OPERATION AND STRUCTURE OF THE LABOUR MARKET IN CANADA

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by

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A thesis submitted in partial fulfilment
of the requirements for the degree of
Master of Arts
Memorial University of Newfoundland

Completed August 1967

This thesis has been examined and approved by

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ABSTRACT

Canada's population growth has been generally rapid with average decennial increase of about 20.0 per cent between 1911 and 1961. The pattern of growth of the labour force, on the other hand, is not markedly different from the pattern of population growth. The labour force grew substantially by 52.0 per cent in the first decade of the twentieth century, owing to an unprecedented rate of immigration. The period after World War II also experienced a remarkable growth of the labour force by more than 20.0 per cent. The rate in the 1960's appears to be as great as that of the 1950's, and perhaps somewhat greater.

Technological progress and increasing mechanization have combined with rapid expansion in secondary and particularly in tertiary industry to produce a substantial shift in the labour force since World War II. In the 1950's, agriculture provided 20.0 per cent of total employment in Canada, whereas by the early 1960's the proportion fell to 10.0 per cent and the decline continues. On the other hand, total non-agricultural employment increased by almost 60.0 per cent between 1950 and 1965. Another dominant feature of the post-war labour force is the increasing rate of female participation: in 1901, not more than one out of every six adult women was in the labour force, but today the female proportion has risen to almost one out of every three. Essentially,

the rapid expansion of service industries and white-collar occupations in all sectors of the economy, and the change in social attitude, have widened many job opportunities for women and favoured increased female participation.

Looking at the post-war trends of unemployment in Canada, four distinct periods can be observed: the first period, 1946-1953, marked the post-war boom with unemployment rate of less than 3.0 per cent; the second period, 1954-1957, experienced a rise in the unemployment rate averaging 4.3 per cent, which reflected the slowdown in general economic activities; the third period, 1958-1961, revealed a high unemployment rate of 7.0 per cent as a result of a fall in the world demand for Canada's primary products and of increased foreign competition in manufactured goods. From 1961 the Canadian economy began to recover and consequently the unemployment rate was around 4.0 per cent. The total pool of unemployed includes frictional, cyclical, structural, and seasonal unemployment. In Canada, the first quarter of the year is usually the time of maximum unemployment and the third quarter is the time of minimum unemployment. Furthermore, unemployment rate varies inversely with the rate of labour mobility, which can be broadly classified in three categories: occupational, industrial, and geographical. The Federal Government has designed manpower and employment policy for reducing total unemployment and promoting labour mobility.

In Canada, wage rates vary from occupation to occupation, from industry to industry, and from region to region. There is no national system of wage determination which guides wage setting throughout the economy. Nor is there a well defined government wage policy. Although there are laws fixing minimum wages and hours and the law as well as courts declare certain means, ends or purposes to be illegal, the final settlement of labour conflict is left largely to the labour unions and management. For purposes of collective bargaining, each union comprises a network of locals, which enjoy almost complete autonomy with minimal assistance or intervention from headquarters. The Canadian labour movement is international, with a vast majority of its local unions in affiliation with trade unions in the United States.

Canada is now experiencing labour shortages in certain skills and occupations, which undoubtedly constitute an obstacle to the rate of economic growth. There is, therefore, a general need to upgrade the education and skill requirements of the existing labour force. While the economy appears to have begun to encounter certain elements of manpower deficiencies, the average unemployment rate was still around 4.0 per cent in the past few years. It is for this reason that there is a pressing need for improved manpower and employment policy.

CONTENTS

INTRCDUCTICN

Labour, as a factor of production, has long occupied a prominent position in economic theory. Adam Smith asserted that "Labour was the first price, the original purchase money that was paid for all things. It was not by gold or by silver, but by labour that all the wealth of the world was originally purchased". The primacy of labour, thus established, dominated classical economics. Almost a century after Adam Smith, John Stuart Mill believed "Labour force is the primary means of production - - - Tolls and materials, like other things, have originally cost nothing but labour".

The study of labour problems emerged in the advanced industrial societies during the late nineteenth century. Its emergence responded to the growing dominance of large organizations, both of capital and labour. The field of labour economics has now drawn the attention of many economists. There are signs of changing emphases and apprcaches tc the field. The current emphasis in labour economics on such topics as wage differentials, wage structure, wage movements, and unemployment, indicate the great interest of labour economists in the functioning of labour markets.

In an advanced economy, unemployment is among the most urgent labour problems of the present generation. Whether unemployment is

caused by deficiencies in aggregate demand, or by structural imbalances in the labour market, or by some combination of these, it is increasingly recognized as a labour market problem. Canada had low unemployment rate of less than 3.0 per cent between 1946 and 1953 and relatively high unemployment averaging 5.6 per cent for the period 1954-1961, with a slight tendency toward improvement in the last few years. According to the first annual review of the Economic Council of Canada, "Economic Goals for Canada to 1970", Canada aims at reducing unemployment rate by 1970 to 3.0 per cent of the labour force. This would involve an increase in civilian employment by about 1.5 million. This means that Canada must have the right kinds and the right proportions of capital expansion, and must expand and improve the number as well as the quality of the labour force.

This thesis is an empirical study of the operation and structure of the labour market in Canada. Chapter 1 discusses the population growth and distribution, as well as immigration and emigration. Chapter 2 describes the labour force in Canada with emphasis on growth of the labour force, labour force participation rates and industrial and occupational distribution of the labour force. Chapter 3 deals with unemployment problems and manpower and employment policies. Particular attention is given to labour mobility in Chapter 4. The institutional background to Canadian wage determination, and wage behaviour in different sectors of the

economy are presented in Chapter 5. The future prospects of the Canadian labour market and implications for policy are discussed in the concluding Chapter.

Finally, my grateful thanks are due to my supervisors, Dr. N. Hurwitz and Dr. S.S. Mensinkai, who kindly read the whole thesis in manuscript. Their valuable advice enabled me to correct many mistakes.

Chapter 1

THE SUPPLY OF LABOUR IN CANADA

The supply of labour is a very complex concept. It depends not only on market behaviour, but also on a variety of inherited and acquired traits, as well as demographic factors which make it possible for some people to do certain types of work more efficiently than others.

The supply of labour also depends on the individual preference for income or leisure, and on his preference to work as employee compared to being self-employed. Many of these traits cannot be deduced simply from the accepted laws of economic behaviour. In reality, a "perfect" supply of labour does not exist. Hence, for purposes of this study, we use the Dominion Bureau of Statistics definition of the supply of labour as the civilian labour force, which is composed of that portion of the civilian non-institutional population who are employed or unemployed. Everyone else in the population is outside the labour force: students, housewives at home, children, retired people, and others who are too old or otherwise unable to work, or who are voluntarily idle. Since the supply of labour has positive correlation with the size of population, the examination of the supply of labour should begin with a study of the pattern of population growth and distribution, as well as immigration and emigration.

Population Growth and Distribution

The over-all trend in population growth of Canada and the variations since 1901 by census, are shown in Table 1, which shows that the population almost doubled during the first thirty years of this century. From 1931 to 1961, Canada's population increased from 10.4 million to 18.2 million, or about 75.7 per cent.

In the first decade of this century, the intercensal growth of population amounted to 1,836,000, an increase of 34.2 per cent. This rate has not been exceeded by any other decennial period up to 1961 (see Chart 1). This early rapid growth of population was due mainly to the development of the West, which was accompanied by unusually heavy immigration. The number of immigrants between 1901 and 1911, amounted to 1.8 million. At the same time, the number of emigrants was 1.1 million. Nevertheless, net migration accounted for 39.0 per cent of the increase of population during the first decade 1901-1911.

Population growth slowed down in the next decade 1911-1921, in relative as well as in absolute terms. Immigration, though, still high prior to 1914, fell off substantially during the First World War. Emigration reached an all-time record level of 1.4 millions in this decade. Consequently, despite heavy immigration

TABLE 1

POPULATION GROWTH IN CANADA

1901-1961

(Thousands)

Period	Population at Beginning of Period	NATURAL INCREASE		NET IMMIGRATION				Population at End of Period	INTERCENSAL GROWTH	
		Number	Percentage of Intercensal Growth	Immigration	Emigration	Number	Percentage of Intercensal Growth		Number	Percentage Change
1901-11	5,371	1,120	61.0	1,759	1,043	716	39.0	7,207	1,836	34.2
1911-21	7,207	1,350	85.4	1,612	1,381	231	14.6	8,788	1,581	21.9
1921-31	8,788	1,360	85.6	1,203	974	229	14.4	10,377	1,589	18.1
1931-41 (1)	10,377	1,222	108.1	150	242	-92	-8.1	11,507	1,130	10.9
1941-51 (2)	11,507	1,972	92.1	548	379	169	7.9	13,648	2,141	18.6
1951-56	14,009	1,473	71.1	783	184	599	28.9	16,081	2,072	14.8
1956-61	16,081	1,675	77.6	760	278	482	22.4	18,238	2,157	13.4

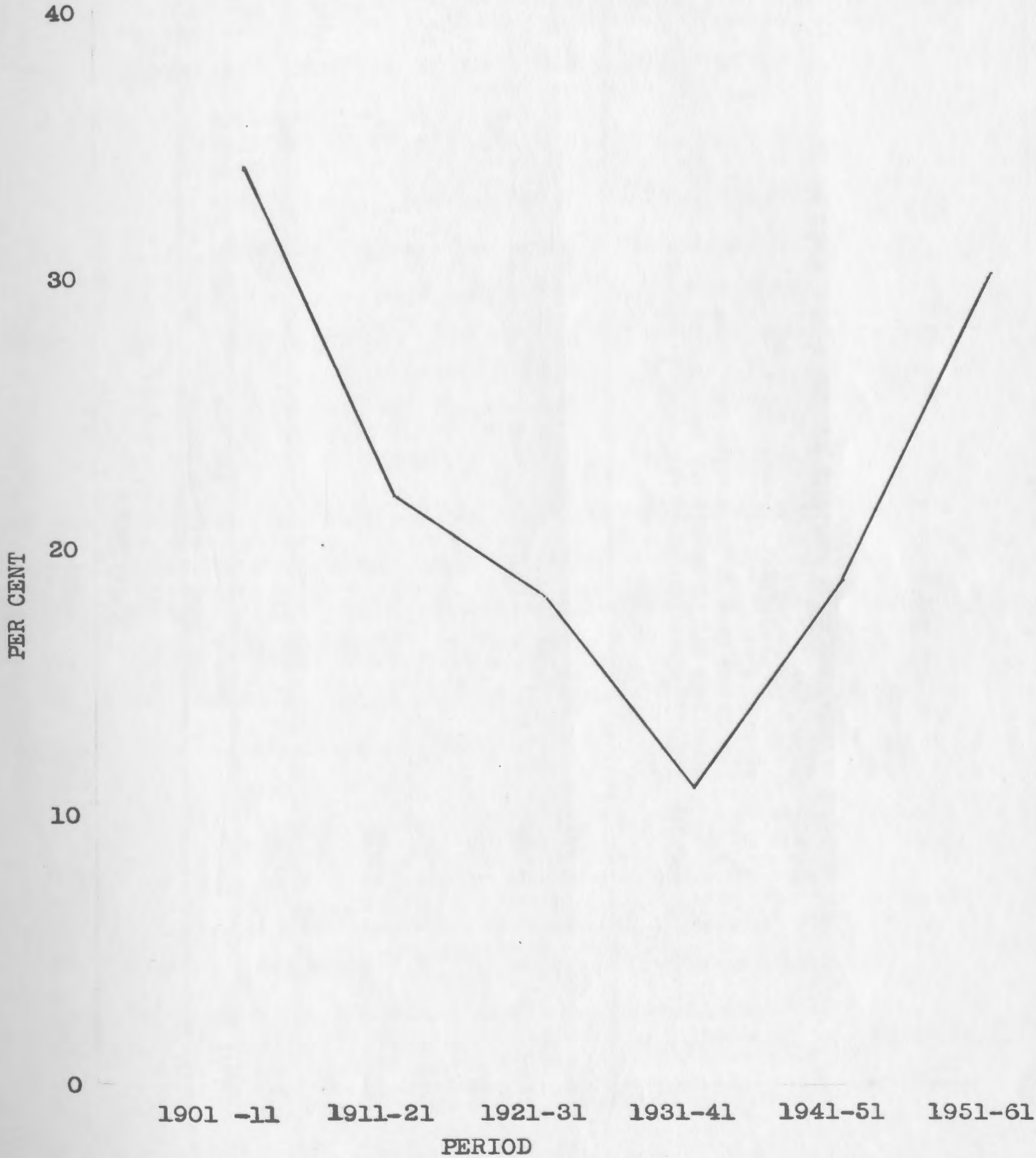
Source: D.B.S., Census of Canada, Population Section.

Note: (1) Excluding Newfoundland.

(2) Including Newfoundland.

CHART 1

POPULATION GROWTH IN CANADA
1901-1961



Source: Table 1

TABLE 2

DISTRIBUTION OF BIRTHS AND DEATHS IN CANADA

1901-1961

(Thousands)

Census Year	Number of Births	INTERCENSAL CHANGE OF BIRTHS Number	Per Cent	Number of Deaths	INTERCENSAL CHANGE OF DEATHS Number	Per Cent
1901	1,546			828		
		385	24.2		-17	- 2.1
1911	1,931			811		
		407	21.1	(1)	177	21.8
1921	2,338			988		
		77	3.2		67	6.8
1931	2,415			1,055		
		-121	-5.0		17	1.6
1941	2,294			1,072		
		892	38.1		142	13.2
1951	3,186			1,214		
(2)		1,282	40.2		106	8.7
1961	4,468			1,320		

Source: D.B.S., Canada Year Book, 1957-1958, P. 160; and Department of Citizenship and Immigration, The Basic 1961 Census Data on Immigration and Citizenship, 1963, P. 2.

Note: (1) Excluding extra mortality associated with World War I, estimated at 120,000.

(2) Including Newfoundland.

of 1.6 million and an estimated natural increase of about 1.4 million people, the population of Canada had increased by only 21.9 per cent during this period 1911-1921.

Between 1921 and 1931, there was an increase of population by 1.6 million, or 18.1 per cent. The increase in population during this period exceeded the natural increase by 229,000. Immigration still remained at a relatively high level of 1.2 million, while almost one million Canadian residents left the country during this period.

The period 1931-1941, influenced by the Great Depression, experienced the lowest growth (10.9 per cent) in population since Confederation in 1867. Depressed economic conditions caused the birth rate to decline substantially (see Table 2). On the other hand, immigration fell off to 150,000, the lowest intercensal total during this century; while emigration amounted to 242,000 and exceeded immigration by 92,000.

The upward trend of population growth was, however, resumed in the period 1941-1951: excluding Newfoundland, population increased by 2.1 million or 18.6 per cent. An even faster rate of population growth occurred during the second part of the decade, because of increases in both the volume of immigration and the rate of natural increase during the early postwar years. Immigration amounted to

548,000 including a substantial number of Canadian soldiers' war-brides and also "displaced persons" from war-devastated Europe. 379,000 residents of Canada left the country during this decade. Natural increase was also high (92.1 per cent), particularly during the second half of the decade. During the period 1951-1961, Canada's population increased more rapidly. Indeed, the total growth of 30.9 per cent constituted the most rapid intercensal rate of population growth since the turn of the century. Between 1951 and 1956, population rose by 14.8 per cent; 783,000 immigrants entered this country, but at the same time a diminished flow of Canadian residents emigrated and yet immigration contributed 28.9 per cent of the increase in population during this period. The net immigration was somewhat lower (22.4 per cent) during 1956-1961, partly because of the higher emigration occasioned by the slackening of economic activity. But over the whole period 1951-1961, the contribution of net immigration was higher than in any decennial period except the first decade of this century.

The relatively small difference between the over-all rates of increase of population between 1951-1956 and 1956-1961 conceal, however, a slowdown in the rate of population growth. The lower rate of economic growth between 1957 and 1961 appears to have adversely affected the birth rate, reduced the annual inflow of immigrants and increased emigration. Net immigration had, temporarily at least, ceased to contribute substantially to Canada's population growth.

So far the discussion has centered on population growth in Canada as a whole, but Canada is a country characterized by striking regional differences. Population is heavily concentrated in the central provinces, Ontario and Quebec. About 63.0 per cent of the population lived in these two provinces in 1961. Table 3 presents the percentage and numerical distribution of the Canadian population between 1901 and 1961, by province.

The Canadian population has remained unevenly distributed and the provincial percentage shares have not changed swiftly or substantially, at least since 1911. Since 1911, Ontario and Quebec, together accounted for 60.0 per cent of the population, the Prairie region approximately 20.0 per cent and the Atlantic region 10.0 per cent. British Columbia contributed less than 10.0 per cent of the population. However, a small change in the provincial shares implies a substantial shift of the population geographically. Quebec, Ontario, Alberta and British Columbia had relatively high rates of population growth, and their percentage share of the population increased. Nova Scotia, New Brunswick, Manitoba and Saskatchewan had low rates of population growth, and their percentage share of the population decreased. In short, the proportion of Canada's population in the Maritime and Prairie provinces has fallen, while in the central provinces and especially in British Columbia the proportions have increased.

TABLE 3

NUMERICAL DISTRIBUTION OF POPULATION BY PROVINCE, CANADA, 1901-1961

Province or Territory	1901	1911	1921	1931	1941	1951	1961
Newfoundland	(1)	(1)	(1)	(1)	(1)	361,416	457,853
Prince Edward Island	103,259	93,728	88,615	88,038	95,047	98,429	104,629
Nova Scotia	459,574	492,338	523,837	512,846	577,962	642,584	737,007
New Brunswick	331,120	351,889	387,876	408,219	457,401	515,697	597,936
Quebec	1,648,898	2,005,776	2,360,510	2,874,662	3,331,882	4,055,681	5,259,211
Ontario	2,182,947	2,527,292	2,933,662	3,431,683	3,787,655	4,597,542	6,236,092
Manitoba	255,211	461,394	610,118	700,139	729,744	776,541	921,686
Saskatchewan	91,279	492,432	757,510	921,785	895,992	831,728	925,181
Alberta	73,022	374,295	588,454	731,605	796,169	939,501	1,331,944
British Columbia	178,657	392,480	524,582	694,263	817,861	1,165,210	1,629,082
Yukon	27,219	8,512	4,157	4,230	4,914	9,096	14,628
Northwest Territories	20,129	6,507	8,143	9,316	12,028	16,004	22,998
CANADA	5,371,315	7,206,643	8,787,949	10,376,786	11,506,655	14,009,429	18,238,247

Source: D.B.S., Census of Canada

(1)

Note: Populations of Newfoundland (not part of Canada until 1949) were: 1901, 220,984; 1911, 242,619; 1921, 263,033; 1931, 281,500; 1941, 303,300.

TABLE 3 (Continued)

PERCENTAGE DISTRIBUTION OF CANADIAN POPULATION BY PROVINCE, 1901-1961

Province or Territory	1901	1911	1921	1931	1941	1951	1961
CANADA	100	100	100	100	100	100	100
Newfoundland	a	a	a	a	a	2.6	2.5
Prince Edward Island	1.9	1.3	1.0	0.9	0.8	0.7	0.6
Nova Scotia	8.6	6.8	6.0	4.9	5.0	4.6	4.0
New Brunswick	6.2	4.9	4.4	3.9	4.0	3.7	3.3
Atlantic Region	16.7	13.0	11.4	9.7	9.8	11.6	10.4
Quebec	30.7	27.8	26.9	27.7	29.0	29.0	28.8
Ontario	4.6	35.1	33.4	33.1	32.9	32.8	34.2
Manitoba	4.8	6.4	6.9	6.8	6.3	5.5	5.1
Saskatchewan	1.7	6.8	8.6	8.9	7.8	5.9	5.1
Alberta	1.4	5.2	6.7	7.1	6.9	6.7	7.3
Prairie Region	7.9	18.4	22.2	22.8	21.0	18.1	17.5
British Columbia	3.3	5.5	6.0	6.7	7.1	8.3	8.9
Yukon	0.5	0.1	0.1	0.04	0.04	0.1	0.1
Northwest Territories	0.4	0.1	0.1	0.1	0.1	0.1	0.1

Source: Calculation based on Numerical Distribution of Canadian Population by Province, 1901-1961.

[a]

Note: Newfoundland not part of Canada until 1949.

There is wide variation among the provinces in their birth and death rates, and consequently in their rates of natural increase. For many years, Quebec had the highest rate of natural increase of population, but today Newfoundland ranks first and British Columbia last in this respect. But internal migration and immigration have been more important than natural increase in influencing regional growth of population in Canada (1). British Columbia is now one of Canada's fastest-growing provinces because of the very substantial numbers of migrants attracted to the west-coast areas: two-thirds of British Columbia's population growth over the period 1941-1951 was the result of a net movement of people from other provinces and other countries. Ontario was the only other province which recorded a rate of population growth in excess of the rate of natural increase during the period 1941-1951. About 38.0 per cent of the actual growth of Ontario's population over that period came from outside the province, but a large proportion of this population growth was from abroad. Ontario has received over 50.0 per cent of all immigrants entering Canada since World War II.

Finally, mention must be made of another characteristic of Canada's population development, the trend of urbanization. Table 4 presents the rural and urban distribution of the Canadian population over the period 1901-1961.

(1) A.H. LeNeveu and T. Kasahara, Demographic Trends in Canada, 1941-1956, Canadian Journal of Economics and Political Science, February 1958, PP. 11-15.

Consequently with the growth of Canadian population, there have been shifts from farms and rural non-farm areas to urban centres. At the same time, within the major urban areas, there has been a significant movement of population from the urban centres to the suburbs. These population movements reflect the structural changes in the Canadian economy and the shifting location of industries and enterprises. They also reflect the steady decline in importance of employment in agriculture during the whole of the twentieth century, and the rise of trade and service industries. These developments will be discussed in detail in the next chapter. At the same time, high birth rates in rural areas, mechanization, and other technological improvements in agriculture have accentuated the growth of surplus population in the rural areas. This rural-to-urban movement was accelerated during the Second World War by the growth of armament industries. But the increasing concentration of industrial jobs in larger cities continued during the postwar period. It should also be mentioned that one of the most important consequences of the rural-to-urban shift is the marked increase of women in the labour force. Movement to the city, with its very different social environment and its vastly increased job opportunities, encourages many women to seek work outside their homes.

