.

## I. Other Studies

Horsfall, et. al. (1974) did an intensive study of the town of Port Alice, utilizing a personal interview technique. There are three points we wish to draw attention to in this study. First, the large number of factors potentially affecting how satisfied persons are with life in an isolated community treated in the Port Alice study emphasizes how partial our analysis of Chapter 2 has been. Second, some lessons on methodology for studying turnover are apparent. The comments on page 115 regarding the difficulty of performing follow-up interviews of persons who quit suggest the futility of this approach. The information from employer termination files presented in the section beginning on page 120 suggests this information is not very useful either, at least viewed in isolation. The largest single category of reasons for quitting (31.9 percent) is "Personal", and it is impossible to know what this includes.

Exit interview data have some value, and there are better and worse ways of conducting such interviews, but in our opinion little can be learned from such information unless identical interviews are conducted at several locations (at least two) over some period of time Differences in the pattern of responses between locations may be meaningful, but the pattern in any one location viewed in isolation is not. Returning to a point made in Chapter 1 , we suspect the reasons for quitting are made up of a complex combination of considerations which even the individual quitting does not know, and hence cannot explicate.

Finally, the Horsfall study makes brief reference to television reception (pp. 34-5, 142). In response to the question "Are you satis. fied with TV and radio as they are in Port Alice?" only 2.6 percent of respondents answered in the positive. Yet 46.2 percent of respondents reported they spent 14 or more hours watching TV in the average week, and 84.5 percent indicated they would increase viewing hours given better reception, and 90 percent indicated they would increase viewing hours given better variety. "How much" better was apparently left to the respondents ${ }^{\text {i }}$ subjective judgement. On the basis of these findings the authors conclude "reasonable" radio and television service should be provided, with some choice, $\mathrm{i}_{\mathrm{o}} \mathrm{e}$, "at least two stations/channels".

The report by Algar, et. al. (1974) deals with labour turnover at the Aluminum Company of Canada's Kitimat Works. It underscores the importance of employer attributes in any analysis of quit rates, thereby emphasizing the partiality of our analysis in Chapter 2. It contains no information on the effect of television reception, per se.

Bancroft (1975) presented information on a large number of categories of infrastructure in 18 mining communities in British Columbia. This report included estimates of turnover rates for the major employer in each comminity, and data on television reception in the form of a single variable, number of channels received. We experimented with a number of variables from this data base, using principal components analysis to shrink the independent variable set. The intent was (i) to examine the extent to which reception captures an influence distinct from other community attributes, a question of some importance since very few attributes were included in the equations in Chapter 2, and (ii) to examine the relationship between reception and turnover directly instead of by crude inference as was done in Chapter 2, Nothing useful emerged from this attempt for a number of reasons.

1. The sample size is much too small for the intended purpose.
2. Several of Bancroft's variables, particularly turnover rates, are rough approximations.
3. The results in equation 1 a in Table 1 indicate number of channels is not a good measure of reception. Anderson's data (1973) could be matched to only 13 of the 18 observations, which made the sample size too small to be useful. We tried a dummy for communities with only one or two channels; but no useful results emerged.
4. Even accepting the turnover estimates at face value, we are interested in quit rates, not gross turnover rates.
5. Although Bancroft's data contain much information on community
attributes, they cannot be matched with employee attributes, and hence any analysis based on them is also partial.

Finally, a forthcoming study by Hoyt will hopefully yield useful information on the "reception effect" as well as other factors affecting turnover. Samples of persons employed by mining companies in seven different communities were extensively interviewed regarding their perceptions of both community and job-related factors, as well as objective information. When analyzed in conjunction with information from employer records, this data base will allow simultaneous estimation of the effects of community attributes (including television reception), employer attributes and worker attributes, obviating the necessity to make unrealistic assumptions regarding additivity and interactions as we did in Chapter 2.

There are a number of other studies regarding labour turnover (see, for example, the bibliography in MacMillan, et. al., 1974), none of them relating specifically to British Columbia. Still, it is surprising that the phenomenon has received so little attention and that so little is known about it. Logically, any study of the effects of television on turnover should be a minor extension to previous studies of turnover itself. We were severely handicapped in our attempt to look at the reception effect by the paucity of studies regarding turnover more generally, and lack of data on the phenomenon.

## II. Other Empirical Results

As noted previously, we regressed inmigrants as a percentage of 1971 population, denoted PCTINM, on the sets of independent variables shown in

Table 1. Results from two variants are reported in Table 4. These results indicate that inmigration rates are higher where reception is worse, i.e., they show the effects on the other side of the turnover formula. They are not directly useful in estimating turnover costs, but do give some information about population stability. They are included here primarily because the denominator for the dependent variable does not contain the measurement errors potentially present in the denominator of PCTSTAY, yet statistical significance is generally present for the reception variables. No detailed analysis of these results was conducted, though a generalized pattern of sign reversals between equations $4 a$ and $b$ and the corresponding equations in Table 1 was noted. The main exception to this result is the variable GROW ${ }^{\prime}$. which is strongly and positively related to both PCTSTAY and PCIINM.