The dramatic shift from rural to urban areas is apparent in Table 4. In 1901, 62.9 per cent of the Canadian population resided in rural areas. By 1961, only 28.9 per cent of the population lived in

TABLE 4

RURAL AND URBAN DISTRIBUTION OF THE CANADIAN POPULATION

1901-1961 (Thousands)

Census Year	Total Population	RURAL		URBAN		INTERCENSAL PERCENTAGE CHANGE			Increase in Urban Population as a Percentage of Total Population Increase
		Number	Per Cent	Number	Per Cent	Total	Rural	Urban	
1901	5,371	3,381	62.9	1,990	37.1				
1911	7,206	4,059	56.3	3,147	43.7	34.2	20.1	58.1	63.0
1921	8,787	4,530	51.6	4,257	48.4	21.9	11.6	35.3	70.2
1931	10,377	4,803	46.3	5,574	53.7	18.1	6.0	30.9	82.9
1941 (1)	11,506	4,958	43.1	6,548	56.9	10.9	3.2	17.5	86.2
1951	14,010	5,192	37.1	8,818	62.9	21.7	4.7	34.7	90.7
1956	16,081	5,366	33.4	10,715	66.6	14.8	3.4	21.5	91.6
1961	18,238	5,266	28.9	12,972	71.1	13.4	-1.9	21.1	104.6

Source: Data 1901-1941, Census of Canada 1956, Analytical Report, Bulletin 3-2, Table 2, P. 2-4.
Data 1951-1961, Census of Canada 1961, General Review, Bulletin 7.1-2, Table 4, P. 2-7.

Note: (1)
Including Yukon and Northwest Territories
Newfoundland is not included prior to 1951.

these areas, while 71.1 per cent lived in the urban areas. Between 1901 and 1931, the intercensal percentage increase in the Canadian urban population was much more rapid than in the rural population. In 1921, the proportion of urban and rural population was about equal. During the 1930's which included the Great Depression, there was some reverse population movement from urban to rural areas, and consequently, the proportion of urban and rural population changed only slightly as compared with that in 1931. However, during the Second World War and the postwar years, the intercensal rate of urban population growth once again accelerated. In all intercensal periods since 1901, urban areas have accounted for 70.0 per cent to over 90.0 per cent of the increase in Canada's total population.

The foregoing discussion of Canada's changing population reveals a general pattern typical of most Western countries during the twentieth century, although significant differences in the rates of change are apparent in some aspects. Generally, Canada's population has increased in every year since Confederation 1867, but at widely varying rates. During periods of sustained prosperity, the over-all growth of population has been considerably enhanced by net migration, and conversely somewhat offset during periods of war or prolonged depression. The steady decline in death rates, and the rapid urbanization, especially since the 1930's, are familiar patterns in other developed countries.

Immigration and Emigration

The entire Canadian population of today, apart from the relatively few aboriginals, stems from immigration.(2) In the century between 1851 and 1951, although 7.2 million immigrants came to Canada, 6.5 million people left Canada, most of them for the United States (see Table 5). Immigration and emigration have had considerable impact on both the size and character of the labour supply in Canada. The extent and nature of immigration and emigration will now be examined in detail.

In spite of the lack of agreement on the actual numbers of people involved, there is some accord on the general trends that have occurred. In broad terms, Canada has experienced a variable influx of new families from Europe and the British Isles. At the same time, there has been considerable migration back and forth over the Canadian-American border.

The earliest settlers in Canada were the French. In 1755 came the forced deportation of many French Acadians. Subsequently, offers of new land on the Bay of Fundy coastline and the economic pressures of overcrowding in the New England colonies brought many New Englanders to Canada. After 1775, American farmers in search of better lands continued entering Canada until the war of 1812.

(2) See D.B.S., Canada Year Book, 1957-1958, PP. 154-176, for historical development of immigration; and D.M. McDougall, Immigration into Canada, 1851-1920, Canadian Journal of Economics and Political Science, May 1961.

In the early years on the nineteenth century, some Scottish Highlanders settled in Cape Breton Island and Prince Edward Island; otherwise, the number of British immigrants to Canada remained small until after the Napoleonic Wars.

The real beginning of Canadian migration to the United States came in 1837 when many people from Nova Scotia, New Brunswick, and French Canadians from Lower Canada, joined in the movement to the prospering mill towns of New England. The peak migrant flows apparently occurred during the decade 1881-1891 (see Table 5). Although immigration was high (903,000) in this decade, emigration exceeded immigration by 206,000. Most of those involved in the exodus were former immigrants to Ontario and Quebec who were now moving to the newly opened-up Prairie States, where land grants were more easily obtainable than in Western Canada.

With the revival of world markets for wheat in the 1890's and the opening up of the Canadian West, a new surge of migration took place. Immigration for the decade 1901-1911 totalled 1,759,000. People, attracted by offers of cheap land, came from the British Isles, Europe, and also from the United States. The influx was halted by the First World War, but in 1920 it started again, and persisted throughout most of the ensuing decade.

TABLE 5

IMMIGRATION AND EMIGRATION, 1851-1961
(Thousands)

PERIOD	IMMIGRATION	EMIGRATION	NET IMMIGRATION	
			NUMBER	PER CENT
1851-1861	209	85	124	5.0
1861-1871	187	379	-192	-5.9
1871-1881	353	440	- 87	-2.3
1881-1891	903	1,109	-206	-4.8
1891-1901	326	506	-180	-3.7
1901-1911	1,759	1,043	716	13.3
1911-1921	1,612	1,381	231	3.2
1921-1931	1,203	974	229	2.6
1931-1941	150	242	- 92	-0.9
1941-1951	548	379	162	1.5
1951-1961	1,543	462	1,081	7.7
	8,793	7,000	1,793	

Source: D.B.S., Canada Year Book, 1957-1958, P. 160; and Department of Citizenship and Immigration, The Basic 1961 Census Data on Immigration and Citizenship, P. 2

With the coming of the world depression in the 1930's, international movements of people greatly diminished. Immigration was lower than for any other decade since 1850, and was exceeded by emigration. A net outflow continued during the World War II, but this trend was reversed in 1946 when the victims of the European turmoil

began to pour into Canada. The net result was a small margin of immigration over emigration in the 1940's. In the period 1951-1961, net immigration of over one million people made a large contribution to Canada's population growth and its labour supply than in any other decade in the nation's history.

Population movements for the entire period 1851-1961 indicate that Canada lost through emigration 7,000,000 persons, or 79.6 per cent of the total immigrants (8,793,000); hence net immigration amounted to 1,793,000 between 1851 and 1961 (see Table 5). A large percentage of these population movements across Canada's boundary have been mainly to and from the United States.(3)

Postwar immigration has significantly altered the size and composition and increased the mobility of the Canadian labour force. The labour status and intended occupations of the postwar immigrants who arrived in Canada between 1946 and 1962 are shown in Table 6.

Between 1946 and 1962, over two million immigrants came to Canada, of whom 52.1 per cent entered the labour force immediately upon entry. This addition to the labour force by immigrants compensated

(3) Department of Labour, The Migration of Professional Workers Into and Out of Canada 1946-1960, Queen's Printer, Ottawa, 1961; and H.D. Woods, S. Ostry, Labour Policy and Labour Economics in Canada, MacMillan of Canada, Toronto, 1962, PP. 296-298.

TABLE 6

LABOUR FORCE STATUS AND INTENDED OCCUPATION

OF IMMIGRANTS TO CANADA, 1946-1962

LABOUR FORCE STATUS AND INTENDED OCCUPATION	TOTAL 1946-1962 NUMBER	PERCENTAGE
Destined for the Canadian Labour Force:		
Managerial	11,020	1.0
Professional	106,759	9.5
Clerical	100,303	9.0
Transportation	23,461	2.1
Communication	3,894	0.3
Commercial	43,191	3.9
Financial	1,865	0.2
Service	143,253	12.8
Agricultural	176,154	15.7
Construction	96,766	8.6
Fishing, Trapping, Logging	14,883	1.3
Mining	14,300	1.3
Manufacturing and Mechanical	249,065	22.3
Labourers	123,633	11.0
Others	11,578	1.0
Total	1,120,107	100.0
Immigrant Workers As Percentage of Grand Total	52.1	
Not Destined For the Canadian Labour Force: Status		
Housewives	433,655	
Children	515,087	
Others	82,656	
Total	1,031,398	
Total	2,151,505	

Source: Statistics Section, Department of Citizenship and Immigration, Immigration 1962, Table 16, P. 129

significantly the shortages of Canadian-born new entrants to the work force which resulted from the low birth rates of the depressed 1930's.

Immigration authorities obtain information from immigrants about their "intended" occupations, although the immigrant may follow a different occupation than the one he indicated. Nevertheless, the distribution of immigrants by broad categories of intended occupation does reveal the nature of their skills, training, and occupational background. The largest concentration of immigrant workers, as shown in Table 6, has been in manufacturing and mechanical occupations, followed by agriculture, service, manual labour, professional, clerical and construction, in that order.

Table 7 shows the relative proportion of the postwar immigrant professionals in a number of selected fields to the total number of professionals in the same fields in Canada. Immigration made the greatest proportionate contribution to some of the occupations. In the case of architects, 62.1 per cent of the labour force in this occupation were immigrants, followed by electrical engineers, mechanical engineers, draftsmen and designers, all of whom exceeded 50.0 per cent of the labour force in the various occupations. Immigrant chemists, civil and mining engineers, and chemical engineers also contributed significantly to the numbers in their respective professions in Canada. The total immigrant professionals during the period 1946-1962 was, however, 18.1 per cent of the total Canadian labour force in 1961.

TABLE 7

PROFESSIONALS ADMITTED TO CANADA BY INTENDED OCCUPATION, 1946-1962, AS A PERCENTAGE OF CANADIAN LABOUR FORCE, 1961

OCCUPATION	(a) IMMIGRANT PROFESSIONALS 1946-1962	(b) CANADIAN LABOUR FORCE 1961	(a) AS PERCENTAGE OF (b)
Accountants	4,543	30,670	14.8
Architects	1,825	2,940	62.1
Chemists	2,947	6,144	48.0
Chemical Engineers	971	2,996	32.4
Civil Engineers	5,290	11,917	44.4
Electrical Engineers	4,700	8,763	53.6
Mechanical Engineers	4,307	8,137	52.9
Mining Engineers	721	2,349	30.7
Dentists	450	5,469	8.2
Draftsmen and Designers	10,396	20,623	50.4
Laboratory Technicians and Assistants	4,701	53,550	8.8
Graduate Nurses	16,442	61,699	26.6
Physicians and Surgeons	5,182	21,290	24.3
Teachers and Professors	14,744	189,172	7.8
Total	77,219	425,719	18.1

Source: Statistic Section, Department of Citizenship and Immigration; and D.B.S., Census of Canada, 1961, Bulletin 3.1-3, Table 3, PP. 6-2 to 6-15.

The labour supply has been, therefore, significantly increased by immigration in the postwar years and, on balance, the quality probably enhanced especially in professions contributing much to the exploitation of Canada's abundant natural resources. In short, immigration has played a strategic role in the economic development of Canada. This becomes more obvious in view of emigration from Canada to which we now turn.

The basic causes for Canadian emigration are undoubtedly economic. It is generally conceded that in all professions average earnings in industry are higher in the United States than in Canada. Not only are average earnings higher in the United States, but also its wealth and extent of industrial development offer greater opportunities. The geographic proximity of the two countries is also a contributing factor for Canadian emigration to the United States. Furthermore, the similarities in United States and Canadian cultures, standards of living and educational systems, all contribute to the ease of labour movement to the United States.

Information on the type of Canadian emigrants destined for the labour force of the United States, and the number of those not seeking work there for the period 1946-1962, are shown in Table 8. Out of the 584,784 residents who left Canada during this period, about half of them (50.3 per cent) were destined for the labour force of the United States. Canadian emigration to the United States was heavily weighted by professionals (23.8 per cent), clerical and sales (25.2 per cent), craftsmen and foremen (17.2 per cent). Operatives

TABLE 8

EMIGRATION FROM CANADA TO THE UNITED STATES BY

LABOUR FORCE STATUS AND INTENDED OCCUPATION

1946-1962

LABOUR FORCE STATUS AND INTENDED OCCUPATION	TOTAL 1946-1962	
	NUMBER	PERCENTAGE
Destined for U.S. Labour Force:		
Managerial	21,907	7.5
Professional	69,881	23.8
Clerical and Sales	74,257	25.2
Craftsmen and Foremen	50,615	17.2
Operatives	31,026	10.5
Service	26,219	8.9
Farm Labour	2,122	0.7
Unskilled Labour	18,094	6.2
Total	294,121	100.0
Emigrant Workers as Percentage of Grand Total	50.3	
Not Destined for U.S. Labour Force: Status		
Housewives	*	
Children	*	
Others	*	
Total	290,663	
Grand Total	584,784	

Source: Immigration and Naturalization Service, U.S. Department of Justice, Washington, D.C.

Note: *Figures not available.

and managerial occupations comprised respectively 10.5 and 7.5 per cent of the Canadian workers emigrating to the United States. Unskilled workers accounted for only a small percentage (6.2) of the Canadian workers who left the country.

The largest numbers of emigrant professionals were nurses, draftsmen and designers, engineers and physicians in that order. The magnitude of the drain of Canadian professional manpower is shown by the percentages in Table 9. It reveals that the most important losses occurred among chemists, chemical engineers, nurses, draftsmen and designers, mechanical engineers and physicians: the very ones to which immigration contributed significantly. Hence, the strategic nature of immigration is to maintain the balance of skilled labour of the Canadian labour force.

The relatively high rate of prosperity and employment in the United Kingdom and in Europe has made it difficult for Canada to recruit from overseas well-trained manpower at the professional and technical levels. However, Canada has intensified its efforts to attract skilled labour to meet Canadian needs, and the flow of immigrant professionals has maintained itself at a very high level. (4) Based on trends, it can be expected that the flow of immigrant professionals will remain at about the current level within the foreseeable future.

(4) See D.B.S., Canada Year Book, 1966, Queen,s Printer, Ottawa, P. 222, for immigration policy and administration in Canada.

TABLE 9

CANADIAN PROFESSIONALS ADMITTED TO THE UNITED STATES BY INTENDED OCCUPATION 1950-1962, AS A PERCENTAGE OF THE CANADIAN LABOUR FORCE 1961

OCCUPATION	(a) EMIGRANT PROFESSIONALS 1950-1962	(b) CANADIAN LABOUR FORCE 1961	(a) AS PERCENTAGE OF (b)
Accountants	2,872	30,670	9.4
Architects	359	2,940	12.2
Chemists	1,274	6,144	20.7
Dentists	153	5,469	2.8
Draftsmen and Designers	3,637	20,623	17.6
Chemical Engineers	508	2,996	17.0
Mining Engineers	122	2,349	5.2
Civil Engineers	734	11,917	6.2
Electrical Engineers	1,227	8,763	14.0
Mechanical Engineers	1,337	8,137	16.4
Graduate Nurses	15,516	61,699	25.1
Physicians and Surgeons	2,670	21,290	12.5
[redacted]chers and Professors	5,805	189,172	3.1

Source: Immigration and Naturalization Service, U.S. Department of Justice; and Census of Canada, 1961, Bulletin 3.1-3, Table 3, PP. 6-2.

As for emigration, supposing no radical changes in government policy on the part of Canada or the United States ~~takes place~~ that would restrain the flow, we can expect emigration of professionals to the United States to continue its slightly upward trend. With immigration of professionals expected to maintain itself while emigration to the United States continues to rise, the result will be that net immigration of professionals as a proportion of total new supplies will decline, and thus show a net loss in certain professional fields. This situation has already developed in the case of engineers, nurses, draftsmen and designers. This implies that relatively more professional and skilled workers will have to be trained in Canada to meet the expected requirements.

Chapter 2

THE LABOUR FORCE IN CANADA

The people who are economically active at a particular moment of time constitute the labour force. The technical definition as used in the censuses, and in the periodic official "Labour Force Surveys" conducted since 1946, refers to those 14 years of age or over who actually have a job or who are looking for work. In addition to wage and salary workers, the labour force also includes employers, self-employed, and unpaid family workers. The corner grocer is an example of the self-employed; his wife or children who help him in the store typify the unpaid family workers. Excluded are housewives at home, retired people and students, as well as persons in institutions.

In 1966 the Canadian labour force exceeded 7.7 million people, as compared with 4.5 million just prior to the war, 3.9 million at the end of the 1920's, and fewer than 2 million at the beginning of this century (see Table 10). An expanding labour force is not the only striking aspect of the current picture. Wartime and postwar changes in the structure of the Canadian economy have altered the way in which the Canadians earn their living. To a large degree, these changes represent an acceleration of the increasing relative importance of non-agricultural industries in the Canadian economy. Agriculture, the leading industry for long, has now been replaced by manufacturing as the chief source of livelihood for Canadians. Other

TABLE 10

GROWTH OF THE CANADIAN LABOUR FORCE

1901-1961* (Thousands)

Census Year	LABOUR FORCE					INTERCENSAL GROWTH					
	Male		Female			Percentage Change			Average Annual Rate		
	Number	Percentage	Number	Percentage	Total	Male	Female	Total	Male	Female	Total
1901	1,544.9	86.7	237.9	13.3	1,782.8						
1911	2,358.8	86.6	364.8	13.4	2,723.6	52.7	53.3	52.8	4.3	4.4	4.3
1921	2,675.3	84.5	489.1	15.5	3,164.4	13.4	34.1	16.2	1.3	3.0	1.5
1931 (1)	3,252.3	83.0	665.3	17.0	3,917.6	21.6	36.0	23.8	2.0	3.1	2.2
1941 (2)	3,676.6	81.5	834.0	18.5	4,510.6	13.0	25.4	15.1	1.2	2.3	1.4
1941 (3)	3,363.1	80.2	832.8	19.8	4,195.9	3.4	25.2	7.1	0.3	2.3	0.7
1951 (4)	4,051.0	77.7	1,163.9	22.3	5,214.9	10.1	40.0	15.6	1.0	3.4	1.5
1951	3,962.3	77.6	1,146.8	22.4	5,109.1	7.8	37.5	13.3	0.8	3.2	1.2
1961	4,581.8	72.2	1,760.5	27.8	6,342.3	13.1	51.2	21.6	1.2	4.2	2.0

Source: D.B.S. Census Data of Canada

Note: * Not including Yukon and Northwest Territories. 10 years of age and over in 1901 to 1911; 14 years of age and over in 1921 to 1951; 15 years of age and over in 1961.

(1) Including Persons on Active Service

(2) Not including persons on Active Service

(3) Including Newfoundland

(4) Not including Newfoundland.

important changes include the sharp expansion in the number of women in the labour force, and the increasing number of clerical and professional workers which a complex system of large-scale production and distribution demands. The purpose of this chapter is to discuss some of the chief aspects of the growth and changing structure of the labour force.

Growth of the Labour Force

The working force has grown from 1.8 million in 1901 to 6.3 million in 1961, or an increase of almost 260.0 per cent as compared with a 240.0 per cent increase in the total population of Canada during the same period (see Tables 1 and 10). There have been times when the rate of growth of the labour force was significantly higher than that of the population. This was particularly true in the first decade of this century, when many adult immigrants greatly boosted the Canadian labour force. In the decade 1900-1911, the average annual rate of population growth amounted to 3.1 per cent as compared with 4.3 per cent in the labour force. During the 1920's, the rate of growth of the labour force was again somewhat higher than that of the population. The depressed economic condition of the 1930's gave rise to low intercensal average annual rates of growth, both for the population and the labour force. During the decade 1941-1951, the rate of growth of the labour force was 1.2 per cent as compared with the 1.7 per cent of growth of the population. During the last decade 1951-1961, the labour force expanded at an annual rate of 2.0 per cent as compared with 2.7 per cent of population growth. However, during the latter part of the last decade the labour force began to increase

more rapidly reflecting higher birth rates and net migration during the war and immediate post-war years. Over the whole period 1901-1961, the male labour force has tripled while the female labour force has increased seven times: as a result, the share of women in the labour force has more than doubled from 13.3 per cent in 1901 to 27.8 per cent in 1961 (see Chart 2).

The expansion of female participation in the labour force corresponds with the industrial development in Canada, social and cultural changes, and the increasing urbanization of the population. The development of service industry, the use of machinery, the rationalization of industrial processes, and the growth of commercial and financial activities, have all helped create greater job opportunities for women. In addition, employment of women has increased with the expansion of social security programs and government services which require large numbers of administrative and clerical workers. These developments will become clear when we examine in detail the labour force participation by sex, and the industrial and occupational distribution of the Canadian labour force.

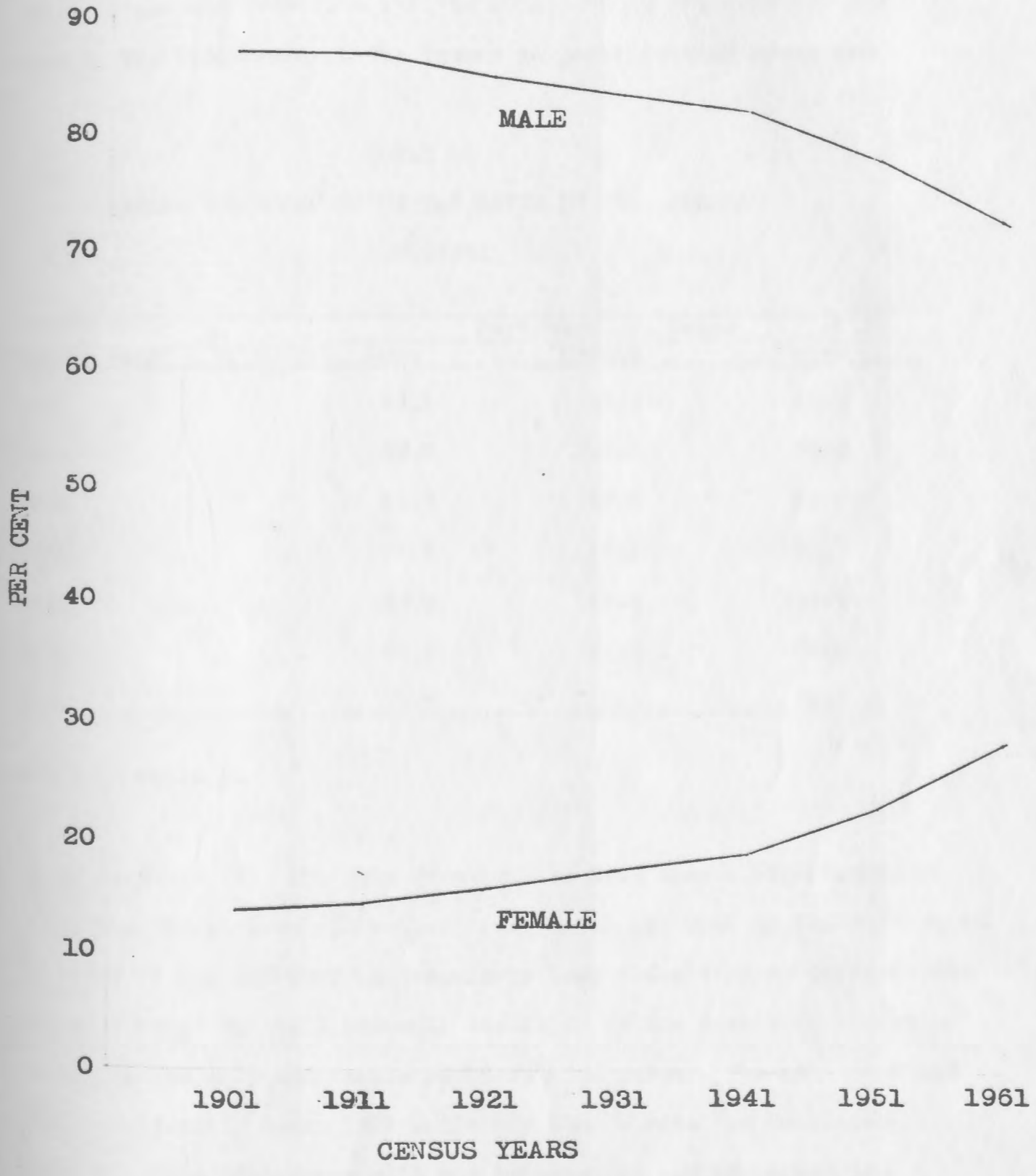
Labour-Force-Participation Rates

The labour-force-participation rate is defined as the percentage of the population of working age that is in the labour force.[1] The

(1) Definition provided by D.B.S., Ottawa.

CHART 2

LABOUR FORCE IN CANADA
1901-1961



Source: Table 10

definition of the working-age population has changed over time from 10 years of age and over in 1901 and 1911 census years to 14 years of age and over from 1921 to 1951; and 15 years of age and over in the 1961 census. The trends in participation rates are

TABLE 11

LABOUR FORCE PARTICIPATION RATES BY SEX, CANADA

1901-1961

Census Year	Participation Rates		
	Male	Female	Total
1901	83.4	13.5	49.3
1911	88.0	16.0	55.0
1921	86.7	17.2	53.4
1931	85.3	19.1	53.7
1941	83.9	20.2	53.0
1951	80.8	23.6	52.4
1961	75.9	29.4	52.8

Source: Table 10

shown in Table 11. The data from 1921 to 1961 show a high degree of stability in the over-all ratio: about 53.0 per cent of the population 14 years of age and over has regularly been classified as being in the labour force. But this over-all stability is the result of opposite trends in the male and female participation rates. The male rate has declined steadily since 1921 while the female rate has increased sharply. This divergence will now be examined and presented in Table 12.

TABLE 12

LABOUR FORCE PARTICIPATION RATES BY AGE AND SEX, CANADA

1946-1962

Age Group By Sex	1946 (1)	1948 (1)	1950 (2)	1952	1954	1956	1958	1960	1962
Male									
14-19	60.5	57.9	55.9	52.8	50.2	48.1	45.6	43.0	39.6
20-24			93.0	92.9	92.0	91.7	91.6	91.2	89.0
25-34	88.9	92.1	96.9	97.8	97.3	97.6	97.9	97.9	97.6
35-44	97.1	98.0	98.1	97.9	97.3	97.6	97.9	97.7	97.8
45-54	93.4	93.0	96.0	95.9	95.1	96.0	96.1	96.4	95.6
55-64			86.8	86.5	85.4	86.4	87.1	86.8	86.1
65 and Over	47.5	44.0	40.4	36.7	33.2	34.1	32.2	30.2	28.4
TOTAL	85.1	85.1	84.0	83.4	82.2	82.2	81.7	80.8	79.3
Female									
14-19	37.7	33.3	33.0	33.1	33.6	33.9	32.1	32.6	31.0
20-24	48.0	45.4	46.4	47.1	46.6	47.1	47.4	48.1	49.7
25-34	23.2	22.8	24.0	24.1	24.4	25.1	26.2	27.3	28.3
35-44			20.5	22.5	22.1	23.8	26.2	29.4	31.0
45-54	15.3	16.2	18.9	20.6	20.1	21.4	27.5	30.4	33.3
55-64			13.2	13.4	14.0	15.9	19.0	21.2	23.8
65 and Over	5.0	5.1	4.2	3.9	3.7	4.5	5.2	5.5	5.5
Total	24.7	23.5	23.2	23.7	23.7	24.9	26.3	28.0	29.1

Source: D.B.S., Special Surveys Division, Ottawa.

Male Participation Rate: The most significant change during the period 1946-1962 has been in the participation of those aged 14-19 years. In the immediate post-war years, about three-fifths in this age group were either working or looking for work. Today, however, the need and desire to obtain more education, together with the comparative scarcity of jobs for males in the 14-19 age group, account for 39.6 per cent of this group being in the labour market in 1962. It may be expected that this trend will continue because of growing demand for skilled and professional manpower, and the increased ability of many families to finance education.

At the other end of the male-age spectrum, 65 years of age and over, the increasing number of pension plans, the rising ability of younger people to support older ones, the secular shifts of the labour force (particularly out of primary industries), together with a shortage of jobs for older workers, have induced many men to withdraw completely from the labour force, when they reach the retirement age. Consequently in 1962, 28.4 per cent of men in this age group were working and looking for work as compared with 47.5 per cent in 1946. Part of this reduction, however, is due to enforcement of compulsory retirement.

However, these two tendencies (declining participation rates of young men of 14-19 years of age and of older workers of 65 years of age and over) together with a higher proportion of men 20-24 years of age seeking further education and training, have caused the decline in

the over-all male participation rate. This changing pattern of male participation has also moderated the over-all growth of the labour force during recent years, and hence kept unemployment rates below levels that would otherwise have occurred.

Female Participation Rates: Despite a slight tendency for women in the 14-19 age group to withdraw from the labour force, the participation rates of women in all other age groups have increased as shown in Table 12. The highest female participation rate for the period 1946-1962 is found in the 20-24 age group, because it is more usual for women of this age group to work, and because of an increase in the participation of young women who remain in the labour market after marriage.(2)

The percentage of women in the 20-54 age group entering the labour force has been increasing steadily between 1950 and 1962. The same tendency is noted for women in the 55-64 age group, while the participation rate for women 65 years of age and over showed only a moderate increase. It should also be noted that a much smaller proportion of women of this age group was in the labour force as compared with men of the same age group.

An important factor in the marked percentage increase of females in the aggregate labour force has been the increase in the

(2) Department of Labour, Women at Work in Canada, Ottawa, 1958; ibid., Married Women Working for Pay in Eight Canadian Cities, Ottawa, 1958.

number of married women in the labour market (see Table 13).

By 1961, married women accounted for 49.8 per cent of the total

TABLE 13

FEMALE LABOUR FORCE BY MARITAL STATUS(1)

CANADA, 1941-1961

FEMALE MARITAL STATUS	1941(2) Number	1941(2) Per Cent	1951 Number	1951 Per Cent	1961 Number	1961 Per Cent
Single	665,623	79.9	723,433	62.1	747,267	42.3
Married	85,633	10.3	348,961	30.1	879,141	49.8
Widowed	56,964	6.8	78,672	6.8	117,592	6.6
Divorced	24,582	3.0	13,255	1.1	22,332	1.3
TOTAL	832,840(3)	100.0	1,164,321	100.0	1,766,332	100.0

Source: D.B.S., Census Data of Canada

Note: (1) Excluding Newfoundland prior to 1951 and the Yukon and Northwest Territories.

(2) Excluding women in Active Service.

(3) Including conjugal conditions not stated.

female labour force as compared with 10.3 per cent in 1941 and 30.1 per cent in 1951. In the older age groups of women, there has been an increasing tendency for mothers to seek employment after their children have grown up. There is also a growing tendency for wives to remain in the labour force in order to supplement the family income.

The participation of married women in the labour force is influenced by employment prospects and by availability of part-time jobs. The latter have increased because of the growth of service industries and retail trade. Increased life expectancy after child-bearing, coupled with earlier marriages and earlier families, compact homes furnished with labour-saving devices, together with the availability of processed foods, have contributed to an easier domestic life and longer working-life for married women. The reduction in average hours of work at home enables married women to work part-time and still discharge domestic responsibilities. Changing attitudes and the social climate towards the employment of married women are also responsible for the increase in the proportion of working married women, as shown in each succeeding census year in Table 13.

Industrial Distribution of the Labour Force

The industrial basis of the Canadian economy has been broadened over the past few decades. At present, the Canadian industry is moving rapidly from the primary and secondary stages to the tertiary, characterized by the rapid growth of such sectors as public utilities, trade, finance, real estate, and services, both private and public. The industrial shift is the consequence of changing patterns of domestic and foreign demands, and new technology. Naturally, the industrial composition of the Canadian labour force has consequently been remoulded. The substantial growth of commerce and services, the

relatively slow development of manufacturing, and a decline in the primary industries such as agriculture, fishing and forestry, have influenced the direction of new entrants to the labour force and resulted in the shifting of workers from declining to growing industries.

The numerical distribution of the labour force by sex and by major industry group for the census years 1931-1961 is shown in Table 14 and Chart 3. The major industry group may be classified into two principal categories: goods-producing and service-producing industries. The goods-producing industries, including agriculture, fishing and trapping, forestry, mining, manufacturing and construction, have declined relatively in terms of employment, while service-producing industries, including public utilities, trade, finance and real estate, and service proper, have become more significant as job providers. Much of this growth of service-producing industries has reflected the increased importance of social and personal services.

Between 1931 and 1961, goods-producing industries increased their total employment by 26.0 per cent, and their percentage share in the total labour force declined from 58.0 per cent to 45.0 per cent during the same period. On the other hand, the service-producing industries more than doubled their employment, and by 1961 they had assumed a dominant relative position in the total labour force. Indeed, between 1951 and 1961, almost all the increase in employment

TABLE 14

NUMERICAL DISTRIBUTION OF THE LABOUR FORCE BY SEX AND MAJOR INDUSTRY GROUPS, 1931-1961(1)

(Thousands)

Industrial Group	1931			1941			1951			1961		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
All Industries	3252.3	665.3	3917.6	3363.1	832.8	4195.9	4051.0	1163.9	5214.9	4581.8	1760.5	6342.3
Agriculture	1099.8	24.2	1124.0	1063.0	19.1	1082.1	791.9	35.1	827.0	560.9	78.7	639.6
Forest Operations(2)	96.8	0.8	97.6	93.2	0.5	93.6	127.5	2.3	129.8	106.3	2.2	108.5
Fishing & Trapping				50.7	0.4	51.1	50.3	0.4	50.7	34.1	0.5	34.6
Mining	71.5	0.4	71.9	92.4	0.6	93.0	101.5	2.3	103.8	114.1	4.7	118.8
Manufacturing	600.8	122.8	723.6	784.7	181.3	966.0	1085.9	274.8	1360.7	1178.0	308.8	1486.8
Electricity	23.6	1.8	25.4	23.6	2.0	25.6	56.5	5.3	61.8	62.0	8.4	70.3
Construction	248.2	1.6	249.8	218.7	1.5	220.2	344.8	6.0	350.9	454.5	11.5	466.0
Transportation & Communication	254.5	22.7	277.2	246.8	19.8	266.6	353.9	48.8	402.7	391.9	63.3	455.2
Trade:	302.5	85.1	387.6	352.2	112.8	465.0	498.4	211.7	710.1	629.0	298.9	927.9
Wholesale	52.0	8.8	60.8	84.5	15.8	100.3	159.1	36.4	195.5	240.1	52.7	292.7
Retail	250.5	76.3	326.8	267.7	97.0	364.7	339.3	175.3	514.6	389.0	246.2	635.2
Finance and Real Estate	67.4	25.0	92.4	61.3	28.4	89.7	80.0	64.0	144.0	124.3	104.6	228.8
Service:	321.7	377.4	699.1	335.4	461.6	797.0	505.8	500.1	1005.9	810.6	837.1	1647.7
Community (2)	101.4	148.1	249.5	98.7	165.1	263.8	136.9	234.8	371.7	225.5	415.3	640.8
Business (2)				9.1	3.1	12.2	40.5	18.4	58.9	77.9	42.1	120.0
Government	94.1	15.4	109.5	109.2	28.0	137.2	179.3	53.6	232.9	310.7	93.5	404.2
Recreation	15.2	2.4	17.6	14.5	3.1	17.6	21.7	7.0	28.7	28.7	11.1	39.8
Personal	111.0	211.4	322.4	103.8	262.3	366.1	127.4	186.3	313.7	167.7	275.2	442.9
Industry Not Stated	165.5	3.7	169.2	41.1	4.9	46.0	54.5	13.0	67.5	116.3	41.9	158.2

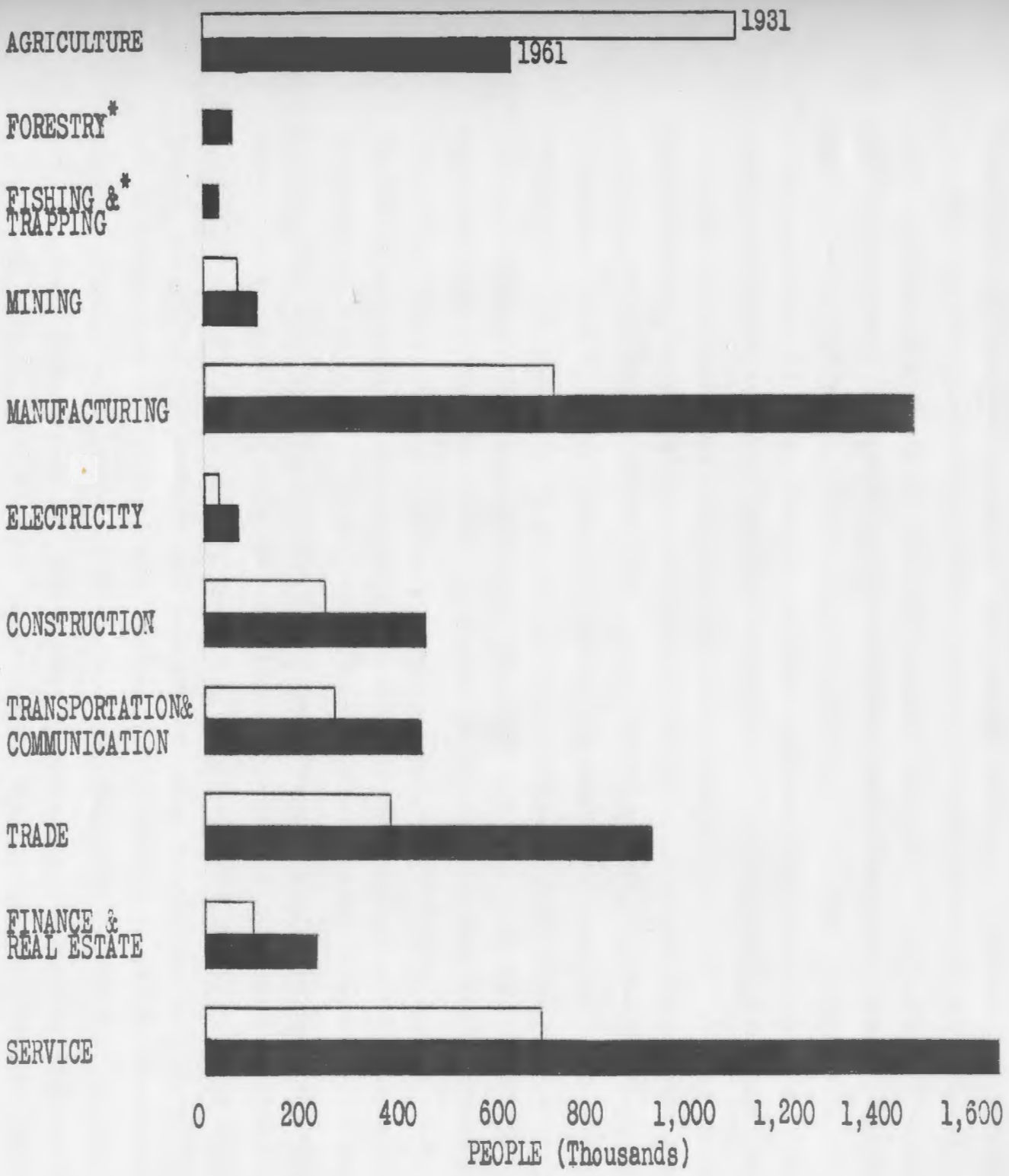
Source: D.B.S., Census Data and Employment and Occupation Section. Industries were rearranged on the basis of the 1951 classification.

Note: (1)14 years of age and over for 1931 to 1951; and 15 years and over for 1961. Not including armed forces. Not including Yukon and Northwest Territories. Newfoundland included in 1951 and 1961.

(2)Separate figures for Forestry and Fishing, Community and Business Services not available for 1931.

CHART 3

LABOUR FORCE BY MAJOR INDUSTRIES, 1931-1961



Source: Table 14

* Figures not available for 1931.

was accounted for by the service sector. This suggests that technology and automation may have placed a ceiling on employment in the goods-producing industries, despite the pressure of increasing population and military expenditure. Technological progress has, therefore, profoundly affected the type of work opportunities available in the future. Another significant consequence of this shift in the industrial structure of the Canadian economy has been the rapid increase in job opportunities for women. Generally speaking, automation and mechanization have been less effectively applied in service-producing industries than in goods-producing industries, and this largely accounts for the relative employment shift. Over three-quarters of all women employed in 1961 were working in service-producing industries; their number increased from 514,000 in 1931 to 1,344,000 in 1961, or 142.0 per cent. Female employment increased in financial business such as banks and insurance companies, in retail trade, in some sectors of transportation such as air transport, and in communication. Female employment increased most in community services such as schools, hospitals and social agencies, in government, and in personal services such as laundries, dry cleaning establishments, hotels and restaurants.

Similarly, though to a lesser degree, the increase in employment opportunities occurred mainly in the service-producing industries. Between 1931 and 1961, the number of men employed in service industries increased by 88.0 per cent as contrasted with only a 16.0 per cent increase in male employment in goods-producing industries.

The greatest concentration of male employment in service-producing industries in 1961 was in trade, public utilities and government service.

Looking at the main industry group between 1931 and 1961, the basic change has been the decline in agricultural employment,(3) particularly during the post-war period, which experienced steadily growing volume of agricultural output. Between 1931 and 1961 about half a million farm jobs were lost as a result of mechanization of agricultural production. The consolidation of farms into larger units, particularly since 1945, led to the disappearance of under-employment in the agricultural sector.

Other primary industries have generally maintained their relative position as job providers. Some decline in employment in fishing and forestry was due to technological advance and shifts in consumers' spending patterns. In mining, during the more recent past, coal and uranium have been depressed. But an expansion of the natural resource products, particularly oil and natural gas, involved significant increase in employment. Resource development after the war led to a considerable expansion in other industries such as manufacturing and power, and thus led indirectly to greater employment outside the resource industries.

Manufacturing increased its proportion of total employment from 18.5 per cent in 1931 to 23.1 per cent in 1961. Manufacturing, as a

(3) Department of Labour, Trends in Agricultural Labour Force in Canada, 1921-1959, Ottawa, 1960.

source of employment, surpassed agriculture in the early forties. During the Second World War, heavy industries such as iron and steel, electrical apparatus, chemical, aluminum, aircraft and truck manufacturing and ship-building greatly expanded. It has been estimated that at the peak of the war effort in 1943, about three out of five persons employed in manufacturing were producing war materials, and that in the post-war period, about two-thirds of the industrial war structure was adapted to peacetime uses.(4) Employment has continued moderately upward during the last decade in such industries as food and beverages, tobacco products, chemicals, and telecommunication equipment. It has declined, however, in durable goods industries producing for consumers and industrial capacity.

Public utilities such as electricity, transportation and communication have largely maintained their relative share of the labour force, though there was some decrease in employment in railways as a result of improved technology. A more notable change was the shift in employment in internal trade from 9.9 per cent in 1931 to 14.6 per cent of the labour force in 1961. A similar trend took place in finance and real estate business. Heavy investment in new industrial capacity, power projects and housing during the post-war years were reflected in the larger volume of construction employment. Finally, the service-industry proper showed a pronounced shift from 17.9 per cent of the labour force in 1931 to 26.0 per cent in 1961.

(4) O.J. Firestone, Canada's Economic Development 1867-1953, London, 1956.

Generally, these trends in the industrial distribution of the labour force in Canada may continue; this would mean a further decrease in the proportion of the labour force employed in agriculture, and a further increase in the service industries. Largely owing to the impact of technology and automation, less people would find employment in the construction and primary manufacturing industries.

We are now in a position to examine the occupational distribution of the labour force in order to obtain a clearer picture of the extent and nature of the Canadian labour force in the last three decades.

Occupational Distribution of the Labour Force

The occupational classification of the labour force groups together all individuals of a given profession or craft, irrespective of the industries in which they may be working. Industrial changes have caused occupational regroupings and variations in the relative importance of different occupations in the Canadian labour force. The occupational pattern of employment during the past three decades is shown in Table 15 and Chart 4.