There is an obvious specification error in equations $4 a$ and $b$, in that since growth is measured in terms of population change, there is substantial severse causation. This problem is probably not serious in the equations in Table 1 , though it is still present. The obvious solution is to specify an additional equation using GROW as an independent variable, respecify the PCTINM equation and re-estimate the resulting three equation system simultaneously. This would entail obtaining additional variables affecting growth in order for the system to be identified. We forsee serious data problems in doing this; but it is a possibly fruitful direction for further research. (See MacMillan and Lu and bibliography therein regarding regional growth and development models).

Table 4: Supplementary Regression Results ( $t$ values in parentheses)

| Eqn. No. | Dependent <br> Variable | Intercept | BSTRCP | $\begin{gathered} \text { Channels } \\ \text { Dummy } \\ C_{1} \end{gathered}$ | Total Reception Dunmies |  |  |  | PCTCOLOUR | PSWR | MUNW. |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | $\begin{aligned} & \mathrm{T}_{1} \\ & 30<40 \end{aligned}$ | $\begin{aligned} & T_{2} \\ & 40<50 \end{aligned}$ | $\begin{gathered} T_{3} \\ 50<55 \end{gathered}$ | $\begin{aligned} & \text { T4 } \\ & 55+ \end{aligned}$ |  |  |  |
| 4 a | PCTINM | $\begin{aligned} & 57.579 \\ & (6.08) \end{aligned}$ | $\begin{aligned} & 1.808 \\ & (2.86) \end{aligned}$ | $\begin{aligned} & 3.644 \\ & (3.00) \end{aligned}$ |  |  |  |  |  | $\begin{aligned} & -0.027 \\ & (-1.49) \end{aligned}$ | $\begin{aligned} & 0.020 \\ & (0.59) \end{aligned}$ |
| 4b | PCTINM | $\begin{aligned} & 58.508 \\ & (6.17) \end{aligned}$ | , |  | $\begin{aligned} & 4.426 \\ & (3.75) \end{aligned}$ | $\begin{aligned} & 4.078 \\ & (2.41) \end{aligned}$ | $\begin{aligned} & 5.543 \\ & (2.87) \end{aligned}$ | $\begin{aligned} & 7.358 \\ & (3.75) \end{aligned}$ |  | $\begin{aligned} & -0.015 \\ & (-0.81) \end{aligned}$ | $\begin{aligned} & -0.014 \\ & (-0.40) \end{aligned}$ |
| 4 c | PCT3+ | $\begin{aligned} & 44.590 \\ & (4.64) \end{aligned}$ |  |  | $\begin{aligned} & 2.637 \\ & (2.20) \end{aligned}$ | $\begin{aligned} & 1.920 \\ & (1.12) \end{aligned}$ | $\begin{aligned} & 2.434 \\ & (1.24) \end{aligned}$ | $\begin{aligned} & 2.100 \\ & (1.05) \end{aligned}$ |  | $\begin{aligned} & 0.015 \\ & (0.77) \end{aligned}$ | $\begin{aligned} & 0.007 \\ & (0.20) \end{aligned}$ |
| 4d | PCT5+ | $\begin{aligned} & 17.491 \\ & (3.12) \end{aligned}$ |  |  | $\begin{aligned} & 1.188 \\ & (1.70) \end{aligned}$ | $\begin{aligned} & 0.948 \\ & (0.95) \end{aligned}$ | $\begin{aligned} & 1.464 \\ & (1.28) \end{aligned}$ | $\begin{aligned} & 1.381 \\ & (1.19) \end{aligned}$ |  | $\begin{aligned} & 0.012 \\ & (1.08) \end{aligned}$ | $\begin{aligned} & 0.020 \\ & (0.96) \end{aligned}$ |
| 4 e | PCTSTAY | $\begin{aligned} & 37.483 \\ & (3.86) \end{aligned}$ |  |  |  |  |  |  | $\begin{aligned} & 0.157 \\ & (2.27) \end{aligned}$ | $\begin{aligned} & -0.053 \\ & (-0.31) \end{aligned}$ | $\begin{aligned} & 0.055 \\ & (0.17) \end{aligned}$ |

Table 4 cont'd

| Eqn. No. | MARR | EDUC | AGE | FOREST | MINE | MFG | FYRM | TEMP | PRECIP | SNOW | AVINCM |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 4 a | $\begin{aligned} & 0.218 \\ & (2.55) \end{aligned}$ | $\begin{aligned} & -0.320 \\ & (-4.27) \end{aligned}$ | $\begin{aligned} & 0.327 \\ & (5.04) \end{aligned}$ | $\begin{aligned} & 0.228 \\ & (2.42) \end{aligned}$ | $\begin{aligned} & 0.083 \\ & (0.83) \end{aligned}$ | $\begin{gathered} -0.185 \\ (-3.51) \end{gathered}$ | $\begin{gathered} -0.242 \\ (-3.60) \end{gathered}$ | $\begin{gathered} -0.153 \\ (-2.01) \end{gathered}$ | $\begin{aligned} & 0.015 \\ & (0.91) \end{aligned}$ | $\begin{gathered} -0.036 \\ (-1.66) \end{gathered}$ | $\begin{aligned} & 0.073 \\ & (0.20) \end{aligned}$ |
| 4 b | $\begin{aligned} & 0.161 \\ & (1.85) \end{aligned}$ | $\begin{aligned} & -0.279 \\ & (-3.65) \end{aligned}$ | $\begin{aligned} & 0.333 \\ & (5.02) \end{aligned}$ | $\begin{aligned} & 0.262 \\ & (2.70) \end{aligned}$ | $\begin{aligned} & 0.071 \\ & (0.70) \end{aligned}$ | $\begin{gathered} -0.179 \\ (-3.28) \end{gathered}$ | $\begin{aligned} & -0.266 \\ & (-3.82) \end{aligned}$ | $\begin{gathered} -0.072 \\ (-0.82) \end{gathered}$ | $\begin{gathered} -0.002 \\ (-0.14) \end{gathered}$ | $\begin{aligned} & -0.022 \\ & (-0.99) \end{aligned}$ | $\begin{aligned} & 0.053 \\ & (0.14) \end{aligned}$ |
| 4 c | $\begin{aligned} & -0.040) \\ & (-0.46) \end{aligned}$ | $\begin{aligned} & -0.050 \\ & (-0.65) \end{aligned}$ | $\begin{aligned} & 0.319 \\ & (4.73) \end{aligned}$ | $\begin{aligned} & -0.061 \\ & (-0.62) \end{aligned}$ | $\begin{aligned} & 0.079 \\ & (0.77) \end{aligned}$ | $\begin{gathered} -0.007 \\ (-0.13) \end{gathered}$ | $\begin{aligned} & 0.011 \\ & (0.15) \end{aligned}$ | $\begin{gathered} -0.045 \\ (-0.51) \end{gathered}$ | $\begin{aligned} & -0.026 \\ & (-1.45) \end{aligned}$ | $\begin{gathered} -0.016 \\ (-0.69) \end{gathered}$ | $\begin{aligned} & -0.365 \\ & (-0.96) \end{aligned}$ |
| 4d | $\begin{aligned} & -0.020 \\ & (-0.38) \end{aligned}$ | $\begin{aligned} & -0.021 \\ & (-0.47) \end{aligned}$ | $\begin{aligned} & 0.188 \\ & (4.79) \end{aligned}$ | $\begin{aligned} & -0.014 \\ & (-0.25) \end{aligned}$ | $\begin{aligned} & 0.048 \\ & (0.81) \end{aligned}$ | $\begin{aligned} & 0.003 \\ & (0.10) \end{aligned}$ | $\begin{aligned} & -0.110 \\ & (-2.67) \end{aligned}$ | $\begin{gathered} -0.014 \\ (-0.27) \end{gathered}$ | $\begin{gathered} -0.022 \\ (-2.10) \end{gathered}$ | $\begin{aligned} & -0.011 \\ & (-0.85) \end{aligned}$ | $\begin{gathered} -0.296 \\ (-1.34) \end{gathered}$ |
| 4 e | $\begin{aligned} & -0.237 \\ & (-2.41) \end{aligned}$ | $\begin{aligned} & 0.244 \\ & (3.24) \end{aligned}$ | $\begin{aligned} & -0.316 \\ & (-3.97) \end{aligned}$ | $\begin{aligned} & -0.324 \\ & (-3.24) \end{aligned}$ | $\begin{aligned} & -0.644 \\ & (-0.56) \end{aligned}$ | $\begin{aligned} & 0.187 \\ & (3.15) \end{aligned}$ | $\begin{aligned} & 0.274 \\ & (4.08) \end{aligned}$ | $\begin{aligned} & 0.029 \\ & (3.58) \end{aligned}$ | $\begin{gathered} -0.019 \\ (-1.07) \end{gathered}$ | $\begin{aligned} & 0.014 \\ & (0.58) \end{aligned}$ | $\begin{aligned} & -0.309 \\ & (-0.72) \end{aligned}$ |