Table 15 shows that of the 6,342,300 men and women in the labour force in 1961, 38.6 per cent were in white-collar occupations, while 34.9 per cent were in the manual category. The remainder were divided as follows: service occupations, 10.8 per cent; agriculture and

TABLE 15

NUMERICAL AND PERCENTAGE DISTRIBUTION OF LABOUR FORCE BY MAJOR OCCUPATION GROUP, CANADA

1931-1961

(Thousands)

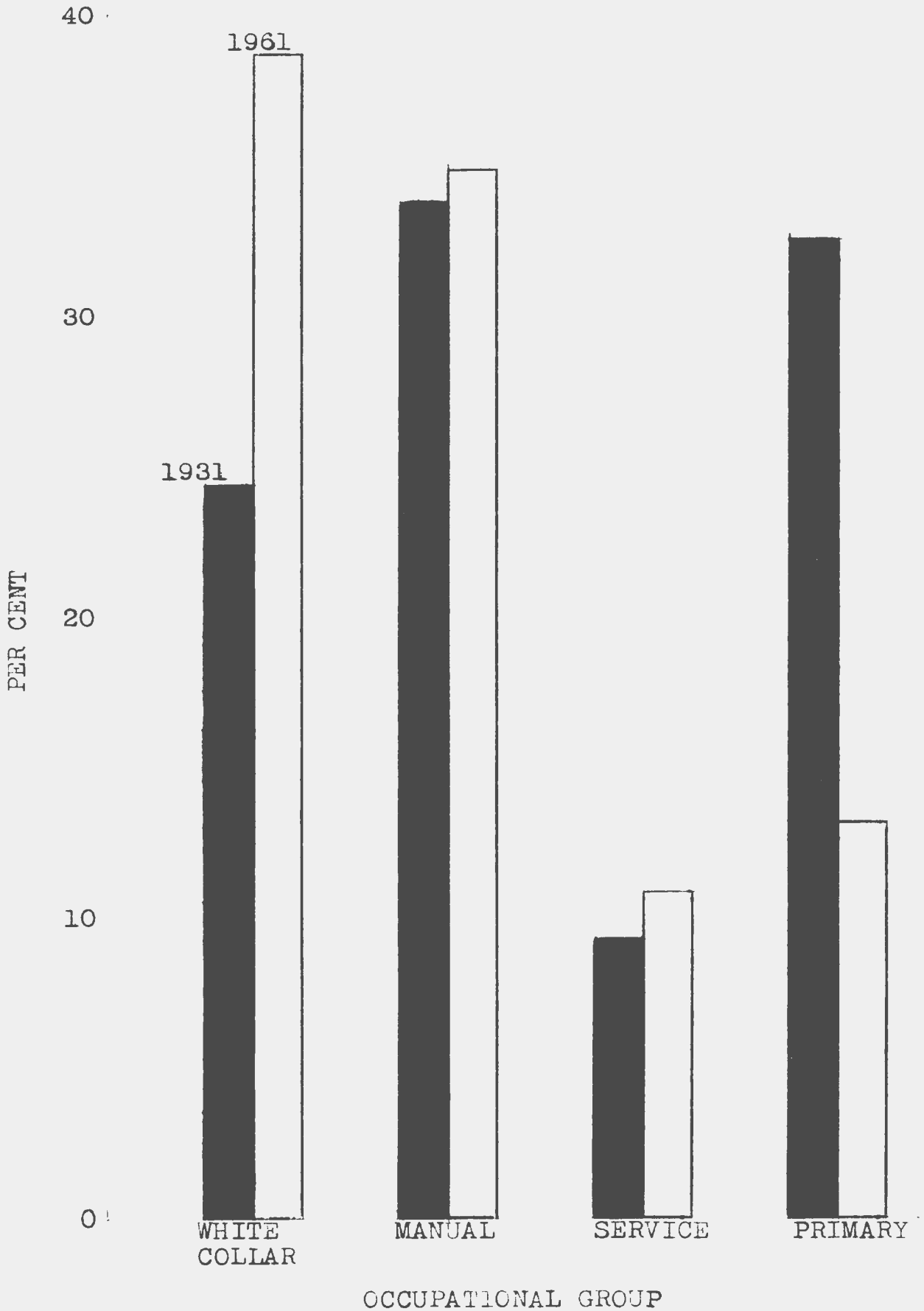
Major Occupation Group	Thousands				Percentage Share of Labour Force				Percentage Change 1931-1961
	1931	1941	1951	1961	1931	1941	1951	1961	
All Occupations	3,921.8	4,196.0	5,214.9	6,342.3	100.0	100.0	100.0	100.0	
White Collar	958.2	1,058.7	1,690.6	2,446.9	24.4	25.2	32.5	38.6	155.0
Manual	1,323.4	1,401.5	1,963.5	2,213.3	33.8	33.4	37.6	34.9	67.3
Service	363.8	439.7	446.0	683.9	9.3	10.5	8.6	10.8	90.0
Primary	1,274.8	1,284.6	1,050.1	830.2	32.5	30.6	20.1	13.1	- 34.5
Not Stated	1.7	11.4	64.7	168.0	Less Than 0.05 %	0.3	1.2	2.6	

Source: D.B.S., Census Data and Occupation and Employment Section.

Note: 14 years of age and over for 1931-1951; 15 years of age and over for 1961.
Not including Yukon and Northwest Territories; including Newfoundland in 1951 and 1961.

CHART 4

LABOUR FORCE BY MAJOR OCCUPATIONAL GROUP IN CANADA
1931-1961



Source: Table 15

resource workers, 13.1 per cent; and not stated, 2.6 per cent. We shall now examine in detail the development of the labour force in each major occupational group during the period 1931-1961.

White-Collar Group: This occupational group comprises proprietary and managerial, professional and technical, clerical, commercial and financial. It includes most of the workers whose jobs primarily involve mental rather than physical effort.

Over the period 1931-1961, this occupational group increased at a faster rate, both absolutely and relatively, than other groups. In absolute terms, the increase in employment amounted to 1.5 million. In percentage terms, it increased by 155.0 per cent. The rate of employment growth in this group was particularly high (24.3 per cent) during the decade 1941-1951. As a result of this fast rate of growth, the white-collar share of the labour force increased from 24.4 per cent in 1931 to 38.6 per cent in 1961.

The changes in occupational structure may be attributed to the industrial changes. As some industries expand more rapidly than others, the occupational groups which predominate in these industries also expand more rapidly; and indeed, this has been a very important factor contributing to the changes in the occupational structure of the labour force. It is apparent, for example, that this factor has been responsible for a large part of the over-all increase in the proportion of white-collar workers. A large part of the relative

increase was due to the expansion of sectors such as government, community service, banking, insurance, retail and wholesale trade. All these employ large numbers of people in the white-collar group. The employment growth was also due to the expansion of record-keeping and "paper-work" required to meet the complex requirements of modern business organization.

Another important factor responsible for the substantial increase of the labour force in the white-collar group was the rise of female participation.(5) Since the 1870's, when typewriters were first introduced into offices, women have operated them. As the size of business enterprises has increased over the years, the amount of paper work and filing has increased many fold, creating a greater demand for clerical personnel. About four-fifths of the increase in the female labour force between 1951 and 1961 were absorbed in only four occupations: clerical, personal service, professional, and commercial. The rising trend of employment in this white-collar group is expected to continue, owing to expansion of secondary and tertiary industries employing relatively larger number of such workers, and to increased use of professionals in all industries because of the increasing complexity of organisation.

Manual Group: In this occupational category, there are four sub-groups: manufacturing and mechanical, construction, labourers

(5) Department of Labour, Women at Work in Canada, Queen's Printer, Ottawa, 1964.

outside the primary industries, transportation and communications. This group includes the bulk of the physical work performed in the non-primary industries.

This group increased at less than half the rate of the white-collar group over the period 1931-1961. It showed a gain in employment of 5.1 per cent between 1931 and 1941, but increased by 40.0 per cent during the period 1941-1951, and 12.7 per cent during the most recent decade. The over-all rate of employment growth of 67.3 per cent, during the period 1931-1961, was the smallest for any occupational group, with the exception of the declining primary-industry occupational group.

The rise of employment in this category was due to a general expansion of the secondary manufacturing industry. During the Second World War, heavy industries such as iron and steel, electrical apparatus, chemical, aluminum, aircraft and truck manufacturing and ship-building greatly expanded; this economic expansion led to increased employment of manual workers. In the post-war years, there was a sharp expansion of construction, transportation and communication. There was also increased demand from business or households for automatic control systems, electronic computers, data processing machines, and integrated materials handling and processing equipment, and equipment used in certain service industries such as the telephone and transportation industries. As a result, the expansion of capital-goods industries to meet this mounting demand has given rise to greater employment of skilled, semi-skilled and unskilled workers. Furthermore, since 1946, there has been an increase in construction of apartment houses, dwellings,

highways, airports, water-works, schools, universities, and hospitals; all this expansion of construction has contributed to a rising employment of manual occupations or workers, such as electricians, foremen, mechanics and repairmen, machinists, truck and bus drivers, telephone operators, etc.

Service Group: This occupational group includes the type of work outside the professional area, where labour is purchased directly by the ultimate consumers. The sub-groups within this category are personal and domestic, protective and others. This group increased its employment by about 90.0 per cent over the period 1931-1961, adding 320,100 workers to the labour force. Its share of the labour force increased from 9.3 per cent in 1931 to 10.8 per cent in 1961. The workers in this service group are mainly housekeepers, janitors, barbers, hairdressers, manicurists, laundries, cleaners, waiters and waitresses, hotel and private household workers.

The steadily rising employment in personal services for the last three decades was mainly due to the rise in per capita real income and the growth of urbanization. There is a very close relationship between the real income, demand for services and employment. As per capita real income of a family increases, the demand for more education, health and recreation services usually tends to increase because the family can afford the additional expense; and the increase in aggregate demand for services will of course increase employment in the service occupations. Another

important factor responsible for the rising employment in the service category is the growth of urbanization in Canada. Concurrently with the growth of Canadian population there have been shifts from farms and rural non-farm areas to urban centers, particularly to metropolitan areas since the turn of this century. The rise of urbanization has generated the growth of service industries, such as community, business, recreation, and personal. This in turn has led to increased demand for workers in personal services.

Primary-Industry Group: This occupational group comprises agricultural, fishing and hunting, logging and mining workers. Here employment increased by 0.8 per cent between 1931 and 1941; but it declined by 18.3 per cent during 1941-1951, and 20.9 per cent for the period 1951-1961. Over the whole period 1931-1961, the share of the labour force in this category dropped from 32.5 to 13.1 per cent.

The obvious factors responsible for the substantial decline of the labour force in the primary-industry group were mechanization, consolidation, and improved processes of production. Other factors responsible for the exodus of labour from this occupational category were the higher wages, fewer working hours and better working conditions prevailing in secondary and service industries. Because of lower productivity per man-hour and the onerous nature of the work, agriculture, fishing and logging have never been able to obtain

comparable wage and working conditions. Furthermore, the acquisition of more education and the increased employment opportunities in the urban areas have made these occupations less attractive to young people; large numbers, particularly women, have migrated to urban communities.

In summary, as the Canadian economy matures, relatively more people are required to administer and co-ordinate the production and distribution of goods. More people are also needed for the financing, insuring and other services. The increasing automation and mechanization of production in the non-primary industries is likely to increase white-collar occupations and depress the primary-industry occupations. In turn, the increase of white-collar occupations will require highly skilled and educated manpower.

Finally, the study of occupational trends has implications for economic development in general, and investment in human resources in particular. We have shown that shifts are occurring away from the manual and primary sectors toward those which demand for more formal education, and greater and more versatile skills. Professor Harbinson (6) has observed that "As any industrial society

(6) S.E. Hill and F. Harbinson, Manpower and Innovation in American Industry, Princeton University, 1959, P. 3.

advances, it becomes increasingly dependent upon the brains and much less dependent upon the brawn of its working force".

This implies that we will be called upon to devote much more of our resources to education and training. In addition, more time will be required to learn the requisite skills and knowledge by those about to enter the labour force. It will also take a longer period to readapt or retrain those people whose occupations are no longer in demand.(7)

Future Prospects: We can expect an even more rapid rate of occupational shifts within the Canadian labour force in the next decade. All evidence suggests that positive substitution of high-level human resources for unskilled or semi-skilled manual labour and routine clerical labour is almost certain to increase. The major reasons for the continuation of these occupational changes may be summarized as follows:

(1) The continuing shift from an agricultural economy to one that is predominantly industrial;

(2) The continuing rapid acceleration in the rate of technological progress, organizational structure and administrative techniques;

(3) The expansion in Canada's scientific research and developmental activities;

(7) Noah M. Meltz, Factors Determining Occupational Trends in the Canadian Economy, The Canadian Political Science Association, 33rd Annual Meeting, June 1961.

(4) The growing demand for educational, health and other services which are largely provided by professional and technically trained personnel;

(5) The increasing size and complexity of business and government organizations which will entail greater professionalization of management with more emphasis on specialized skills.

Chapter 3

UNEMPLOYMENT IN CANADA

Unemployment is, in general, the result of a divergence between the demand for labour and its supply. But unemployment is not an absolute or unique concept and is subject to a number of interpretations;[1] therefore, the definition of an unemployed person depends on the test that is applied. The Dominion Bureau of Statistics defines an unemployed worker as one who has no job and who actively sought and was able to work during the enumeration week.

In an advanced industrial economy, unemployment stems from many sources. When the unemployment rate reaches an intolerable level of 5.0 per cent or more,[2] the total pool of the unemployed includes frictional, cyclical, structural, and seasonal unemployment. Examination of unemployment in Canada will be focussed on seasonal and structural unemployment, as well as manpower and employment policies. We shall first examine the extent and nature of unemployment in Canada.

(1) S. Ostry, The Definition and Measurement of Unemployment, The Senate of Canada, Proceedings of the Special Committee on Manpower and Employment, Vol. VI, P. 364.

(2) H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, MacMillian of Canada, Toronto, 1962, P. 358.

Extent and Nature of Unemployment

There are always some unemployed workers even in the best of times.[3] Thus when 97.0 or 98.0 per cent of the labour force is employed, this is considered to be full employment; the remaining 2.0 or 3.0 per cent are regarded as being frictionally unemployed. Cyclical and structural unemployment cannot be neatly separated and measured, because at any one time both are included in the total unemployed data. Thus the data in Table 16 cannot be used to indicate the underlying causes of various types of unemployment, but it shows wide fluctuations in the rates of unemployment. Any unemployment rate above 3.0 per cent is a matter of grave concern.

Looking at the post-war trends of unemployment,[4] four distinct periods may be observed (see Table 16 and Chart 5). The first period from 1946 through 1953 which marked the post-war and Korean war boom, had an average rate of unemployment of less than 3.0 per cent, and in fact represented one of the best peacetime records in Canadian history. The Canadian economy emerged after the war in a far stronger position than at the beginning owing to industrial research on a large scale, and the establishment of

(3) Ibid., PP. 358-386.

(4) C.L. Barber, Canada's Unemployment Problem, paper presented to the Canadian Political Science Association, Thirty-Third Annual Meeting, June 1961; F.T. Denton and S. Ostry, An Analysis of Post-War Unemployment, prepared for the Canadian Council of Canada, Queen's Printer, Ottawa, 1965.

TABLE 16

UNEMPLOYMENT BY SEX IN CANADA

1946-1962*

(Thousands)

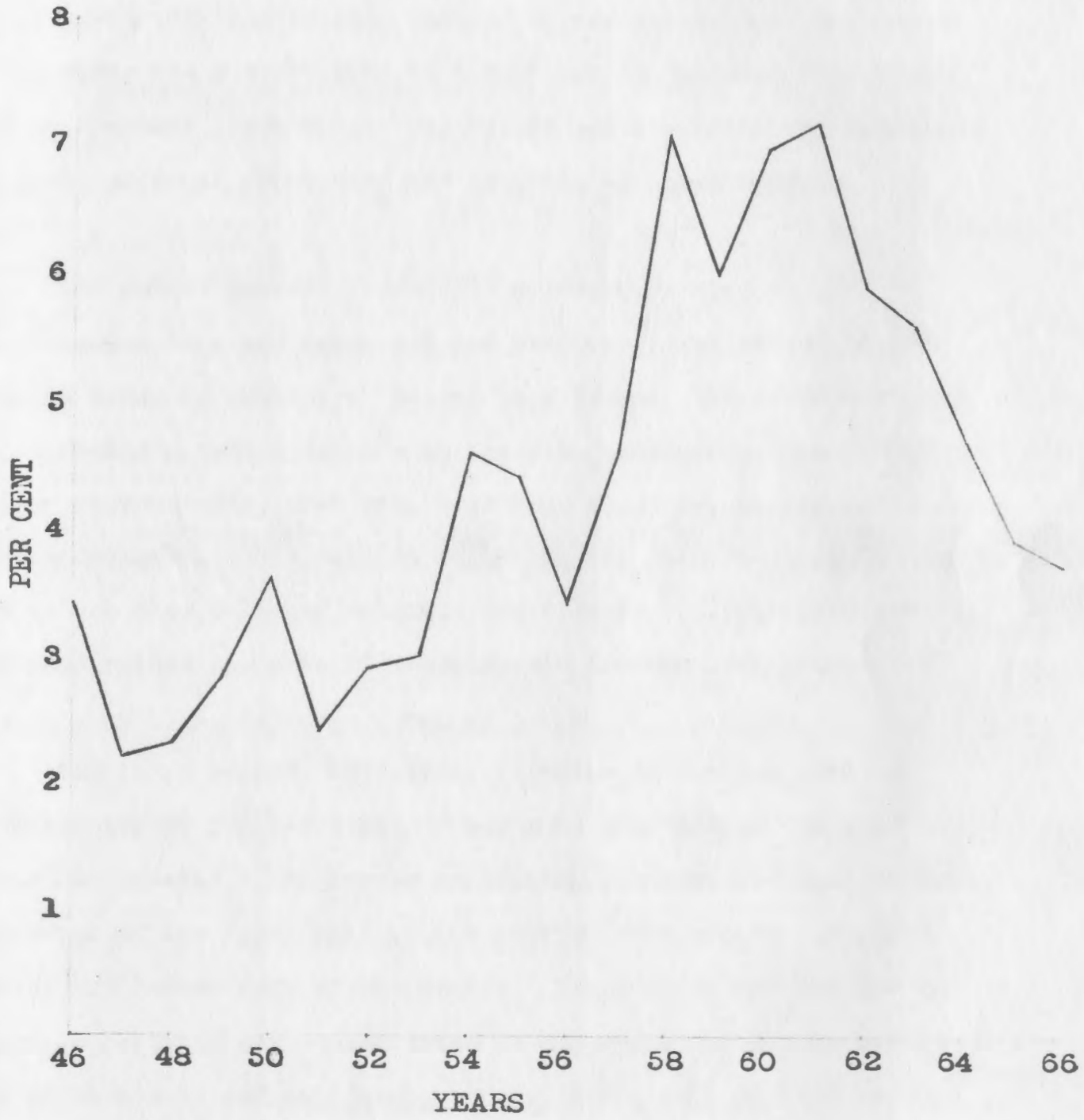
	Male			Female			Total		
Year	Labour Force	Unemployed	Unemployment Rate	Labour Force	Unemployment	Unemployment Rate	Labour Force	Unemployed	Unemployment Rate
1946	3746	137	3.7	1082	26	2.4	4829	163	3.4
1947	3869	92	2.4	1074	18	1.7	4942	110	2.2
1948	3923	95	2.4	1066	19	1.8	4988	114	2.3
1949	3969	122	3.1	1086	20	1.8	5055	141	2.8
1950	4050	159	3.9	1112	27	2.4	5163	186	3.6
1951	4076	103	2.5	1147	24	2.1	5223	126	2.4
1952	4144	129	3.1	1180	26	2.2	5324	155	2.9
1953	4206	143	3.4	1191	19	1.6	5397	162	3.0
1954	4263	218	5.1	1231	32	2.6	5493	250	4.6
1955	4341	213	4.9	1269	33	2.6	5610	245	4.4
1956	4436	171	3.9	1346	26	1.9	5782	197	3.4
1957	4570	244	5.3	1433	33	2.3	6003	278	4.6
1958	4634	378	8.2	1493	54	3.6	6127	432	7.1
1959	4679	326	7.0	1549	47	3.0	6228	373	6.0
1960	4750	388	8.2	1653	60	3.6	6403	448	7.0
1961	4782	404	8.4	1736	65	3.7	6518	469	7.2
1962	4820	333	6.9	1789	59	3.3	6608	391	5.9

Source: D.B.S., Special Surveys Divisions.

*1946-51, four-month annual average; 1952, five-month average; and 1953-62 twelve-month average. Newfoundland included since 1950.

CHART 5

UNEMPLOYMENT RATE IN CANADA
1946-1966



Source: Labour Force Survey and Canadian Statistical Review, DBS., Ottawa.

entirely new industries, such as synthetic rubber, roller bearings, diesel engines, antibiotics, high octane gasoline, aircraft manufacturing and shipbuilding. This was followed by a great surge in economic activity in 1951 induced by the outbreak of the Korean war. There was a sharp rise in investment in business inventories and in consumer purchasing. The result was a substantial increase in gross national output and the lowering of unemployment.

The second period, 1954-1957, witnessed a rise in the unemployment rate averaging 4.3 per cent which reflected the slow-down in economic activity. During this period, the slackening of world demand caused a decline in Canadian production. Output of newsprint wood pulp, iron ore, lead ore, aluminum, copper and nickle declined. This fall in output in the resource area, in turn, led to the slackening of economic activity in the other industries, and thus raised the rate of unemployment between 1954 and 1957.