Table 4 cont'd

| Eqn. No. | AVINCF | M/F | NIND | OWNED | GROW | $\bar{R}^{2}$ | S.E.E. | n. |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 4 a | $\begin{gathered} -3.930 \\ (-3.21) \end{gathered}$ | $\begin{aligned} & 1.959 \\ & (1.38) \end{aligned}$ | $\begin{aligned} & -0.215 \\ & (-2.67) \end{aligned}$ | $\begin{gathered} -0.224 \\ (-6.76) \end{gathered}$ | $\begin{gathered} 0.179 \\ (11.02) \end{gathered}$ | . 75 | 5.520 | 272 |
| 4 b | $\begin{aligned} & -2.825 \\ & (-2.21) \end{aligned}$ | $\begin{aligned} & 1.787 \\ & (1.24) \end{aligned}$ | $\begin{aligned} & -0.170 \\ & (-2.04) \end{aligned}$ | $\begin{aligned} & -0.211 \\ & (-6.25) \end{aligned}$ | $\begin{aligned} & 0.185 \\ & (11.22) \end{aligned}$ | . 75 | 5.560 | 272 |
| 4 c | $\begin{gathered} -5.424 \\ (-4.18) \end{gathered}$ | $\begin{aligned} & 4.230 \\ & (2.90) \end{aligned}$ | $\begin{aligned} & 0.035 \\ & (0.41) \end{aligned}$ | $\begin{gathered} -0.137 \\ (-4.01) \end{gathered}$ | $\begin{gathered} -0.036 \\ (-2.16) \end{gathered}$ | . 50 | 5.642 | 272 |
| 4 d | $\begin{gathered} -1.279 \\ (-1.69) \end{gathered}$ | $\begin{aligned} & 4.103 \\ & (4.83) \end{aligned}$ | $\begin{aligned} & 0.030 \\ & (0.60) \end{aligned}$ | $\begin{aligned} & -0.057 \\ & (-2.84) \end{aligned}$ | $\begin{aligned} & -0.024 \\ & (-2.43) \end{aligned}$ | . 51 | 3.286 | 272 |
| 4 e | $\begin{aligned} & 3.150 \\ & (2.39) \end{aligned}$ | $\begin{aligned} & -4.203 \\ & (-2.33) \end{aligned}$ | $\begin{aligned} & 0.155 \\ & (3.13) \end{aligned}$ | $\begin{aligned} & 0.190 \\ & (5.37) \end{aligned}$ | $\begin{gathered} 0.226 \\ (14.55) \end{gathered}$ | .63 | 7.393 | 374 |

In an attempt to investigate further the question of population stability, we constructed variables representing the number of persons resident in an $A A$ who had made three or more intermunicipal moves in the preceding five years as a percent of total inmigrants aged five years and over present in the $A A$ as of the census date, and the same variable substituting those who had made five or more moves in the numerator. These are denoted PCT3+ and PCT5t, respectively. The results of regressing these variables on the set of independent variables did not produce any statistically significant coefficients for the reception variables, though the signs indicate highly mobile populations are more prevalent outside of Vancouver and Victoria. Interestingly, the presence of highly mobile persons in disproportionate numbers is negatively and significantly related to growth. Results for one variant of these equations are reported as 4 c and d in Table 4. The only notable difference between the two equations is that the coefficient of FYRM is positive and insignificant in the PCT3+ equation and negative and significant in the PCT5+ equation. This is probably a reverse causation effect, in that persons who made five or more moves probably missed more than two weeks of work simply due to the moving activity.

We also did some work using a different variable to measure reception quality. This was the percentage of occupied dwellings which contained at least one colour television set, denoted PCTCOLOUR. This variable is obviously contaminated by income effects, but is seems reasonable to assume that persons in a given income class will be more likely to
purchase a colour set in areas with good reception than in other areas. Since there may be some questions about the quality of Anderson's (1973) data (see Communications Canada, 1975 , pp. 8-9) or the manner in which we have used these data, we report some summary results using PCTCOLOUR. It should be noted that we consider Anderson's data reliable enough for our purposes, and present the results on PCTCOLOUR only as supplemental information.

Our initial work with PCTCOLOUR, performed prior to obtaining the Area Aggregate data tapes from Statistics Canada, used data disaggregated to the Census Division (CD) level (29 observations) from the 1971 Census. A different set of independent variables was used in this initial work than in the equations reported in Chapter 2. These were (sources cited in bibliography):

MARR $=$ percent of total 1971 population which was married.
FORMIN $=$ percent of 1971 labour force engaged in forestry and mining.
$S E C=$ percent of 1971 labour force engaged in manufacturing and construction.

MALE $=$ percent of total 1971 population which was male.
AGE $=$ percent of 1971 population over the age of 14 which was aged 20-34 years.

LT9 $=$ percent of 1971 population over the age of 14 , not attending school, which had an educational attainment of less than 9 years.
$\mathrm{CHS}=$ similar, educational attainment of completed high school.

GROW $=$ percentage change in population, 1966 to 1971 (1966 population by census division is published, and need not be estimated).

FARM $=$ percent of 1971 population living on farms．
NIND $=$ percent of 1971 population whose ethnic origin was native Indian。

OWNED $=$ percent of occupied dwellings owned by occupants．
URB $=$ percent of 1971 population living in urban areas．
TENPLUS $=$ percent of 1971 population living in urban areas of 10,000 or more total population。

PRECIP $=$ average annual rainful for some location near the center of the CD．

SNOW $=$ similar，mean January temperature。
PCTCOLOUR $=$ percent of occupied dwellings with at least one colour television set．

On the basis of this preliminary work，the set of independent vari－ ables used in the equations reported in Chapter 2 was selected，condi－ tioned by applicability and data availability．Those variables which appeared unrelated to the dependent varlable，PCTSTAY，in the preliminary work，e．g．，CHS and UNIV，were not used in the work on the AA data base．

Results of this preliminary work are not presented here in detail． （available from the authors on request），but in summary putting the 1.8 independent variables into a multiple regression with only 29 observa－ tions produced serious multicollinearity problems of complex types．The PCTCOLOUR variable was not as seriously affected by this as were most other variables；so the remaining 17 variables were run through a princi－ pal components analysis（using $\left.V^{2} \notin r i m a x ~ r o t a t i o n\right) ~ t o ~ s h r i n k ~ t h e ~ i n d e p e n-~$ dent variable set．Four components with eigenvalues in excess of unity were isolated．The first factor is not clearly identifiable，but appears
to include all population characteristics excluding education. The second component is a climate factor, the third an education factor, and the fourth an urbanization factor.

These four factors were introduced into a multiple regression along with PCTCOLOUR, yielding an overall $\mathrm{R}^{2}$ of 0.87 with $t$ values exceeding 2 for all variables, with a coefficient for PCTCOLOUR of 0.75 . Since it is unclear exactly what effects may be picked up by the PCTCOLOUR variable in addition to the intended "reception effect", we regressed PCTCOLOUR on four variables representing the percentage of dwellings with refrigerators, freezers, dishwashers and dryers, calling the residuals from this equation DEVCOLOUR. We regard this latter variable as representing colour set ownership corrected for income effects and any other effects peculiar to consumer durables ownership generally which may affect migration decisions. Curiously, colour television ownership is strongly and positively correlated with refrigerator ownership, less so with dishwashers, and essentially uncorrelated with freezers and dryers.

In any event, regressing PCTSTAY on the four factors from the principal components analysis previously discussed together with DEVCOLOUR yielded a coefficient for the latter variable of 0.70 with an associated t value of 1.65 .

Since these results appeared encouraging; we also introduced PCTCOLOUR and DEVCOLOUR into regression equations using the AA data and all of the non-reception independent variables previously used in Chapter 2. The result for PCTCOLOUR is shown as equation 4 e in Table 4. Since there was
no need to reduce the sample, this equation is based on 374 observations, thus including all $\mathrm{AA}^{\prime}$ 's in the province. The PCTCOLOUR coefficient has a significant $t$ value and a magnitude of 0.157 (versus approximately 0.7 from the CD data). There is no theoretical reason for this radical change in coefficient magnitude. There may be some effect from aggregation bias, but we feel it is due largely to estimation technique differences and in some part to different independent variable sets. Comparing the results for the non-reception variables in equation $4 e$ with those in Table 1 , it is noted that in equation 4 e TEMP and NIND have become significant, the coefficient for AVINCM has changed sign, and the coefficient for AVINCF has increased substantially. On cursory examination these differences appear potentially explainable as collinearity effects, with the equations in Table 1 being the more reliable. Since we regard the results using PCTCOLOUR as supplementary only, we did not investigate in detail.

The means of PCTCOLOUR are 20 percent in AA's with TOTRCP codes less than 30 ; 22 percent where TOTRCP is between 30 and 40,18 percent where TOTRCP is between 40 and 50 , 17 percent where TOTRCP is between 50 and 55, and 12.5 percent where TOTRCP is greater than 55. (These estimates are based on the 272 observation sample.) We can thus get an estimate of the effect of reception changes on PCTSTAY if we consider, as in Chapter 2, a change such that TOTRCP changes from 55 plus to somewhere in the range of $50-55$. This effect is $(17-12.5) \therefore(0.157)=0.7$ percentage points. This estimate assumes, of course, that the proposed
reception change would cause PGTCOLOUR to change by the observed difference in means in the sample data, a point commented upon below. In any event, this 0.7 percentage points estimate compares with an estimate of about 3 percentage points obtained in Chapter 2 (Table 2). The coefficient of PCTCOLOUR obtained from the $C D$ data set of rough 1 y 0.70 , if applied to the observed difference in means provides an estimated effect of approximately 3 percentage points, compatible with the Table 2 estimate.

We also reran equation 4 e with two versions of DEVCOLOUR. substituted for PCTCOLOUR. The first of these used, as in the $C D$ data, the residuals of PCTCOLOUR regressed on percent refrigerators, freezers, dishwashers, and dryers, and yielded a coefficient for DEVCOLOUR of 0.094 with a $t$ value of 1.08. The second was similar, except that percent refrigerators was omitted, and yielded a coefficient for the revised DEVCOLOUR variable of 0.165 with a $t$ value of 1.95. The results for the non-reception variables were similar to those obtained in equation 4 e .