The third period, 1958-1961, revealed an average rate of unemployment of 7.0 per cent; it was more than double the rate deemed acceptable. The forces generating the post-war boom and the expansion of the first half of the 1950's could not be sustained during the latter part of the decade. The bulk of the decline in economic activity was concentrated in non-residential construction and in machinery and equipment, both of which fell by 18.0 to 20.0 per cent between 1957 and 1961. The largest decreases occurred in

mining, quarrying and oil wells, manufacturing, transportation, storage, electric power, gas and water utilities. The major factors responsible for this general economic slackening during this period were (1) the fall in the world demand for Canada's primary commodities; (2) the emergence of European and Japanese competition, especially in manufactured goods, which caused difficulties for Canadian export of manufactures and reduced the incentive to domestic investment.

In 1961 the Canadian economy begain to recover. The dynamic elements responsible for it were a rather spectacular revival of foreign demand for Canadian products and an investment boom. The wheat sales to China and the Soviet Union, devaluation of the Canadian dollar in mid-1962, and a resurgence of economic growth in the United States and the United Kingdom, all contributed greatly to an increase in demand for Canadian exports. At the same time, devaluation prevented a sharp increase in imports. All this led to an increase in gross national output and a steady decline in the rate of unemployment to 3.7 per cent in 1966 (see Chart 5).

Generally, the incidence of unemployment is substantially higher among young workers than among workers with longer periods of active participation in the labour market. As shown in Table 17, the average rates of unemployment among workers under 20 years of age were more than double those of workers in the 25-44 age group. On

TABLE 17

UNEMPLOYMENT RATES BY AGE AND SEX IN CANADA

1951-1961

Age Group	Average Percentage of Labour Force Unemployed 1951-1955 Male	1951-1955 Female	1956-1960 Male	1956-1960 Female	1961 Male	1961 Female
Under 20 years	7.8	4.2	13.5	6.5	16.6	9.0
20 - 24	5.5	2.4	9.8	3.0	11.8	4.1
25 - 44	3.2	1.6	5.5	2.1	7.3	2.6
45 - 64	3.3	1.2	5.4	1.9	7.3	2.3
65 and over	3.1		4.6		6.0	

Source: D.B.S., Unemployment in Canada, Ottawa, 1962, Table 4, P. 14.

the other hand, the rates of unemployment among women were considerably lower than among men.

What are the factors responsible for these impressive differences in rates of unemployment? First, most workers under 20 years of age lack experience and training. Second, whenever layoffs become necessary, seniority works against the young workers. Third, young people are more mobile. They have greater desire and freedom to move about in the hope of improving their employment opportunities.

The primary reason for the lower rates of unemployment among women of all age groups than those among males is found in the types

of employment they entered. In general, positions held by women are less subject to fluctuations than those held by men: the largest proportion of the female labour force is employed in the service sector, which is not only less subject to seasonal fluctuations, but is also a rapidly expanding sector. Furthermore, married women may tend to withdraw from the labour force as they lose their jobs, and hence are not counted as unemployed.

It is also significant that unemployment rates tend to be much higher for people with little formal education. Table 18 shows that

TABLE 18

UNEMPLOYMENT RATES BY LEVEL OF EDUCATION IN CANADA

1960

	Per Cent
Persons who did not complete primary school	18.7
Persons who completed primary school but did not Complete secondary school	8.0
Persons who completed secondary school	2.7

Source: D.B.S., Unemployment in Canada, Ottawa, 1962, P. 20

those, who did not finish primary school, experienced an unemployment rate of 18.7 per cent. This is more than double the rate for those who completed primary school, but did not complete secondary school,

and six times the rate for those who finished secondary school. This relationship between unemployment and level of education was found in all age groups, but the younger, unskilled and untrained workers experienced a higher level of unemployment.

We should also note that unemployment is never spread out evenly over the whole country. Whatever the actual level of unemployment, it affects different regions diversely. Table 19 shows the regional unemployment rates in Canada for the period

TABLE 19

UNEMPLOYMENT RATES BY REGION IN CANADA

1950-1960

Region	Average Percentage of Labour Force Unemployed		
	1950-1954	1955-1959	1960
Atlantic	5.8	8.8	10.6
Quebec	4.1	6.8	9.1
Ontario	2.4	3.8	5.4
Prairie	2.0	3.1	4.2
British Columbia	4.2	5.3	8.7
CANADA	3.3	5.1	7.0

Source: Senate of Canada, Final Report of the Special Committee of the Senate on Manpower and Employment, Ottawa, June 1961, P. 61.

1950-1960. The Atlantic region had the highest rate of unemployment through the whole period. The unemployment rate in the Prairie region was the lowest, with Quebec just below the Atlantic region and Ontario just above the Prairie region. The rates of British Columbia tended to be somewhat above the national average for the last decade.

Regional differences in unemployment are related in some cases to circumstances peculiar to the areas affected. Winter weather is a factor in certain parts of Canada, particularly in the Atlantic region and parts of Quebec. Many of the industries in these areas are among those such as fishing, trapping, logging and construction, which are most seriously affected by climatic conditions. This contributes greatly to the high rates of unemployment that these areas experience each winter. On the other hand, high transportation costs and limitation of market size have impeded the ability of the Atlantic region to attract new industries or to accelerate the growth of existing industries.

Chronic local unemployment is most likely to occur in areas which are heavily dependent on a single industry. The area which is industrially diversified is more likely to enjoy a stable pattern of employment in the long run. In a dynamic economy, it is inevitable that some of the older industries must give way to newer ones during the process of technological development and widespread structural

change. Hence, some areas will be adversely affected unless they have an industrial base sufficiently broad to offset the decline of the older industries.

Seasonal Unemployment

Seasonal unemployment arises in particular industries and trades, through seasonal variations in their activity brought about by climatic conditions or conventional factors, such as fashions, styles, customs, consumers' buying habits, model changes, etc. It occurs annually within particular sectors of the economy, industry or region. Invariably, and irrespective of the phase of the business cycle, the unemployment in Canada starts to increase in the fall, slowly at first, and then more rapidly as the winter sets in. By about February or March a maximum is reached and then, as winter gives way to spring, the pendulum swings back with equal predictability, and unemployment starts to decline again. This is repeated with almost clock-like regularity.

In Canada, the first quarter of the year is usually the time of maximum average unemployment, and the third quarter is the time of minimum average unemployment. This is shown in Table 20.

Climate is the most fundamental cause of seasonal unemployment in Canada. Table 20 shows that, during the whole period 1953-1960, the average first-quarter rate of unemployment was more than double

TABLE 20

AVERAGE PERCENTAGE OF LABOUR FORCE UNEMPLOYED BY QUARTER IN CANADA

1953-1960

Year	Annual Average %	First Quarter Average %	Third Quarter Average %	Difference Between First and Third Quarters
1953	3.0	4.3	1.9	2.4
1954	4.6	6.2	3.3	2.9
1955	4.4	7.4	2.6	4.8
1956	3.4	5.8	1.9	3.9
1957	4.6	6.1	3.2	2.9
1958	7.1	10.1	4.8	5.3
1959	6.0	9.3	3.8	5.5
1960	7.0	9.4	5.1	4.3
Average 1953-1960	5.0	7.3	3.3	4.0

Source: The Senate of Canada, Report of the Special Committee of the Senate on Manpower and Employment, 1961, Ottawa, Table 34, P. 70.

the average third-quarter rate of unemployment. This provides, however, a good indication of the magnitude of the problem of seasonal unemployment. If effective measures to reduce seasonal unemployment can be found and implemented, the rewards will be great indeed in terms of the utilization of manpower and the recovery of lost output.

Seasonal unemployment is concentrated in a few industrial groups (see Table 21). In general industries, such as fishing, logging, and construction, in which outdoor activities predominate, are the most severely affected by the change of seasons. In particular, the pronounced seasonality of construction is a factor

TABLE 21

SEASONAL UNEMPLOYMENT BY INDUSTRIAL GROUP,

FIRST AND THIRD QUARTERS, 1959-1961

Industrial Group	Percentage of Labour Force Unemployed		Difference Between First and Third Quarters
	First Quarter Average	Third Quarter Average	
Forestry, Fishing, Trapping	44.0	13.5	30.5
Mining, Quarrying, Oil Wells	11.1	5.0	6.1
Manufacturing	8.8	4.9	3.9
Construction	34.7	10.0	24.7
Transportation and Other Utilities	9.8	3.5	6.3
Trade, Finance, Service	4.8	3.0	1.8

Source: D.B.S., Unemployment in Canada, April 1962, P. 38.

of great importance: the construction industry usually accounts for about 40.0 per cent of seasonally unemployed workers.(5) The construction industry finds certain operations either impossible or much more expensive in the winter months. Forestry is also seasonal, but

(5) The Senate of Canada, Proceedings of the Special Committee of the Senate on Manpower and Employment, No. 16, 1961, Chart 6, P. 1078.

it accounts for only a very small percentage of total labour force. Although forestry employment fluctuates widely and is of great importance in some areas, its effects on total employment is very small when one considers the country as a whole. Fishing is another seasonal industry, extremely important in some areas, but is only a very small employment sector in relation to total employment.

In other major industrial groups, the seasonal swings are much less pronounced, and in some, such as trade and finance, they are virtually non-existent. While the employment pattern of some service industries, such as hotels, restaurants, and amusement centres, is also highly seasonal, they are not important contributions to seasonal unemployment because they employ students and housewives in the period of their greatest demand for labour. Students, for example, who find work in summer resorts, will drop out of the labour force in the autumn; housewives, who are dismissed because of seasonal declines or for any other reason, would not bother to look for alternative employment during the winter and withdraw from the labour force. To the extent that these workers do not form part of the labour force during the winter, seasonal unemployment in service industries is substantially reduced. Manufacturing industry as a whole has a relatively low rate of seasonal unemployment. This is certainly not true of some types of manufacturing such as the processing of fruit, vegetables, or fish, and the manufacturing of wood products.

Seasonal unemployment is a more serious problem in some areas than in others. Table 22 is presented to illustrate this point.

TABLE 22

SEASONAL UNEMPLOYMENT BY REGION, FIRST AND THIRD QUARTERS, 1956-1960

Region	First Quarter Average %	Third Quarter Average %	Differences Between First and Third Quarters Average %
Atlantic Provinces	14.3	6.1	8.2
Quebec	11.0	4.7	6.3
Ontario	5.6	3.4	2.2
Prairie Provinces	5.7	1.5	4.2
British Columbia	8.3	4.5	3.8
CANADA	8.2	3.8	4.4

Source: The Senate of Canada, Report of the Special Committee of the Senate on Manpower and Employment, 1961, Ottawa, Table 30, P. 74.

The amount of seasonal unemployment in a region depends upon its industrial composition and climate. Seasonal unemployment is highest in the Atlantic provinces and Quebec where fishing, fish processing, fruit and vegetables and the forestry industries combined with construction contribute so much to the seasonal problem. Moreover, because of severe and prolonged winters in eastern Canada, the seasonal trough is both deeper and longer in the Atlantic region than in the Pacific region. In the Atlantic provinces, the economy is far

less diversified; seasonal industries dominate employment without the counterbalancing effect of a large manufacturing sector. Also, much of the labour force in the Atlantic provinces and in eastern Quebec is dispersed throughout rural areas where there may be virtually no alternative employment opportunities in the winter. Another complicating factor in recent years has been the mechanization of logging which not only has reduced total employment in the industry in eastern Canada, but has also changed the seasonal employment pattern, shifting wood operations from the winter to fall and aggravating the seasonal unemployment in the Atlantic region and parts of Quebec.

Seasonal unemployment is lowest in Ontario where the manufacturing and service industries dominate. In Ontario, many workers laid off from seasonal industries are, in normal conditions, albe to find jobs in the manufacturing and service industries. In the Prairie region, seasonal unemployment is relatively low, because agriculture does not contribute substantially to seasonal unemployment. One reason for this is that farming in the Prairie region is highly mechanized and dominated by self-sufficient farm units. Farmers and some unpaid family workers do not wish to look for alternative employment during the winter and withdraw from the labour force. In British Columbia, the rate of seasonal unemployment is relatively high in the winter. Fishing, fish processing, canning, logging, lumbering, and

construction are contributors to the strong seasonal pattern in British Columbia.

We now turn to examining another important aspect of unemployment in Canada: the structural unemployment.

Structural Unemployment

Structural unemployment arises from a permanent decline in certain industries, such as agriculture and shipbuilding, or in geographic areas. It is the result of changes either in technology or in the total demand for particular goods and services. Structural unemployment of the technological kind is due to changes in production conditions which reduce the number of workers needed to produce a given amount of goods. It is often called "technological unemployment", and it may also cover unemployment caused by improvements of a non-technological nature, for example, shifts in plant location or changes in business organization. The other type of structural unemployment originates from changes in the structure of total demand, either because of the changes in consumers' preferences, tastes, changes in the nature of the products, or because of a change in foreign demand for a country's products. In practice, structural unemployment is usually a result of a combination of these various factors working together.

A study of the impact of technological change and automation on manpower in a number of firms in the electrical, electronics, heavy

machinery, household appliances, and automobile parts industries, indicates that apart from absolute changes in the volume of employment, there are also important changes in the occupational structure of the labour force. During the period 1948-1958, direct production labour as a percentage of total employment declined from 83.0 to 73.0 per cent in the automobile industry, and from 78.0 to 68.0 per cent in the household appliances industry. But in both industries, office employment increased. In the automotive parts industry, direct production labour also declined, but to a lesser extent, dropping from 84.0 to 78.0 per cent over the same period.(6)

Most technological changes in industry may be classified into the following types: (1) new products; (2) improvements in the quality of old products to increase their marketability; (3) new factors of production; (4) new sources of power; (5) increased mechanization or automation of production process; (6) the use of computing machines; and (7) changes in plant organization.

Table 23 shows the frequency of technological change in the five manufacturing industries mentioned earlier. It is clear from this Table that technological change differed in each of the industries.(7) In the electrical and electronics industry, it was

(6) Department of Labour, Skilled Manpower Training, Bulletin Nos. 2, 3, and 8, Ottawa; N.R. Dymond, Technological Changes and Their Impact on Employment and Occupations, Ottawa, 1961; The Senate of Canada, The Special Committee of the Senate on Manpower and Employment, No. 6, 1961, Ottawa.

(7) Ibid.

TABLE 23

FREQUENCY OF TECHNOLOGICAL CHANGE IN FIVE MANUFACTURING INDUSTRIES

1956-1960

	Electrical and Electronics	Household Appliances	Heavy Machinery	Auto Parts	Auto Mobile
Total	38	114	35	79	62
Improved Tooling	0	6	1	3	4
Automatic and Semi-Automatic Machinery	10	23	4	8	6
Integrated Materials Handling	2	10	0	2	3
Automatic Controls	0	8	2	0	3
Changes in Product Design and/or Methods of Fabrication	5	13	3	9	8
Use of New Materials	3	19	4	2	2
Improvement in Non-Automatic Machinery	2	3	3	41	13
Improved Hand Tools	0	0	0	0	2
Improved Materials Handling	2	13	0	10	14
Introduction of New Product or Operation	12	11	5	4	3
Redesign and Integrated Material Handling	0	0	0	0	2
Improved Inspecting or Testing Equipment	2	3	12	0	1
Changes in Materials and Changes in Production Techniques	0	5	1	0	1

Source: The Senate of Canada, The Special Committee of the Senate on Manpower and Employment, No. 6, February 1, 1961, Ottawa, P. 332.

the introduction of new products or operations. The installation of automatic and semi-automatic machinery was the most common type of technological change in the household appliance industry. Improved inspecting or testing equipment was the most frequent kind of change in the heavy machinery industry. Improvements in non-automatic machinery were the most common type of technological change in the automobile parts industry, while improved materials holding and better non-automatic machinery were of approximately equal importance in the automobile manufacturing industry.

The installation of automatic and semi-automatic machinery, changes in product design and/or methods of fabrication, and the introduction of new products or operations, were all types of technological change which occurred with at least some frequency in all five of the industries. Some of these changes obviously involve many more workers than others. It appears that the deployment of automatic and semi-automatic machinery and equipment displaces unskilled workers, and raises the demand for maintenance personnel.

It is, however, unwise to generalize the effect of technological changes on employment from data showing only the changes experienced by individual firms or industries. What may appear as a decline in employment may be a shift from the firm in question to other firms which undertook some production functions vacated by the former in the process of rationalization.

Let us consider the possible long-run effects of technological changes on employment by the firm. The employment of maintenance workers, administrative officers, and professional workers will continue to rise whether total employment increases, decreases or remains unchanged. Quantitative changes that individual firms will experience will depend on the nature of the technological change and also on the change in demand for the firm's product. A relatively inelastic demand for the firm's product and technological improvement in production may reduce the firm's demand for labour. If, on the other hand, the demand for the firm's product is relatively elastic and the technological changes result in reduction in product price or an improvement in quality, then demand for the firm's product and employment are likely to increase in the long run.

In the long run the effect of technological progress is that the aggregate demand for labour will rise; for someone has to produce and service the additional machines, and the distribution of greater output would require the services of more people to administer, to sell and to experiment with new processes. In the short run, whether the increased aggregate demand for labour will be met depends on the occupational structure of the labour force at the time when the increased demand appears on the labour market. It will be accommodated in the long run, assuming that the wage structure responds to the changes in demand for labour, and that readjustments in the occupational structure take place.

Therefore, whether the greater quantities of goods and services are produced by labour or by additional machines, the aggregate demand for labour will rise. We may say that in the long run technological changes create more jobs than they destroy.

Technological change also affects the employment in office occupations. Since the past decade, a revolutionary development has been taking place in office work as a result of introduction of electronic computers for the handling of data. The probable effect of this new development upon the clerical working force is causing much concern. Reliable information on the subject is meagre. There can be no doubt, however, that automation has brought and will continue to bring more profound changes to office work and to employment outlook for office occupations.

Obviously, all office workers are not affected to the same extent; some occupations may hardly be affected at all. Those most undoubtedly affected are the workers possessing one of the traditional clerical skills, such as bookkeeping, accountancy, and invoicing, and also the semi-skilled workers who have learnt to do the routine manual operations connected with this work. For these workers, job opportunities are bound to diminish as this is the area of work directly taken over by the machines. How far this results in unemployment will depend, not only on the economic possibilities for the absorption of displaced workers, but also on their own adaptability and the retraining facilities which are available.

The important lesson to be learned from automation is not that our technological progress has been too rapid, but that our human values and social institutions have not been adequately adapted to meet the challenge of the new environment. Technological change itself is an important determinant of economic growth, giving rise to new demands, new industries, new jobs, and an improvement in the international competitive position. It thus forms an essential element in the achievement of a healthy rate of economic growth.

To meet effectively the technical and professional manpower requirements of the Canadian economy in the future, improved education and training of youths or retraining of older workers are essential if chronic or prolonged unemployment is to be reduced. Government also has to solve the three major problems central to manpower utilization and training. The first is the nature of disparity between jobs and the skills of the people available to fill them. The second is the problem of effectively directing the people who are in need of training into the training institutions that are available. The third problem is the need to consider how the method of training may facilitate the adjustment between people and jobs. The Federal Government, in partnership with the Provincial Governments, has undertaken a series of measures (8) designed to reduce the rates of seasonal and structural unemployment in Canada. These measures will now be discussed.

(8) A.J. MacEachen, Employment, Unemployment and Manpower, Fifteenth Annual Conference, Montreal, 1964, PP. 80-92.

Government Employment and Manpower Policies

Employment Policy: The goals of employment policy are to achieve high levels of productive employment which will lead to reasonably continuous and sustained employment, so that seasonal and cyclical fluctuations in employment are moderated.

Government employment policy is designed to affect the demand side of the labour market and is concerned basically with the creation of employment opportunities. Government intervention is directed at providing the conditions under which the private sector of the economy will develop a satisfactory rate of employment growth. If the necessary rate of employment growth cannot be achieved, Government seeks to fill in the gap through a policy of directly creating wider employment opportunities.

Certain Government policies are directed at moderating the seasonal swings in employment and unemployment. This problem has been tackled by shifting the demand for labour into an annual pattern. Various winter employment programs have moderated the height of the summer employment peaks and raised the employment rates in the winter. The basic programs are designed to create winter employment and directed mainly to the construction and related industries. These programs are as follows:

(1) "Do It Now" Campaign: The Federal Government, in co-operation with the provincial and municipal governments, as well as national

labour and business organizations, has attempted to stimulate winter employment mainly through publicity and promotion campaigns. This program is widely known as "Do It Now" campaign designed to induce consumers to undertake expenditures in the winter months rather than to follow their traditional pattern of waiting until the spring.

(2) Winter House Building Incentive Program:[9] In order to stimulate employment in the construction industry during the winter months, the Federal Government introduced the Winter House Building Incentive Program in the winter of 1963-1964. Under this program, the Federal Government provides, through the Department of Labour, a direct payment of $500 in cash to the owner-builder or the first purchaser of a house substantially built during the winter months, December to March inclusive.

A winter-built house, under this program, means a single dwelling or a multiple-housing structure of not more than four units. Under certain conditions, row housing containing more than four dwelling units may also be eligible for the incentive payment. Dwellings have to meet the normal standards of adequate housing and comply with local bylaws.

In order to qualify for the direct payment of $500, all residential structures must be inspected by the Central Mortgage and

(9) Department of Labour, Labour Gazette, Ottawa, October 1963, P. 862; ibid., September 1964, P. 766; ibid., October 1964, P. 846.

Housing Corporation before construction proceeds beyond the first floor joist stage, including subfloor or its equivalent. Application for inspection must be made to the local office of the Central Mortgage and Housing Corporation.

(3) Municipal Winter Works Incentive Program:[10] The Municipal Winter Works Incentive Program is a federal-provincial-municipal scheme to encourage municipalities and communities to create additional employment during the winter months through the carrying-out of needed public works that would not be undertaken in the absence of the program.

Projects that may qualify for approval include any capital undertaking except work on schools and school grounds, hospitals and hospital grounds, subway transportation systems and municipally owned buildings to be used for industrial or business purpose under private auspices. Preference will be given to projects providing the greatest amount of employment and priority will be given to projects in areas where winter unemployment is particularly high.

The bulk of those employed under the program must be unemployed at the time they are hired, or persons who would be unemployed in the absence of special winter works projects under the program. The Canada Manpower Centre offices are told of projects to be undertaken

(10) Department of Labour, Labour Gazette, Ottawa, March 1962, PP. 283-286; ibid., June 1964, P. 458; ibid., August 1966, P. 447.

in their areas, and these offices will co-operate with municipalities and their contractors in the recruitment of workers.