Finally, we investigated the relationship between PCTCOLOUR and the reception variables used in the equations in Table 1 (again using the 272 observation sample)。 The reception variables in equation $1 b$ "explain" over 15 percent of the variations in PCTCOLOUR, those in equation lc "explain" 14 percent, and those in equation le "explain" less than 12 percent. Using an $\mathrm{F}^{\prime \prime}$ test, these are all statistically highly significant percentages, but it is obvious PCTCOLOUR includes very substantial variation other than that due to reception differences. $\therefore$ Regressing

PCTCOLOUR on the reception variables included in equation 1 c together with the variables measuring refrigerator, freezer, dishwasher and dryer ownership increase the $\mathrm{R}^{2}$ to .70 , and the partial $F$ test on the reception variables given the appliance ownership variables yielded a value of 1.2 , which is not significant. Repeating this substituting the reception variables used in equation 1e yielded an $R^{2}$ of 0.72 , with a partial $F$ for the reception variables of 4.6 which is significant.

In summary, the results regarding the PCTCOLOUR variable are, viewed in isolation, unstable and of unknown validity. We view these results as corroborative of the results in Chapter 2, in the sense that PCTSTAY is positively associated with the ownership of colour sets, and the latter is associated with the reception variables in the expected manner. The results regarding PCTCOLOUR are, however, in our opinion an inferior substitute for the results in Chapter 2.

We did some other empirical work, generally yielding negative findings. We subjected the non-reception variables used in the equations in Table 1 to principal components analysis, and obtained reasonably identifiable factors. Six components had eigenvalues exceeding unity, and one of these was clearly a climate component. However, when PCTSTAY was regressed on these six components and various sets of reception variables, the latter were not statistically significant and the $\mathrm{R}^{2}$ were much lower than from the "ordinary" regression results, which did not occur with the CD data base. These findings do not invalidate the results discussed in Chapter 2 , indeed they are weakly corroborative in that the reception
variables had the expected signs and often had substantial $t$ values. However, nothing new was learned from this exercise except that climate does appear to affect population stability.

We also performed many of the empirical estimations previously discussed on an reduced sample consisting of the 113 non-census-tract $A A^{\prime} s$ in the 272 observation sample. We did not obtain any consistent results from this effort, either for the reception variables or for many of the other variables. This may be damaging to our results in Chapter 2 , since the 113 observation sample is relatively free of the confounding of a number of community attributes regarding infrastructure with the reception variables. Our rationalization is twofold. First, attempting to measure an effect as sma11 as the reception effect appears to be requires a large sample for empirical work, and 113 observations may be too small given the crudeness of the data, particularly the assumption that reception variables for the major community in an AA are applicable to the entire AA. Second, community attributes including television reception are interpretable and relevant only relative to feasible alternatives, and in British Columbia living in the Vancouver or Victoria area is certainly a feasible alternative to living in a more remote area. We had hoped to gain some insight regarding this point from the origin-destination data in Statistics Canada's Inter-county Migration Data Base System, but were unable to obtain access to the data in time to include any results in this report. Thus we feel the results from the 272 observation sample are more relevant than those from the non-census-tract sample. Someone
may interject that a sample of 159 census tracts and 113 other $A A^{\prime}$ s is too heavily weighted toward "urban" observations for a study primarily concerned with "remote" areas. Using the arguments above regarding feasible alternatives, and noting that $A A^{\prime} s$ tend to be of approximately equal population sizes, the sample seems appropriate.

## III. Case Study

In the initial proposal for this study, we stated we would attempt personal interview work in some communty which had recently experienced an improvement in television reception, a natural experiment of the "before-after" variety. We expended considerable effort in this direction, with negative results. We report some of the chronology involving this attempt not as a means of rationalizing our failure to perform an analysis we stated an intent to perform, but:because it contains some important methodological lessons for future research work;

Our methodology consisted of obtaining from Communications Canada a list of communties which had experienced substantial changes in television reception at some time in the early $1970^{\prime}$ s. We then selected locations on a serial basis starting with communities which were relatively remote but accessible for interviewers and contacted senior officials in the company representing the major employer in the area. Given this entree we were then referred to a personnel supervisor or accountant from whom we requested data on quit rates covering a period of years including a couple of years before and after the reception change. We found that the employers we contacted were unable to provide these data. They could,
of course, obtain total separation rates from payroll records, but had no record on cause of separation. For the last couple of years the Unemployment Insurance Comission has required that records be kept on cause of termination, but this was apparently not the case previously.

We started out on this with a rather "purist" attitude, seeking an employer with operations in several (at least two) locations, one of which had experienced a change in reception while the other(s) had not. We further wanted to minimize the confounding effect of other changes in comunity or employer attributes. The employer could not provide quit rate data for the one "ideal" experiment (though there were several confounding influences) we isolated.

We "lowered our sights" and contacted employers in other locations, but were stili unable to obtain quit rate data. We considered using gross separation rate data and adjusting this for layoffs and other separations, but since the communities we were looking at were primarily associated with the forest products industry, which has been operating at a low level for the last couple of years, this did not appear practical. We could have performed interview work in communities which had experienced reception changes without concerning ourselves with quit rate changes, or we could probably have obtained quit rates for operations in communities which had not experienced reception changes, but did not see much value in this since Hoyt's forthcoming study will probably provide. more information of this type than we had the time or the resources to generate. Finally we simply "used up" our time frame in series negotiations which never yielded the desired resuits.

On the basis of this experience and information gained from various contacts; we would now make the following points.

1. Nothing of an empirical nature that will allow quantitative estimation of the effect of reception changes on turnover can be learned from "before-after" experiments.
2. Subjective impressions can of course be collected. On the basis of the impressions of persons we contacted, the effect is positive, smal1, tends to deteriorate over time, and is always confounded with other influences.
3. A much more fruitful approach would be a cross section analysis, starting with a mail questionnaire to selected employers to obtain quit rates for the most recent completed calendar year, a la MacMilian, et. al. On the basis of returns to this survey, conduct follow-up interviews of employers and some sample of community residents to obtain information on possible reasons for the level of quit rates in the community. Such a procedure would provide useful complementary information for the estimates we presented in Chapter 2, particularly if it includes an attempt to more precisely estimate the cost of a quit.

## IV. A1coholism

Alcoholism is a serious social problem in British Columbia (see B.C., Alcoho1 and Drug Commission, 1974) involving very substantial economic costs in the form of employee absenteeism, traffic accidents, and use of health and police services. Some persons have advanced the hypothesis that alcohol use and particularly abuse is of ten high in "remote
areas" because of lack of alternative activities, and hence that improved television reception may reduce alcoholism problems.

Our a priori judgement is that such an effect, if it exists, will be small and very difficult to isolate, and it is even possible that television viewing and alcohol consumption are complementary activites. Still the costs of alcoholism are so high that even a small positive reception effect may yield substantial benefits. Thus we feel the hypothesis merits some cursory examination, though it certainly does not at present merit a large scale study.

Data on sales of alcoholic beverages by geographical area have been published by the provincial government (data for 1969-1972 are sumarized in B.C. Department of Industrial Development..., pp. 134-136) for a number of years, in value terms. Recognizing that alcoho1 use and alcohol abuse are not the same thing, and need not necessarily even be highly correlated, we still felt some cursory examination of this data would yield useful preliminary information. The intent was to examine alcohol consumption in volume terms per capita cross-sectionally and particularly with regard to differential changes over time in different areas. If this yielded "interesting" differences, then we Intended to look at gross comparisons with television reception and changes in reception over time.

To do this, one needs volume data, or failing that, a price index for use in deflating the value data. Since all sales in British Columbia are through the Liquor Control Board and price changes are discrete and province wide, a price index utilizing constant weights is reasonably
easy to construct. Of course, constant weights may be unrealistic, in that the mix of beer versus wine versus spirits probably differs from area to area, and possibly also over time.

We thus wrote to the Attorney General's Department about two months ago requesting volume data, if available, or failing that specified information useful in constructing a price index. We had at the time of writing received no reply, and hence have no results to report.

## V. Critique and Summary

The inadequacies of our study are hopefully reasonably clear, as we have attempted to detail difficulties as we perceived them, and have reported at least in general terms our negative as well as positive findings. .. Although we began the project with the subjective view that reception quality did have a positive albeit small effect on turnover and population stability, and it is impossible (and probably undesirable) for anyone to be so "scientific" that they can completely ignore prior subjective judgements when performing empirical work, we do not feel we have "cooked" the results. We could, for example, have improved the statistical significance of the reception variables by dropping selected nonreception variables from the estimations, which we avoided in an attempt to minimize bias due to prior judgements.

The quality of the data utilized, in the sense of applicability as opposed to magnitude of sampling error, is certainly open to question. One can rationalize by noting that it appears to be the "best data
available", and further that it is at least as good as is used in empirical work generally. Further, we have been at pains to document data sources and the various manipulations performed on this data (indeed have presented the observations in the Appendix) so that the results can be replicated by others and various changes in specification and estimation techniques made as desired.

Accepting the results at face value, precisely what have we learned? In point form:

1. Changes in reception appear to have a substantial effect on the five-year outmigration rate, and hence on population stability. Our numerical estimate of this effect is in the range of 5 to 7 percent for a "basic change" in a "remote area". These estimates are of course valid only under the assumptions given, but form a basis for estimating a number of economic benefits, aside from the effect on turnover, which we would categorize under the general term "growth and development".
2. We have a numerical estimate of the effect of a "basic change" In reception on the quit rate in areas of a specified type, i.e., 1 to 4 percent. This estimate derives from the estimate of the outmigration effect, and hence includes all errors present in the latter. In addition, it includes errors due to the crude assumptions we had to make in the absence of hard quit rate data.
3. The main conclusion regarding turnover rates is that some data should be collected on the phenomenon. It is not clear in our opinion that this is or should be the responsibility of the Department of Communications:
4. A modest further effort on the alcoholism question appears warranted。
5. Further research on estimating the "growth" effects of greater population stability appears warranted. Hopefully this can be structured in such a manner that benefits of improved reception in increasing ability to attract workers to remote areas can be isolated.
6. More work is required in the area of estimating the average cost of a quit. . It is again not clear that this is the responsibility of the Department of Communications.
7. Interview work is very useful in checking empirical results, in that numbers alone can yield ridiculous results. However, given Hoyt's forthcoming study and the apparent limitations on what information can be obtained by interview, this does not appear to be a high priority direction of research at the present time. Additional anecdotal information can provide. "political leverage", but will not add much to the understanding of phenomena.