Under this program, the Federal Government offers to pay half the direct payroll costs of a municipality, or of its contractors or subcontractors on approved projects. Municipalities wishing to take advantage of the incentive payments are required to complete applications covering proposed winter-works projects and submit them to the provincial government. Applications that are approved by the provincial government are forwarded to the Department of Labour, Ottawa, for federal approval.

Manpower Policy: The goals of manpower policy are to ensure that the country's manpower resources are developed effectively so that they will meet the dynamic requirements of growth in the economy, and also meet the needs of each individual for the full development of his potentialities.

The Government Manpower policy is basically directed at the supply side of the labour market. The policy is to facilitate the process of economic growth through the development of manpower resources to meet the ever changing needs of the economy. It is also directed toward increasing efficiency in the use of manpower resources through ensuring that the labour market functions as effectively as possible, and through emphasizing the efficient use of manpower resources in industries. The major area of Government manpower policy is as follows:

(1) Vocational and Technical Training Assistance: The number of youths who will enter the labour force over the decade 1961-1971 will increase by some one and one-half millions as compared with an increase of only one-half million over the last decade. The preparation of these youths to develop their full potentialities and to meet the future needs of the Canadian economy is a form of both economic and social investment. A well-trained and adaptable labour force is not only a necessary element of the growth process, but also plays a significant role in stimulating economic growth itself.

The Federal Government, in partnership with the provincial governments, has undertaken a vast expansion of technical and vocational training facilities under the Technical and Vocational Training Assistance Act of 1960.(11) By November 1963, about 270 new technical and vocational schools had been built across the country, together with major and minor alternations of some of the existing ones at a total cost of about $530 million, of which the federal contribution amounted to about $340 million.

Under this Act, each province has been left free to direct its building program to meet what it considers its most pressing needs for training. As the need of a province for a particular type of training facility is met, the province is at liberty to turn its attention to other types.

(11) Department of Labour, Labour Gazette, July, 1962, P. 770.

(2) Basic Training for Skill Development:[12] It is a startling fact that over one-third of the Canadian labour force has Grade 8 education or less.[13] Today's rapid technological development means that workers must acquire more and more technical skills which can only be developed on a broader and deeper general background than many adult workers have.

It is against this background that the Federal Government has been developing policies and programs, which emphasize the training of employed workers, in partnership with industry and provincial governments. Employed workers will acquire more and more basic educational upgrading in the subjects of mathematics, science, and communication skills. This program has been called "Basic Training for Skill Development". It lays a foundation for specialized retraining programs and for the development of the more sophisticated technical knowledge required by modern technology.

(3) An Efficiently Functioning Labour Market: A basic aspect of a total manpower policy, which ensures that the right kind of labour is available in the right place at the right time, is an efficiently functioning labour market. An effective public employment service is the centerpiece of an efficiently functioning labour

(12) Department of Labour, Labour Gazette, Ottawa, August 1962, P. 906; ibid., March 1962, P. 278.

(13) D.B.S., Statistical Review of Canadian Education, Census of Canada, 1951.

market.

Canada Manpower Center can be described as the major institutional element in the implementation of this policy. It has more than 200 offices across the country and is a free public employment service maintained by the Federal Government for all residents in Canada.

At the offices, workers apply for jobs and employers look for employees. These offices are in frequent contact with each other so that, if workers cannot be found in one part of the country, other offices will be advised of this fact. Thus, job seekers learn of employment opportunities in other parts of Canada.

(4) Rehabilitation of Disabled: There are a number of "disadvantaged groups" in the economy who are prohibited from fully and effectively participating in the labour market because of various handicaps. These groups include the physically, mentally and socially handicapped who have difficulty in finding employment or in keeping it.

In dealing with these problems, the Federal Government has assisted the handicapped through federal-provincial agreements which provide for rehabilitation of the disabled. It is important that this concept extends not only to those suffering physical handicaps,

but also to those with mental and social handicaps as well, so that they may be usefully employed in a competitive industry.

The Civilian Rehabilitation Branch co-ordinates the activities of Federal Government departments and assists the provincial governments in establishing, developing and operating a national vocation rehabilitation program for disabled persons. The function of the Branch is to help in developing such a program through the co-operation of agencies, both public and private, that are engaged in helping the various types of disabled persons.

(5) Regional Policy: A part of both employment and manpower policies is specifically focussed on those areas which have the lowest rates of growth and the highest rates of unemployment. These areas are frequently associated with low income and substantial degrees of under-employment and low productivity. For these reasons, the Federal Government has declared some labour market areas as "Designated Development Areas".

Three tax incentives are available in such areas in order to attract new employment-creating industries: a three-year exemption of corporation tax; accelerated capital cost allowances for machinery and equipment; and permission to write off the capital cost of new buildings at the rate of 20.0 per cent per year. The Federal Government

has also accelerated government winter construction projects which are located in Development Areas. The Area Development Agency has been established in the Department of Industry which is to work in close co-operation with industry and business to assist the economic development of depressed areas. The Federal Government has also set up the Atlantic Development Board whose task is to assist in the promotion of high rates of economic growth and to foster the development of employment in the Atlantic region as a whole.

Recent developments in the Canadian labour market can justifiably lead to the claims that the government manpower and employment policies have met with an increasing measure of success. These policies have accounted for the improvement in employment and the decline in unemployment. However, Canada has three major tasks of manpower and employment policies which lie ahead.

First, Canada will encounter a very high rate of growth of the labour force over the next decade. This will require an intensive preparation of the young Canadians to meet the challenging requirements of a dynamic economy. It will mean that Canada must use every effort to sustain and increase the present rate of economic growth, so that the generation of employment opportunities will meet the increased flow of young Canadians into the labour market.

Secondly, Canada must provide for the intensive adaptation of the employed and unemployed through a variety of programs to the

constantly changing demands of a rapidly developing technology. This task has been characterized by some as the "Challenge of Automation".

A third and final task is to ensure that the goals of manpower and employment policies and programs are to be implemented and developed in the context of reasonably well-defined, long-term economic and social objectives. So far as economic objectives are concerned, the Economic Council of Canada will help Government, business and labour to define such objectives.(14)

(14) Economic Council of Canada, Economic Goals for Canada to 1970, First Annual Review, 1964; Ibid., Towards Sustained and Balanced Economic Growth, Second Annual Review, 1965; Ibid., Price, Productivity and Employment, Third Annual Review, 1966, Queen's Printer, Ottawa.

Chapter 4

THE MOBILITY OF LABOUR IN CANADA

In a dynamic economy which is ceaselessly affected by technological changes, some industries contract while others expand. The contracting industries may seriously affect the level of employment in the geographical area in which they are located. Consequently, a declining industry and a depressed locality often go hand in hand. Under these circumstances, a breakdown in labour mobility may not only prolong problems of the locality, but also result in expanding industries elsewhere being deprived of required manpower. There is thus a two-fold adverse effect on the nation's economy: the growth of the national product is retarded by unused manpower resources bottled up in a depressed industry or locality; and, at the same time, inflationary pressures may be created as a result of labour shortages in expanding industries or localities. There is no doubt that rigidities of this nature act as a deterrent to economic growth. Furthermore, since idle manpower must be supported also, this imposes an additional cost on the nation as a whole.

Extent and Nature of Labour Mobility.

There are three major types of labour mobility: industrial, occupational and geographical. Industrial mobility of labour refers to the labour movement between industries. Occupational mobility of

labour represents job changes. Geographical mobility of labour denotes the movement of workers from one area to another. An unemployed worker may face the need to undergo one, or two, or all three. In some cases, a worker may become displaced because his skill has become obsolete, and cannot be transferred elsewhere. To be re-absorbed into the labour market, he will have to acquire a new skill; this means retraining. In other cases, a displaced worker may be the victim of a declining industry. To become re-employed, he will have to go to another industry. This may or may not require his learning a new skill, depending on whether or not his present skill is transferrable. If he lives in a community where there are no alternatives, he will have no choice but to move to a new locality if he wishes to find employment.

In Canada, occupational mobility of labour is higher than industrial or geographical mobility. During the period 1952-1956,(1) change of occupation accounted for 77.0 per cent of job changes, change of industry 51.0 per cent, and change of area 19.0 per cent. To begin with let us examine the industrial mobility of labour in Canada.

The movements of workers between industries were fairly balanced in certain instances, but differed markedly in other cases (see Table 24). On a net basis, construction supplied workers to durable manufacturing, government service, transportation and trade, but

(1) D.B.S., Movements Within the Canadian Insured Population 1952-1956, Ottawa, February 1960.

TABLE 24

INDUSTRIAL MOBILITY OF LABOUR BY MAJOR INDUSTRY GROUP

IN CANADA 1959-1960

Industrial Groups		Movement From A to B As Percentage Of Employment in A	Movement From B to A As Percentage Of Employment in B	Aggregate Movement As Percentage Of Employment in A & B
A	B			
durable Manufacturing	Trade	4.05	4.02	4.03
Manufacturing	Trade	3.88	3.42	3.65
le Manufacturing	Construction	1.48	6.26	2.77
ction	Government Service	2.87	2.15	2.60
e	Business Service	1.79	2.03	1.87
ction	Transportation	1.72	1.64	1.68
rable Manufacturing	Durable Manufacturing	1.73	1.58	1.65
ction	Trade	3.45	1.00	1.65
	Personal Service	0.87	3.75	1.44
rtation	Storage	0.94	9.78	1.39
ity	Recreation Service	0.93	2.34	1.34
ment Service	Business Service	0.97	2.03	1.34
ry	Durable Manufacturing	10.60	0.61	1.24
le Manufacturing	Transportation	0.45	3.22	1.24
rtation	Trade	1.58	1.05	1.20
ity	Personal Service	2.18	0.91	1.20
ry	Construction	3.53	0.77	1.19
rtation	Government Service	0.59	2.26	1.17
	Durable Manufacturing	2.56	0.87	1.11
rable Manufacturing	Personal Service	0.58	2.74	1.01

Source: D.B.S., Canadian Statistical Review, Ottawa, January 1962, P. 2.

drew workers from forestry which supplied more of its workers (10.6 per cent) to durable manufacturing. The inter-industry flows of workers between non-durable manufacturing and trade were balanced, but those between durable manufacturing and trade were slightly imbalanced. Trade absorbed workers from construction, personal service and transportation. Community industry supplied workers to personal service, but drew workers from recreation service. The labour movements between non-durable manufacturing and durable manufacturing, and those between construction and transportation, were fairly balanced.

It is clear that factors such as the expansion or contraction of particular industries or other factors making one industry more or less desirable than another were the major reasons for the imbalanced inter-industry mobility of labour. The Canadian industry has been moving rapidly from the primary and secondary stages to the tertiary, characterized by the rapid expansion of such industries as trade, finance, real estate, public utilities and services. The shift in the industrial structure is due to technological advance and the changing pattern of domestic and foreign demands for goods and services. The rapid growth of service industry, the relatively slow development of manufacturing industry and the substantial decline of primary industry have resulted in the movements of workers from declining to growing industries, or from low-productivity to high-productivity industries which usually offer higher wage rates.

We now examine the occupational mobility of labour. The pattern of flows of workers between occupations is presented in Table 25. On a net basis, the labourer group supplied workers to manufacturing and clerical occupations, but drew workers from construction, transportation, commerce and finance, logging, personal service, and mining occupations. A few of the flows of workers between occupations were balanced: these included commerce and finance, and transportation; construction and transportation. Managerial occupations have been declining in terms of employment as a result of increased office-automation; this occupational group supplied workers to commerce and finance, professional and clerical occupations. The rates of aggregate movement ran from 2.0 to 3.0 per cent for most of the inter-occupation exchanges, and were as high as 10.3 per cent for mobility between the manufacturing and labourer occupations.

There is in general a net outflow of workers from the manual and primary-industry occupations to the white-collar and service occupations. This may be attributed to changes in occupational structure as a result of changes in industrial structure. The rapid expansion of sectors, such as government, community service, banking, insurance, retail and whoesale trade, requires large numbers of workers and so draws workers from the relatively declining occupational groups. The rising trend of employment in the white-collar and service occupations is expected to continue owing to the continuing expansion of

TABLE 25

OCCUPATIONAL MOBILITY OF LABOUR FOR MAJOR

OCCUPATIONAL GROUPS IN CANADA, 1959-1960

Occupational Groups		Movement From A to B As Percentage of Employment in A	Movement From B to A As Percentage of Employment in B	Aggregate Movement As Percentage of Employment in A and B
A	B			
ufacturing	Labourer	8.2	13.0	10.3
rical	Commerce & Finance	5.0	10.3	6.8
onal Service	Domestic Service	4.2	12.7	6.6
truction	Labourer	9.3	5.0	6.2
portation	Labourer	7.9	4.6	5.5
erce & Finance	Manufacturing	7.2	2.9	4.1
gerial	Commerce & Finance	11.2	2.0	3.5
erce & Finance	Labourer	5.4	2.2	3.2
ssional	Clerical	11.2	2.1	3.2
ing	Electrical Light and Power	3.4	2.6	3.0
facturing	Construction	2.0	6.4	3.0
ing	Labourer	18.1	1.6	2.9
ical	Labourer	2.4	3.2	2.8
erial	Professional	3.8	1.9	2.7
onal Service	Labourer	5.2	1.9	2.6
erce & Finance	Transportation	2.3	2.2	2.2
onal Service	Protective Service	1.3	6.2	2.2
erce & Finance	Personal Service	1.3	3.6	2.1
portation	Construction	1.9	2.1	2.0
rical	Manufacturing	2.3	1.7	2.0
sportation	Manufacturing	3.1	1.5	1.9
erial	Clerical	8.7	1.2	1.8
portation	Electrical Light and Power	1.0	5.8	1.8
ing	Labourer	10.1	1.1	1.7
portation	Logging	1.1	4.2	1.7

Source: D.B.S., Canadian Statistical Review, February 1962, Ottawa, P. 8.

secondary and tertiary industries. The decline of employment and net outflow of workers from manual and primary-industry occupations are due to continuing decline of job opportunities and lower wages in the primary industries such as mining, construction, agriculture, fishing and forestry.

We now turn to the examination of the geographical mobility of labour in Canada. As shown in Table 26, the national rate of labour mobility was 55.0 per cent for the period 1952-1956. This means that

TABLE 26

LABOUR MOBILITY RANKING BY PROVINCE

1952-1956

Mobility Percentage	Province
55	CANADA
50-54	Ontario, Manitoba
55-59	Newfoundland, Nova Scotia, New Brunswick, Quebec
60-64	Prince Edward Island, Saskatchewan, Alberta, British Columbia

Source: D.B.S., Canadian Statistical Review, July 1960, Ottawa.

more than half the labour force changed jobs at least once a year on the average. These changes involve labour movements among industries, occupations, or localities, or some combination of these.

Canada's geographical mobility of labour is predominantly westward.[2] Maritime workers move to Quebec and Ontario. Workers in Manitoba and Saskatchewan move mainly to Alberta and British Columbia. Hence, labour movements to nearby provinces far exceed those to more distant provinces. The greatest over-all inflow, however, has been to Ontario which attracts workers from all other provinces. Conversely, the movement out of Ontario is comparatively small. There is in general a net outflow of workers from relatively declining areas to areas of rapid industrial expansion, which usually offer higher wages and wider job opportunities.

Several features of geographical mobility of labour in Canada deserve particular attention. It is primarily a movement of young people. It is a movement which is strongly influenced by fluctuations in general economic activity. City-ward movement is heaviest during boom times, and is checked or reversed during depression. Movement is typically from lower-wage to higher-wage areas. People move from low-paid agricultural work to high-paid industrial work, from small towns to cities with higher wage levels, from Maritime provinces to Quebec, Ontario, Alberta, or British Columbia. Differences in wage levels may help to attract people from one area to another. Even more significant, however, may be differences in employment opportunities. People move from areas of low opportunity to areas where

(2) H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillian of Canada, Toronto, 1962, PP. 339-349; R.D. Howland, Some Regional Aspects of Canada's Economic Development, Royal Commission on Canada's Economic Prospects, Ottawa, 1957, PP. 194-200.

many jobs are available. The areas where employment is expanding and many jobs are available can usually afford to pay higher wage rates, so that these two factors reinforce each other.

In order to complete our examination of the extent and nature of labour mobility in Canada, we should discuss also the relationship between labour mobility and the age, sex, skill, and marital status of workers. Tables 27 and 28 are presented to serve this purpose.

TABLE 27

PERCENTAGE OF WORKERS CHANGING JOBS BY AGE GROUP AND SEX

1956-1960

Age Group	Male Mobility Percentage	Female Mobility Percentage
Under 20	66	51
20-24	58	44
25-44	49	40
45-64	42	35
65 and over	38	29

Source: D.B.S., Canadian Statistical Review, November 1961, Ottawa, P. 2, Chart 2.

Table 27 revealed that over the period 1956-1960 younger workers were much more mobile than older workers and that male workers were

somewhat more mobile than female workers. 66.0 per cent of male workers who changed jobs were under 20 years of age compared with 38.0 per cent of those aged 65 and over. Mobility declined with the increase of age. On the other hand, the percentage of female workers changing jobs was lower in all age groups than for men in the same age interval, ranging from 51.0 per cent for girls under 20 years of age to 29.0 per cent for women aged 65 and over. Male and female workers under 20 years of age were the most mobile, while those in the age group 65 and over were the least mobile.

As one might expect, the older the worker gets the less mobile he tends to become. Voluntary mobility is almost non-existent among older workers: firstly, employers do not usually hire, for their permanent force, workers who have passed into the middle age group, unless someone possesses a scarce skill; and secondly, the older workers have usually accumulated substantial seniority rights and are therefore very reluctant to relinguish these rights and privileges in the job. Furthermore, the older workers may cling on to fading industries, refusing to accept the fact that the work which they performed with pride for many years is no longer necessary as a result of technological changes. By refusing to accept the verdict, they feel no compulsion to move out of the area where their skills have become obsolete, and seek other forms of employment elsewhere. At the other extreme, the most mobile workers were those under 20 years of age; mobility rate dropped sharply to age 44, and then

gradually in later years. Young workers, often without family responsibility, are prepared to shift or change until they find a job that suits them. Undoubtedly, length of service as well as age is an important determining factor of mobility. It is, however, increasingly difficult for middle-aged persons to find new employment, and this would also tend to immobilize the older worker. As the data revealed, men were more mobile than women. This may reflect differing occupational attachments: mobility rates vary widely among occupations, being below average for white-collar occupations in which a large proportion of female workers are employed. It may be also the result, in part at least, of the greater tendency of women to leave the labour force upon termination of employment.

It was found[3] that the mobility rate of unskilled workers was higher than that of skilled workers. Many workers possess skills whose utilization is confined to one industry only. Hence, inter-industry movement is not possible for them, unless they change their occupations as well. If the industry consists of one firm only, as in the case of the railway industry in most countries, then alternative opportunities for the possessor of that skill, such as engine driver, railway conductor or railway fireman, are non-existent. Therefore, the fewer the number of firms that can utilize a given skill, the fewer would be the alternative opportunities and hence the

(3) D.B.S., Movements Within the Canadian Insured Population, 1952-1956, Ottawa, February 1960 (Mimeographed).

lower will be the mobility rate for those possessing that skill. When such a skilled worker is laid off he would prefer to remain unemployed for a given period of time rather than offer his services as an unskilled labourer, at a lower wage rate than he is accustomed, to industries that do not utilize his skill. From the standpoint of skill, and taking into consideration the worker's age and whether or not he has dependents, the most mobile workers are likely to be the unskilled. Although most unskilled workers have preferences regarding the type of work they will do, if such work is not available they will not withhold their services the way a skilled worker is likely to do when the demand for his skill declines. There is a group of unskilled workers, however, who have no preferences: these are the casual workers and they are extremely mobile.

Finally, we turn to the discussion of the mobility rate for the married workers. As Table 28 shows, married workers were less mobile than single workers. This was particularly pronounced in the case of men. In 1956-1957, 62.3 per cent of men changing job were single compared with 52.5 per cent for married men; in the same period, 49.3 per cent of women changing jobs were single compared with 42.4 per cent for the married women. This was also true for the next period 1957-1958. This means that married persons with family responsibilities are less mobile than single persons without dependents. Firstly, a married person is less likely to quit his job voluntarily without first having

TABLE 28

PERCENTAGE OF PERSONS CHANGING JOBS BY MARITAL STATUS AND SEX, 1956-1960

Period	Men		Women	
	Single	Married	Single	Married
1956-1957	62.3	52.5	49.3	42.4
1957-1958	57.3	49.0	43.4	41.8
1958-1959	N.A.	41.2	N.A.	35.5
1959-1960	N.A.	45.3	N.A.	38.4
Average 1956-1960	N.A.	47.0	N.A.	39.5

Source: D.B.S., Canadian Statistical Review, November 1961, Ottawa, P. 3, Table 3.

Note: N.A. means figures not available.

secured another one; secondly, the cost of movement for a whole family is so high that he is unable to move to another area where job opportunities are available.

In summary, the mobile workers are younger than average, single and possess little training and experience. Older workers, skilled workers, and workers who have accumulated seniority rights are less mobile. These are some of the characteristics regarding the mobility of the Canadian workers.

ment rates vary inversely. As the rate of unemployment increased from 3.6 per cent in 1956-1957 to 6.7 per cent in 1958-1959, the rate of mobility dropped from 54.0 per cent in 1956-1957 to 41.0 per cent in 1958-1959.

The mobility of the Canadian labour force has had substantial effects on the development of the Canadian economy. Without the westward migration, Canada's vast agricultural wealth would not have been realized. Without the northward migration the abundant mineral resources would not have been developed. Had the farm population chosen to remain on the land despite the higher monetary rewards available in urban employment, manufacturing and service industries would have expanded at a lower rate. Without continuous movements of the labour force and population, the changing employment capacities of different sectors of the economy and the emergence of new establishments would have caused more grave problems of labour surplus in some areas and scarcities in others.

A very important source of industrial labour in Canada has been an "internal" source: the movement of labour from the primary sector, whose employment capacities have been falling, into the manufacturing and particularly the service sectors which have experienced rapid expansion. Table 30 shows that for the whole period 1946-1965 the employment in the agricultural sector dropped by 592,000 persons or 49.9 per cent. Over the same period, the employment in the over-all

TABLE 30

EMPLOYMENT IN AGRICULTURAL AND NON-AGRICULTURAL SECTOR, CANADA, 1946-1965

(Thousands)

Sector	1946	1965	Change	
			Number	Percentage
Agriculture	1,186	594	-592	-49.9
Non-Agriculture	3,480	6,268	2,788	80.1

Source: D.B.S., Canadian Statistical Review, 1966; and D.B.S. Canada Year Book, 1966, Ottawa.

non-agricultural sector increased by 2,788,000 workers or 80.1 per cent. This implies that the exodus of labour from agriculture during the period was to supply the increasing labour requirements of the non-agricultural sectors such as manufacturing, finance, insurance, real estate, transportation, and other utilities. Furthermore, the technological advance and changing social attitude have helped release from the home the female labour to be utilized by industries whose employment capacities have been expanding.

The exodus of the labour force from agriculture is also reflected in the regional distribution of Canada's labour force. The regions whose basic economic structure is in the main primary experienced a much smaller growth of labour force than did the

regions whose economic structure is mainly secondary and tertiary (see Table 31). Over the period 1946-1965 the Atlantic region

TABLE 31

LABOUR FORCE BY REGION, CANADA

1946-1965

(Thousands)

Region	1946	1965	Change	
			Number	Percentage
Atlantic	415	611	196	47.2
Quebec	1,337	2,022	685	51.2
Ontario	1,702	2,614	912	53.6
Prairie	969	1,228	259	26.7
British Columbia	407	666	259	63.7
CANADA	4,830	7,141	2,311	47.9

Source: D.B.S., Canadian Statistical Review, July 1966, Ottawa, P. IX.

gained 47.2 per cent increase in its labour force, compared with 51.2 per cent for Quebec, 53.6 per cent for Ontario, 26.7 per cent for the Prairie region and 63.7 per cent for British Columbia. The Prairie region whose economic structure mainly includes agriculture and mining experienced the least growth of labour force. The percentage growth of labour force of the Atlantic region which is

economically characterized by fishing, logging and mining was just about the national average rate. However, the rapid increase in labour force in Quebec, Ontario, and particularly in British Columbia, has been due to the expanding employment opportunities in the growing secondary and tertiary industries, especially in the latter, and also due to the concentration of most immigrants in urban areas.

Economic growth cannot be attained and sustained without labour mobility. Economic growth does not mean that every industry and every firm is expanding. But it means that the efficient firms expand and prosper, while the inefficient firms decline and gradually disappear. The process of economic adjustment will not be successfully attained without labour mobility. Without labour mobility both the declining and expanding industries would suffer: scarcity of manpower resources in the expanding industries or areas would cause a slowdown in the rate of economic growth, and at the same time, surplus manpower resources in the contracting industries or areas would depress them further. There is no doubt that the Canadian economy would have attained a higher rate of growth if the surplus labour of the Atlantic provinces moved into the central provinces to take advantage of the higher pay, more regular employment, and wider job opportunities. It would be equally valid to say that the same objective could be attained if some employers or industries moved to the Atlantic provinces to take advantage of the excess supply of labour and lower labour cost.

Government Labour Mobility Program

Since labour mobility has such critical importance to the viability of the economy, it cannot be considered as the sole responsibility of the individual. Nor can any local community be expected to assume the entire financial burden of providing training and retraining of its displaced workers when such workers, after training or retraining, may have to move elsewhere for re-employment. The dimensions of the problems associated with labour mobility are such that they can be dealt with adequately only with the assistance of appropriate public policy. An integrated program to facilitate all forms of mobility is necessary if high rates of employment and economic growth are to be achieved.

Realizing the important bearing of labour mobility on the economy, the Federal Government established a new Manpower Mobility Program (4) which came into effect on December 28, 1965. This program is designed to improve labour mobility, to help maintain full employment and ensure that the available manpower resources are utilized most effectively. It provides financial assistance for unemployed workers who wish to move to other areas where employment is available.

The program applies to (1) Unemployed workers whose prospects of finding steady full-time employment suitable to their qualifications

(4) Department of Labour, the Labour Gazette, June 30, 1965, Ottawa, P. 486; Ibid., January-February 1966, P. 16.

in their own locality are unfavourable; (2) Employed workers facing imminent layoff of a permanent nature whose prospects of finding steady full-time employment in their own locality are unfavourable; and (3) Previously unemployed workers who, on their own initiative, have moved to employment approved by Canada Manpower Center in another locality, or who require help in moving their families and household effects. Loans are made to workers in these categories.

The loans apply to the cost of moving and resettling in a new locality, and cover the actual cost of moving the family and the household effects. The resettlement allowance is graduated according to the number of dependents. The amount is $200 for the worker, $200 for his wife, and $100 for each dependent, up to a maximum allowance of $1,000. Under normal circumstances, a loan will be repaid in not more than twenty monthly instalments, commencing four months after the loan is made. These provisions are flexible in order to avoid creating hardship. Interest on loans will be at the rate of 5 3/4 per cent a year.

Grants rather than loans are given to the following four categories of workers to cover the cost of moving, plus a resettlement allowance in the case of families: (1) Those who have been unemployed for at least four of the six months preceding their date of application; (2) Those who have completed a provincially approved training course, or a program of vocational rehabilitation and

re-establishment, within three months of their date of application; (3) Key skilled workers[5] now employed but are required by firms which have received grants under the Area Development Incentive Act; and (4) Former automobile or auto-parts workers eligible for Transitional Assistance Benefit in respect of their layoff, whether or not they are in receipt of such benefits.

The importance of labour mobility has increased in recent years, largely as a result of an acceleration in technological change and a more closely interdependent international economy. Occupational skills can be quickly wiped out through a new technical process. Technological change, increasing foreign competition and changes in consumer demand may contribute to the decline of some industries. The day is probably gone when a new entrant into the labour force could reasonably expect to make one skill last throughout his working life or, perhaps, to stay permanently in the same occupation, industry or locality.

(5) A key skilled worker is defined as one whose employment will result in creating job openings for additional workers or will prevent the layoff of workers.

Chapter 5

TRADE UNIONS, GOVERNMENT AND WAGES

Trade Unions

A few labour unions existed in Canada as early as the 1820's and the 1830's, but little was evident until the latter half of the 19th century. Today union membership exceeds 1.7 million, and it is widely dispersed by industry, occupation and region; about one in three non-agricultural paid workers in Canada belongs to the union movement.

The legislative framework within which collective bargaining is carried on and which prescribes minimum standards and other forms of protection for workers has developed over almost the entire period of Canada's history. The first Trade Unions Act of 1872 legalized trade unions. This law gave unions freedom to develop and to pursue their goals which, in turn, led to further legislation.

The Nature of Unions: The growth of union movement[1] in Canada has been greatly influenced by events and development of unionism in the United States. The international character of Canada's

(1) H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillan of Canada, Toronto, 1962, PP. 3-254; C.B. Williams, The Development of Canadian-American Trade Union Relations, Industrial Relations, July 1966; J.T. Montague, International Unions and the Canadian Trade Union Movement, Canadian Journal of Economics and Political Science, 1957; E. Forsey, Insights into Labour History in Canada, Industrial Relations, July 1965; J. Crispo, International Unionism: A Study in Canadian-American Relations, McGraw Hill Company Limited, 1967.

union movement is a unique feature. It has the vast majority of its local unions in affiliation with trade unions in the United States. The same unions dominate the labour scene in both countries. Their support is essential to the American Federation of Labour (AFL) and Congress of Industrial Organizations (CIO) and to the Canadian Labour Congress (CLC) which are the national labour federations. The Canadian and American labour movements have much in common, both in social and economic objectives, and in the methods of seeking their fulfilment. These similarities of the two economies have given much strength to international unions and have also provided the rationale for many common bargaining objectives.

Before World War II, union membership never amounted to more than 18.4 per cent of the non-agricultural paid workers (see Table 32). Under the impetus of the war and concurrent legislation, unionization spread rapidly during the war period. By 1954, 33.8 per cent of the non-agricultural paid workers belonged to unions. Union membership remained at about this level since. By 1966, about 1.7 million workers had their wages and working conditions determined by collective bargaining.

Structurally, Canadian unions are mainly organized along industrial and craft lines. The large industrial unions are characteristic of the mass production industries, such as automobiles, steel, farm machinery and meatpacking. Craft unions are found in such

TABLE 32

UNION MEMBERSHIP WITH ESTIMATES OF TOTAL PAID WORKERS

IN NON-AGRICULTURAL INDUSTRIES IN CANADA, 1921-1966

Year	Union Membership (Thousands) (A)	Total Non-Agricultural Paid Workers Thousands) (B)	(A) As Percent of (B)
21	313	1,956	16.0
22	277	2,038	13.6
23	278	2,110	13.2
24	261	2,138	12.2
25	271	2,203	12.3
26	275	2,299	12.0
27	290	2,406	12.1
28	301	2,491	12.1
29	319	2,541	12.6
30	322	2,451	13.1
31	311	2,028	15.3
32	283	1,848	15.3
33	286	1,717	16.7
34	281	1,931	14.6
35	281	1,941	14.5
36	323	1,994	16.2
37	383	2,108	18.2
38	382	2,075	18.4
39	359	2,079	17.3
40	362	2,197	16.5
41	462	2,566	18.0
42	578	2,801	20.6
43	665	2,934	22.7
44	724	2,976	24.3
45	711	2,937	24.2
46	832	2,986	27.9
47	912	3,139	29.1
48	978	3,225	30.3
49	1,006[a]	3,326	30.2
50	-[b]	-	-
51	1,029	3,625[a]	28.4
52	1,146	3,795[c]	30.2
53	1,220	3,694	33.0
54	1,268	3,754	33.8
55	1,268	3,767	33.7
56	1,352	4,058	33.3
57	1,386	4,282	32.4
58	1,454	4,250	34.2
59	1,459[d]	4,375	33.3
60	1,459	4,522	32.3
61	1,447	4,578	31.6
62	1,423	4,705	30.2
63	1,449	4,867	29.8
64	1,493[e]	5,074	29.4
65	1,589	5,343	29.7
66	1,736	5,658	30.7

Source: Department of Labour, Labour Organizations in Canada, Queen's Printer, Ottawa, 1966, Table 1, P. XI.

Note: [a]Including Newfoundland for the first time
[b]Data on union membership for all years up to and including 1949 are as of December 31. In 1950 the reference date was moved ahead by one day to January 1, 1951. Thus, while no figure is shown for 1950, the annual series is, in effect, continued without interruption. The data on union membership for subsequent years are also as of January.
[c]Figures for all years up to and including 1952 are as of the first week in June. Data for subsequent years are as of January.
[d]An adjustment in coverage resulted in a net addition of approx. 23,000 members.
[e]Including an addition approx. 7,000 members resulting from improved coverage.

industries as construction, railways, printing and machinery. Each union enjoys complete autonomy in the conduct of its affairs. To promote common interests and objectives, Canadian unions have joined together into loose federations. One of the main federations is the Canadian Labour Congress. As Table 33 shows, by 1966, 73.9 per cent of total union membership belonged to this Congress; 10.9 per cent of union members (all in the Province of Quebec) were affiliated with the Confederation of National Trade Unions. The balance of union membership is represented by organizations independent of a central labour congress, or by unions not affiliated with a central labour body in Canada, but linked with the American Federation of Labour and Congress of Industrial Organizations (AFL - CIO) in the United States. Like the AFL-CIO, the Canadian Labour Congress has no legal power over its affiliates, and takes no part whatsoever in collective bargaining. It acts rather as a clearing-house for information, undertakes research and assists the affiliates in organization. It also takes an active role in political activity. Its prime purpose is to lobby for legislation favourable to unions and to mediate and adjudicate disputes among their affiliates.

In terms of union affiliation as shown in Table 34, 90 out of 111 international unions in 1966 were affiliated with the AFL-CIO as well as the CLC; three unions belonged to the CLC, and eight to the AFL-CIO; the remaining ten international unions had no affiliation. Of the 55 national unions, 19 were affiliated with the CLC, 14 with

TABLE 33

UNION MEMBERSHIP BY CONGRESS AFFILIATION

IN CANADA, 1966

Congress Affiliation	Number of Locals	Membership	
		Number	Per Cent
Canadian Labour Congress	5,905	1,282,093	73.9
AFL-CIO/CLC	4,303	1,070,008	61.7
CLC only	1,602	212,031	12.1
Confederation of National Trade Unions (CNTU)	787	188,401	10.9
American Federation of Labour and Congress of Industrial Organizations only	14	16,389	0.9
Unaffiliated International Unions	399	118,832	6.8
Unaffiliated National Unions	384	84,175	4.8
Independent Local Organizations	127	46,004	2.7
TOTAL	7,616	1,735,840	100.0

Source: Department of Labour, Labour Organizations in Canada, Queen's Printer, Ottawa, 1966, Table 2, P. xii.

Abbreviations: AFL-CIO - American Federation of Labour and Congress of Industrial Organization
CLC - Canadian Labour Congress

TABLE 34

UNION MEMBERSHIP BY TYPE OF UNION AND AFFILIATION

IN CANADA, 1966

Type and Affiliation	Number of Unions	Number of Locals	Membership	
			Number	Per Cent
Internation Unions	111	4,765	1,219,482	70.2
AFL-CIO/CLC	90	4,303	1,070,008	61.7
CLC only	3	49	14,253	0.8
AFL-CIO only	8	14	16,389	0.9
Unaffiliated Railway Brotherhood	2	113	8,674	0.5
Other Unaffiliated Unions	8	286	110,158	6.3
National Unions	55	2,507	445,163	25.6
CLC	19	1,393	179,364	10.3
CNTU	14	730	181,624	10.5
Unaffiliated Unions	22	384	84,175	4.8
Directly Chartered Local Unions	217	217	25,191	1.5
CLC	160	160	18,414	1.1
CNTU	57	57	6,777	0.4
Independent Local Organizations	127	127	46,004	2.7
TOTAL	510	7,616	1,735,840	100.0

Source: Department of Labour, Labour Organizations in Canada, Queen's Printer, Ottawa, 1966, Table 3, P. xii.

Abbreviations: See Table 33.

the CNTU, and 22 had no affiliation. Of the 217 directly chartered local unions, 160 unions were affiliated with the CLC and 57 with the CNTU. There were also 127 independent local unions. It should be noted that 70.2 per cent of the total union membership was in 111 international unions which had locals (totalled 4,765) in both Canada and the United States.

Most union membership is concentrated in the industries of manufacturing, transportation and utilities, construction and service (see Table 35). In 1965, manufacturing industry alone had 2,582 local unions with 676,300 members, accounting for 42.5 per cent of the total union membership. Very little unionization was found in finance, fishing and trapping industries. Forestry, mining and trade has respectively 2.8, 3.6 and 3.5 per cent of the total union members.

Nevertheless, unionization varies geographically to a considerable degree in the different industrial regions of Canada. As Table 36 shows, by 1965 the membership was most highly concentrated in Ontario and Quebec, which, taken together, accounted for 67.5 per cent of the total union membership. Of the 1,588,800 union members in Canada, 38.7 per cent were in Ontario. Quebec came second in the number of organized workers, with 28.8 per cent of the total union membership. British Columbia was in the third place.

TABLE 35

UNION MEMBERSHIP BY MAJOR INDUSTRY GROUP

IN CANADA, 1965

Industry (1)	Number of Locals	Union Membership	
		Number	Per Cent
Forestry (2)	25	45,500	2.8
Fishing and Trapping	9	3,900	0.2
Mining	197	56,900	3.6
Manufacturing	2,582	676,300	42.5
Construction	561	170,800	10.7
Transportation and Utilities	2,135	337,800	21.2
Trade	209	55,100	3.5
Finance	13	900	0.08
Service Industries	590	130,800	8.2
Public Administration	693	94,400	5.9
Industry Not Reported	15	3,000	0.2
Adjustment Entry (3)		13,400	0.8
Total	7,629 (4)	1,588,800	100.0

Source: Department of Labour, Labour Gazette, Vol. LXVI, No. 1, January-February 1966, Table 1, PP. 21-22.

Note:
(1) Based on D.B.S. Standard Industrial Classification 1960.
(2) Including some sawmilling.
(3) This entry represents the difference between total membership as reported in the survey of union headquarters and the total obtained in the survey of local unions.
(4) 601 unions did not report during this survey.

TABLE 36

UNION MEMBERSHIP BY PROVINCE IN CANADA 1965

Province	Locals in Canada	Membership in Canada	
		Number	Percentage
Newfoundland	115	20,900	1.3
Prince Edward Island	31	1,800	0.1
Nova Scotia	337	45,500	2.2
New Brunswick	306	32,000	2.0
Quebec	2,063	455,300	28.8
Ontario	2,811	614,900	38.7
Manitoba	319	61,600	3.8
Saskatchewan	391	45,300	2.8
Alberta	409	65,200	4.9
British Columbia	818	200,500	12.6
Yukon and Northwest Territories	14	700	0.04
Two or more Provinces (1)	15	31,700	1.9
Adjustment Entry (2)		13,400	0.8
TOTAL	7,629	1,588,800	100.0

Source: Department of Labour, Labour Gazette, Vol. LXVI, No. 1, January-February 1966, Ottawa, Table 3, P. 24.

Note: (1) Mainly Seafarers, Transportation, Communication Employees, Commercial Telegraphers and actors' equity.

(2) This entry represents the difference between total membership reported in the survey of Union Headquarters and the total obtained in the survey of local unions.

The proportion ranged from 0.1 to 2.2 per cent in the Atlantic region, and from 2.0 to 4.9 per cent in the Prairie region.

Generally speaking, the Canadian unions have made a great contribution to the general well-being.(2) Higher wages have produced not only an increased standard of living for union members, but for others as well. The unions' drive for health and welfare plans has resulted in millions of Canadians getting the benefit of prepaid health care at a reasonable cost. The same intensive interest of the labour movement in old age security has also played its part in the awakened interest in the welfare of the aged.

The Nature of Collective Bargaining: Collective bargaining means that negotiation by individuals is replaced by negotiation by unions. Union objectives in collective bargaining can be classified under the following main headings: (1) maintenance of the organization; (2) rationing of scarce job opportunities; (3) improvement of working conditions; and (4) development of a judicial system for deciding disputes over rights of individual workers. Pattern bargaining in Canada has appeared to vary a great deal with the level of the country's economic activity, the degree of competition in the product market, the type and extent of union organization, and the nature of collective agreements.

(2) Department of Labour, The Labour Gazette, Ottawa, February 1960, P. 151.

For purpose of collective bargaining,[3] each union comprises a network of locals. Canadian locals with a few exceptions enjoy almost complete autonomy. In the case of the craft unions, collective agreements are often negotiated at the local level with minimal assistance or intervention from headquarters. In industrial unions, the locals, especially the larger ones, participate actively in formulating contract demands and bargaining. If locals dissent from the policies of their head offices, they may refuse to strike or, in extreme cases, withdraw their support for the union; often in the past, dissatisfied union members have forced national or international officials to consider local views. Despite local autonomy in bargaining, it is a fact that local unions are affected by policies formulated by both Canadian and American headquarters, and influenced by the bargaining strategy and success of other locals in Canada or in the United States.

Collective bargaining in Canada takes three forms: (1) Several employees within an industry negotiating jointly with one union or various locals of that union; (2) a number of employers within an

(3) A.W. Craig, Arbitration of Labour-Management Dispute in Canada, Labour Law Journal, November 1961, PP. 1053-1068; P.M. Draper, Challenge of Collective Bargaining, Canadian Labour, October 1956, PP. 32-35; S.M. Eastman, Analysis of Multiple-Employer Collective Bargaining Based on Three Case Studies, Canadian Journal of Economics and Political Science, November 1952, PP. 464-473; H.D. Woods, Canadian Collective Bargaining and Dispute Settlement Policy, Canadian Journal of Economics and Political Science, November 1955, PP. 447-465; Department of Labour, Extent of Collective Bargaining Between Unions and Employers, Associations or Groups, The Labour Gazette, January 1949, PP. 21-31.

industry bargaining jointly with two or more unions; and (3) more frequently, associations of employers bargaining with one union on behalf of member firms. Multi-employer bargaining is usually limited geographically to particular cities or regions. In the case of employers' collective bargaining, there is no single employers' association of predominant importance in Canada. Associations exist in such industries as trucking, logging, printing, and clothing; some of these associations play an active role in collective bargaining. Employers' associations are rarely industry-wide but, rather, are concentrated regionally, provincially or locally. No national association of employers' associations exists for purposes of collective bargaining.

The parties enter negotiations with varying powers and constraints in negotiating an agreement. The nature of the employer's products, the technology used in the process of production, and competitive conditions in the product market are crucial. For example, if the product can be stockpiled in advance of a strike, or produced temporarily at least by supervisory personnel, or has no close substitutes so that buyers must simply postpone purchases, then the employer's bargaining power is greater than it would be. Labour market forces are also important. Where the union can control the total supply of the workers essential to the firms involved, and can assure an employer that similar concessions will be secured from rival employers, this enhances union bargaining power. The relative financial

resources of the parties are also relevant. The attitude of other employers and unions can be significant in making helpful alliances. The opinions of the public and the mass media are sometimes influential. Finally, legislation can be crucial in establishing the permissible tactics of bargaining as well as in altering some of these environmental factors.

Most trade union members in Canada are in favour of limiting the scope of collective bargaining to the terms and conditions of employment. There is little support by unions for the acquisition of unilateral control over these matters. Nor is there any desire to share in those management functions which are indirectly connected with employment conditions. Canadian workers are not interested in widespread nationalization and workers' control of industry. With few exceptions, unions have shown little interest in such things as the prices of products or merchandising policies. Canadian management, on the other hand, has moved from a position of open hostility to collective bargaining to what is best described as "armed truce" or "reluctant acquiescence". Some companies continue to resist bargaining on such matters as pension plans, union security arrangements and seniority, as a matter of principle. However, most firms are prepared for joint consideration of all these subjects which the unions want to include in negotiations.