In sum, we have not learned much we didn't suspect at the outset, though we have increased our degree of belief in some propositions. This may seem a disappointingly small step forward, but on the other hand"qui niminum probat, nihil probat"

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## Appendix A

Since the source data underlying the regression estimates in Table 1 in the text are not available in published form, this appendix presents the raw observations used. The observations axe numbered from 1 to 272 in the first column on the following pages, and these represent Area Aggregates in the sequence numbers were assigned to them by Statistics Canada (see Area Aggregate Official List, 1971 Census, Series 1, Part 4d, Western Provinces), from which the following 102 AA's have been deleted, preserving the order of the remaining observations:

8004
8009
8015-8017.
8020-8021
8023-8024
8026
8097-8138
8187
8190
8203-8204
8207
8240
8245-8246
8250
8270-8272
8278-8291

- 8300

8312
8325-8332
8339
8343
8345
8358-8360
8362-8363
8384
8388
8391
8397-8399

A crude identification of observations with geographical areas is provided on the following pages.

## A-2

| Observations | Geographical Area |
| :---: | :---: |
| 1 | Fernie |
| 2- 3 | Cranbrook |
| 4 | Creston |
| 5 | Salmo |
| 6 | Fruitvale - Montrose |
| $7-8$ | Trail |
| 9 | Grand Forks |
| 10 : | Greenwood - Midway |
| 11 | Keremeos |
| 12 | Princeton |
| 13 | Hope |
| 14 | Chilliwack |
| 15 | Harrison Hot Springs |
| 16 | Mission |
| 17 | Abbotsford |
| $18-87$ | Vancouver |
| 88-100 | Surrey |
| 101-111 | New Westminster |
| 112-135 | Burnaby |
| 136 | Lions Bay |
| 137. | Port Moody |
| 138-145 | Coquitlam |
| 146-148 | Port Coquitlam |
| 149 | Haney |
| $150-151$ | Langley |


| Observations | Geographical Area |
| :---: | :---: |
| 152-153 | Victoria |
| 154 | Gibsons Landing |
| 1.55 | Sechelt |
| 156-159 | Nanaimo |
| 160 | Ladysmith |
| 161 | Chemainus |
| 162 | Duncan |
| 163-186 | Victoria |
| 187 | Lake Cowichan |
| 188 | Ucluelet - Tofino |
| 189 | Port Hardy - Port McNeill - Port Alice |
| 190 | Sayward |
| 191 | Gold River - Tahsis |
| 192-194 | Campbell River |
| 195-198 | Port Alberni |
| 199 | Zeballos - Parksville - Qualicum Beach |
| 200 | Cumberland |
| 201-202 | Courtenay |
| 203 | Comox |
| 204-205 | Powell River |
| 206 | Squamish |
| 207 | Pemberton - Lytton |
| 208 | 100 Mile House - Lillooet |
| 209 | Cache Creek |
| 210 | Asheroft |
| 211 | Merritt |


| Observations | Geographical Area |
| :---: | :---: |
| 212 | Peachland |
| 213 | Summerland |
| 214 | Oliver - Osoyoos |
| 215-217 | Penticton |
| 218 | Nakusp |
| 219 | Castlegar |
| 220 | Kinnaird |
| 221-222 | Nelson |
| 223 | Kaslo |
| 224 | Kimberley |
| 225 | Sparwood - Invermere |
| 226 | Golden |
| 227 | Revelstoke |
| 228-230 | Vernon |
| 231 | Enderby |
| 232 | Salmon Arm |
| 233 | Chase |
| 234-239 | Kamloops |
| 240 | Williams Lake |
| 241 | Ocean Falls |
| 242-245 | Prince Rupert |
| 246-247 | Kitimat |
| 248 | Houston |
| 249 | Fraser Lake |
| 250-258 | Prince George |

## A-5

| Observations | Geographical Area |
| :---: | :---: |
| 259 | Valemount |
| 260 | Quesnel |
| 261-263 | Dawson Creek |
| 264-265 | Fort St. John |
| 266 | Hudson's Hope - Chetwynd |
| 267 | Mackenzie |
| 268 | Fort St. James - Vanderhoof |
| 269 | Burns Lake |
| 270 | Smithers |
| 271 | Hazelton - Cassiar |
| 272. | Quesnel |


























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