The Government

Strikes and lockouts by stopping the flow of essential services and commodities inconvenience many persons. Work stoppage also causes

the whole community to suffer a large economic loss and results in economic injury to people or firms not directly involved in the dispute. Presumably, government should provide some protection to the third parties, prevent the dispute from degenerating into industrial anarchy and act with fairness and in the general interest of the community.

The tremendous economic effect on the Canadian economy of the rapid growth in size and strength of the trade union movement has caused agitation for greater governmental intervention and control over industrial relations. The agitation has created a dilemma: there is as yet no clear and consistent body of principles by which to determine in what manner and to what degree Government should seek to regulate labor-management relations.(4)

In general, the fundamental function of government in industrial relations would be to mediate or arbitrate industrial disputes so as to enable organized labour and management to arrive at rational settlements without incurring stoppages of production. But collective bargaining and industrial conflict in actuality are far more complicated than this. The role of government in industrial relations is therefore correspondingly more difficult. Today unionism and collective bargaining are not confined to a few imperfect markets, but are well established in the key industries at the very heart of the Canadian economy. They

(4) Department of Labour, Government Intervention in Labour Disputes in Canada, The Labour Gazette, March 1925; H.D Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillan of Canada, Toronto, 1962, PP. 18-38; S.M. Jamieson, Industrial Relations and Government Policy, Canadian Journal of Economics and Political Science, 1951, PP. 25-38. A.H. Logan. The State and Collective Bargaining. Canadian Journal of

are a primary force in setting the wage pattern even for the fields which remain non-unionized. Wages and other terms of employment are no longer determined primarily by the impersonal forces of demand and supply on the market; rather, they are in the category of "administered prices" established by negotiation or bargaining between unions and employers.

Since there is no definitive, consistent body of principles that would serve as a guide to government policy in industrial relations, the public policy has shown wide swings of the pendulum, favouring now labour, now management. Up to the mid-1930's, Canada and the United States maintained a policy that operated to the disadvantage of unions. Public regulation of industrial relations came almost entirely under the common law. By the middle of the 1930's, a new governmental attitude and policy toward unions developed in the United States: the Wagner Act of 1935 was formulated, guaranteeing workers the freedom to organize unions. The act was justified on the ground that encouragement of trade unionism and collective bargaining was the best means for achieving stable industrial relations. The Canadian government followed reluctantly to a very limited extent along the path laid out by the Wagner Act.

A pronounced shift in public sentiment toward unionism occurred in both Canada and the United States during the post-war period. Both

governments were alarmed by the post-war strike wave. It was felt that unions were using their bargaining power recklessly and irresponsibly, and that new legislation was required to curb them in the public interest. By 1948 the Canadian government surrendered to the provinces legislative control over labour matters. Government policy in industrial relations is thus represented today by eleven different authorities: one federal and ten provincial, each with different legislation. A variety of labour legislation and administrative practices tends to weaken the position of organized labour. Unions face substantial difficulty in attempting to organize and co-ordinate the policies of their locals and district branches to bargain collectively on a nation-wide scale. Most of the labour legislation enacted in Canada during the post-war period seems hostile to unionism.

Exactly what role Government should play in industrial relations is still an open question. Although there are laws fixing minimum wages and hours, the final settlement of labour conflicts is left largely to the opposing parties themselves. Government generally does not attempt to settle the economic issues nor decide what wages and hours are fair. The law simply sets limits within which the opposing parties may use their power of persuasion and economic pressure to gain their objectives.(5) In attempting to limit the area and

(5) Department of Labour, Collective Bargaining in Government Controlled Undertakings, Ottawa, 1942; M. MacKintosh, Legislation Concerning Collective Bargaining Agreements, Canadian Bar Association, 1936; A.C. Crysler, Handbook on Canadian Labour Law, Toronto, Carswell, 1957.

methods of economic conflict, it is not clear, however, whether the law should seek to equalize the economic strength of both parties in the industrial conflict so that neither side enjoys a decided advantage over the other, or should simply designate certain economic actions as illegal in industrial disputes. Generally, the law and the courts declare certain means, ends or purposes to be illegal, regardless of the effect of such legal limitations upon equality of economic and bargaining power.

The social benefit or interest of the community in the continuing operation of industry had led Government to establish conciliation services to aid in preventing strikes and lockouts. Upon the certification of a trade union as the exclusive bargaining agent of the employees of an employer is an appropriate bargaining unit, it is mandatory on the employer and the union to negotiate with the object of reaching a collective agreement. Should negotiations break down, Government conciliation services are available. A strike or lock-out is prohibited until the conciliation procedure has been completed.

Government intervention in industrial disputes may take various forms, the most common of which are mediation, arbitration and investigation. Government may induce or force the disputants to accept one of these methods for the settlement of the disagreement after conciliation fails. Mediation refers to a type of diplomacy whereby a neutral party seeks to find some middle ground for an agreement that will be accepted by both parties. Arbitration is the

judicial method. During the process of arbitration, the opposing parties must refrain from engaging in a strike or lockout, and both opposing parties are bound to abide by the decision made by the board for arbitration. Under compulsory investigation, an outside agency or board investigates an industrial dispute. Such investigations are for the purpose of discovering the facts, and generally result in a written report and sometimes in a decision on the dispute. The published reports or decisions are effective only through their influence upon public opinion.

Under Canadian legislation, once a union obtains the support of a majority of employees in a bargaining unit, the employer is compelled to recognize the union as exclusive bargaining agent for the employees involved. Both parties are ordered to bargain in "good faith", a term that is not clearly defined. It would appear that "good faith" involves willingness to meet and discuss all relevant issues, but does not require either party to make any concession on any matter.

If a work stoppage takes place, the strikers risk permanent loss of employment should the employer manage to replace them with other workers. While the strikers may picket the employer to indicate that a dispute is in progress, such picketing must be limited to the dissemination of information and cannot be used to

obstruct the movement of customers, employees, or goods into and out of the employer's place of business. Certain classes of employees such as policemen, firemen, and others in vital services, are forbidden from striking and are either required to submit to binding arbitration or to accept the terms imposed by their employers.

The great majority of Canadian workers are subject to minimum standards of wages, hours, annual vacations and public holidays set by the Canadian labour Code and corresponding provincial laws. While there are many exceptions, working hours are commonly limited to eight in a day and to forty, forty-four, or forty-eight in a week. If limits are not imposed, work beyond specified daily and weekly hours must be paid for at an overtime rate. For many workers in Quebec, wages and hours are fixed by decrees under the Collective Agreement Act. A similar system is in effect under industrial standards laws in several other provinces.

For workers under federal jurisdiction, the minimum rate of pay to which they are entitled by law is $1.25 an hour. Under provincial minimum wage laws, rates in a majority of the provinces have reached or are approaching $1.00 an hour (see Table 37). Equal Pay Acts are in force in federal jurisdiction. Under these Acts, employers are prohibited from employing a female for any work at a rate of pay that is less than the rate at which a male is employed by that employer for

TABLE 37

MINIMUM WAGE RATES FOR EXPERIENCED WORKERS IN CERTAIN CITIES, BY SEX, JANUARY 1, 1965

Type of Establishment		St. John's (Nfld.)	Charlottetown (P.E.I.)	Halifax (N.S.)	St. John (N.B.)	Montreal (Que.)	Toronto (Ont.)	Winnipeg (Man.)	Regina (Sask.)	Edmonton (Alta.)	Vancouver (B.C.)
Maximum hours per week to which the rates apply	Male	48	-	-	-	48(1)	48	48	44	44	40(2)
	Female	48	48	48	48	48(1)	48	44	44	44	40(2)
		Cents Per Hour	Cents Per Hour	$ Per Week	Cents Per Hour	Cents Per Hour	$ Per Hour	Cents Per Hour	$ Per Week	$ Per Week	$ Per Hour
Factories	Male	70	1.00(3)	-	75	70	1.00	75	36.50	34	1.00
	Female	50	-	21.60	75	70	1.00	75	36.50	34	1.00
Laundries, etc.	Male	70	1.00	-	65	70	1.00	75	36.50	34	1.00
	Female	50	55	21.60	65	70	1.00	75	36.50	34	1.00
Shops	Male	70	1.00	-	75	70	1.00	75	36.50	34	1.00
	Female	50	-	21.60	75	70	1.00	75	36.50	34	1.00
Hotels, Restaurants, etc.	Male	70	1.00	-	65	64(4)	1.00	75	36.50	34	1.00
	Female	50	21(5)	21.60	65	64	1.00	75	36.50	34	1.00
Beauty Parlours	Male	70	1.00	-	65	70	1.00	75	36.50	34	35(6)
	Female	50	-	21.60	65	70	1.00	75	36.50	34	35(6)
Theatres, Amusement Places	Male	70	1.00	-	65	70	1.00	75	36.50	34	75
	Female	50	-	21.60	65	70	1.00	75	36.50	34	75
Offices	Male	70	1.00	-	65	70	1.00	75	36.50	34	1.00
	Female	50	-	21.60	65	70	1.00	75	36.50	34	1.00

Source: D.B.S., Canada Year Book, 1966, Ottawa, P. 725, Table 1.

(1) In hotels and restaurants the rates apply to a maximum of 54 hours per week.
(2) In beauty parlours, theatres and amusement places the rates apply to a maximum of 44 hours per week
(3) 80 cents per hour for male workers in food processing plants.
(4) Chauffeurs, watchmen, stationary enginemen and firemen 70 cents; bell boys 56 cents.
(5) Dollars per week for waitresses; $16 for other restaurant workers.
(6) Dollars per week.

identical work. Labour employed by private business on government contracts is subject to Government Fair Wage legislation. Wages to be paid to the employees are those in existence for the type of work in the district; if there are no comparable rates, fair and reasonable rates are determined by the Minister of Labour.

Government influence in industrial relations is conditioned by the fact that labour matters come under eleven separate jurisdictions. Each of these jurisdictions has legislation governing the relations between employers and employees. Although such legislation is generally similar, there are differences in their operations and administrative practices to discourage the nation-wide bargaining. Since Government only accounts for a small proportion of the Canadian labour force, its influence in the labour market has been largely indirect, operating through monetary and fiscal policies, as well as manpower and employment programs and legislation, which are designed to improve the mobility of labour and to raise the rate of employment. The provincial governments have exercised their influence mainly through labour-relation legislation and participation on a co-operative basis in the Federal Government manpower and employment policies.

Government exercises only little influence over wage rates in general: first, Government is not a large employer of labour; second, for purposes of setting wages and working conditions, Government by and large is a follower of patterns developed in outside industry. A

minimum wage, however, is considered for federal jurisdiction. Provincial minimum wage laws exist for certain categories of workers, but for the most part the wages set under these laws are so low and so restricted in coverage as to have virtually no effect on wage levels.

Wage Differentials

Let us now turn to examining the wage differentials in Canada. A wage differential[6] is the absolute or percentage difference between wages of workers within a specific category. Wage differentials can be broadly classified in three groups: industrial, occupational, and regional (geographic) differentials. Industrial wage differentials refer to differences in average wages between different industries in the same region. Occupational wage differentials refer to differences in average wages between different occupations. Regional wage differentials denote the differences in the average wages between different regions or geographical areas.

We shall examine first the industrial wage differentials in Canada.

Industrial Wage Differentials:[7] In Canada high-wage industries such as pulp and paper, transportation equipment,

(6) S.G. Peitchinis, The Economics of Labour, Employment and Wages in Canada, McGraw Hill Company of Canada Limited, 1965, P. 309.

(7) H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillan of Canada, Toronto, 1962, PP. 448-468.

automobiles, non-metallic mineral products and chemical products, generally have the following characteristics: larger than average firm size, more capital per worker, relatively larger numbers of male workers, and disproportionately larger numbers of skilled workers. They are often concentrated in the highly industrialized regions such as British Columbia, Ontario and Quebec. Low-wage industries have roughly the opposite characteristics.

The industrial wage differentials generally refer to differences in average wages between different industries. The wage differentials among Canadian industries may be reflected in average weekly wages and salaries for Canada's major industries as shown in Table 38. Weekly earnings are highest, on the average, in the following industries: products of petroleum and coal, transportation equipment, chemical and paper products, mining and public utility operation. At the other extreme, weekly earnings are lowest in the manufacturing industries of leather products and clothing and in the service industry.

Wage differentials among Canadian industries may be due to three major factors: productivity, degree of concentration and unionization. Thus, the first two factors are economic and the third is institutional.

Because wages are necessarily related to productivity, it is not surprising to find differences in productivity as an important

reductions from being translated into price reductions. The benefits of rising productivity which under competitive conditions would largely accrue to the consumers in the form of lower prices are thus divided between the entrepreneur and workers. The employer in a less competitive industry is either forced to share his gains with the workers because of union pressure, or tends to do so as a matter of policy for achieving good labour-management relations or for attracting and maintaining a high-quality work force.

Finally, the third major force responsible for wage differentials among Canadian industries is the degree of unionization.(10) The major efforts of trade unions to raise wages have taken three main directions: securing minimum-wage legislation, taking wages out of competition and getting higher wages through collective bargaining. Unions usually establish through collective bargaining a standard rate through which wages are taken out of competition. The contractual rates, on the other hand, prevent the unemployed from forcing down the wage rates of the employed. A strong union can raise the wage level of its industry relative to those industries in which unionism is weaker.

Table 39 shows the averages of hourly wage rates paid to male labour in union and non-union establishments in selected

(10) A.M. Ross, the Influence of Unionism Upon Earnings, Quarterly Journal of Economics, 1948; R. Ozanne, Impact of Unions on Wage Trends and Income Distribution, loc. cit., 1959.

TABLE 38

AVERAGE WEEKLY WAGES AND SALARIES BY

MAJOR INDUSTRY, ANNUAL AVERAGES, 1963

Major Industry	Average Weekly Wages and Salaries ($)
Forestry (Chiefly Logging)	88.62
Mining	102.37
Manufacturing	86.24
Food and Beverage	75.15
Tobacco and Tobacco Products	82.32
Rubber Products	88.47
Leather Products	57.63
Textile Products (except clothing)	68.63
Clothing (textile and fur)	53.57
Wood Products	74.15
Paper Products	100.97
Printing, Publishing and Allied Industries	93.68
Iron and Steel Products	98.09
Transportation Equipment	101.66
Non-ferrous Metal Products	97.47
Electrical Apparatus and Supplies	91.15
Non-metallic Mineral Products	91.17
Products of Petroleum and Coal	127.22
Chemical Products	101.61
Construction	90.32
Transportation, Storage and Communication	92.29
Public Utility Operation	102.26
Trade	71.38
Finance, Insurance and Real Estate	78.66
Service	58.68
Industrial Composite	83.43

Source: D.B.S., Review of Employment and Payrolls, 1963, Catalogue No. 72-201 Annual, P. 35, Table 8.

cause of wage differentials among industries.[8] Increased productivity in an industry may first result in lower prices of the product, higher profits or higher wages. If the improvement in productivity leads to lower prices, the benefit will spread through the economy and real wages will rise because the same money income will buy more goods and services. If it brings a rise in profits, the rise will be transitory, for eventually competition in the product market will force down the prices, or competition in the labour market will force up wages to the extent that can be sustained only by increased productivity. The varying productivities in different Canadian industries may therefore cause inter-industry wage differentials.

The degree of concentration may be a factor that initiates industrial wage differentials in Canada. "Concentration" here means the degree to which a few firms produce a large proportion of the total output of an industry. It is argued that there is an association between market structure and wage change.[9] The less competitive industries generally experience a more rapid rate of increase in productivity through economies of scale, innovation and rationalization and they are usually price-administered industries. It follows that they are able to prevent cost

(8) F. Meyers and R.L. Boulby, The Inter-Industry Wage Structure and Productivity, Industrial and Labour Relations Review, October 1953.

(9) D. Schwartzman, Monopoly and Wages, Canadian Journal of Economics and Political Science, August 1960; A. Kuhn, Market Structure and Wage-push Inflation, Industrial and Labour Relation Review, January 1959.

TABLE 39

HOURLY RATES FOR MALE LABOUR, UNION AND NON-UNION ESTABLISHMENTS, SELECTED MANUFACTURING INDUSTRIES, ONTARIO, 1957

Industry	Average Rate	
	Union Establishments	Non-Union Establishments
	- cents per hour -	
Sash, Door & Planning Mills	112	108
Lumber & Saw Mills	118	106
Wooden Furniture	105	104
Iron Castings	148	130
Machinery	149	139
Sheet Metal Products	144	133
Miscellaneous Iron & Steel Products	159	132
Radio & Radio Parts	143	111
Miscellaneous Electrical Products	152	134
Clay Products	149	136
Miscellaneous Paper Products	145	139
Heavy Electrical Machinery & Equipment	153	133
Brass & Copper Products	151	130
Hosiery & Knit Goods	105	96

Source: H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillan of Canada, Toronto, 1962, P. 467, Table LVIII.

industries in Ontario for the year 1957. It is seen that, in each industry except wooden furniture, the average union rate was substantially more than the average non-union rate. This may suggest that Canadian unions have secured wage advantage for their members and thus have affected the inter-industry wage structure. But conclusive evidence must await more extensive and elaborate analysis of more appropriate data.

The more important question, however, may relate to the future. We can confidently predict that unions will have more influence on the wage structure in the future, say ten or twenty years ahead, than they have had in the past. There will be two extremes possible. On the one hand, leaders of different unions may follow about the same standards in formulating their wage demands. They may also look mainly at the wage demands of other unions and at the cost-of-living index. In this case, they may try to keep somewhat ahead of the cost of living during good times and to hold wages unchanged during bad times. In this event, we may expect that the wage levels of different unionized industries could rise at about the same rate.

At the other extreme, the leaders of each union may ignore the remainder of the economy and strive to maintain the fastest rate of wage increase in their own industry. In this event, the wage levels of different industries would rise at various rates.

One would expect wages to rise fastest in industries where labour cost is a small percentage of total cost of production, where the demand for the product is inelastic, where firms are well organized to pass wage increases on to consumers through price increases, where entrance to the industry is closed, where technological progress is rapid, and where the secular trend of demand is upward. The opposite conditions would produce a slow rate of increase in wages.

Regional (Geographic) Wage Differentials:[11] As we move from the east to the west coast of Canada, we shall find the average weekly wages and salaries rising from the Atlantic to the Pacific region: average weekly earnings are generally highest in British Columbia and Ontario. It is not surprising that there should be marked wage differentials among different regions when we consider the nature of the Canadian economic structure from coast to coast. Such wage differentials are shown in Table 40.

Regional wage differentials narrowed during the war and post-war period as a result of a rapidly expanding and inflationary economy in which all provinces shared. The end of the inflationary expansion in the 1950's saw regional wage differentials widening.

(11) H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillian Company of Canada, Toronto, 1962, PP. 468-488; J.W. Block, Regional Wage Differentials, Monthly Labour Review, April 1948, PP. 371-377.

TABLE 40

AVERAGE WEEKLY WAGES AND SALARIES BY REGION, 1939-1963

Province	1939 Weekly Wages And Salaries ($)	1939 Index	1939 Rank	1949 Weekly Wages and Salaries ($)	1949 Index	1949 Rank	1959 Weekly Wages And Salaries ($)	1959 Index	1959 Rank	1963 Weekly Wages And Salaries ($)	1963 Index	1963 Rank
CANADA	23.44	100.0		42.96	100.0		73.47	100.0		83.43	100.0	
British Columbia	26.01	111.0	1	45.65	106.3	1	80.09	109.0	1	90.52	108.5	1
Alberta	25.39	108.3	3	44.40	103.4	2	75.63	102.9	3	84.12	100.8	3
Saskatchewan	24.18	103.2	5	41.50	96.6	5	70.13	95.4	6	79.38	95.1	5
Manitoba	25.69	109.4	2	42.68	99.3	4	70.16	95.5	5	77.56	93.0	6
Ontario	24.45	104.3	4	44.36	103.3	3	76.39	104.0	2	86.59	103.8	2
Quebec	21.26	90.7	7	41.19	95.8	6	70.56	96.0	4	81.03	97.1	4
New Brunswick	20.21	86.2	8	38.08	88.6	7	60.39	82.2	8	68.45	82.0	9
Nova Scotia	21.42	91.4	6	37.65	87.6	8	60.17	81.7	9	68.46	82.1	8
Prince Edward Island	19.79	84.4	9	33.56	78.1	9	54.75	74.5	10	60.07	72.0	10
Newfoundland	-	-	-	-	-	-	63.68	86.7	7	75.78	90.8	7

Source: Calculation based on data found in D.B.S., Review of Employment and Payrolls, Catalogue No. 72-201, Annual.

The relative wage position of the Atlantic provinces, however, has continued to decline, reflecting the slackening of economic activities in this region.

As Table 40 shows, British Columbia retained its leadership in the Canadian wage structure for the whole period 1939-1963, at the wage index of about 109, followed by Ontario at about 104, and by Alberta at about 102; of these three provinces, only Alberta experienced a decline in its relative position. Saskatchewan and Manitoba also experienced a decline in their relative positions: Saskatchewan's weekly wage index fell from 103.2 in 1939 to 95.1 in 1963; whereas Manitoba's index dropped from 109.4 in 1939 to 93.0 in 1963. Quebec's index was rising throughout the whole period, moving from seventh place in 1939 to fourth place in 1963. This trend of wage development of Quebec is unique in the Canadian wage structure. Consequently, the rise in the wage index of Quebec, decline in the indexes of the three Prairie provinces, and the relatively constant indexes of British Columbia and Ontario, changed the order of magnitude in relative wage differentials. Ontario moved from fourth place in 1939 to second place in 1963, while Manitoba fell from second place in 1939 to sixth place in 1963. The average weekly earnings in the Atlantic provinces were relatively much lower than those in other regions.

Let us now examine the main factors of regional wage differentials in Canada. The first is the differences in regional economic structure, characterized by the nature and size of industrial enterprises. A region, such as British Columbia or Ontario, has a large proportion of high-wage manufacturing industries; for example, smelting and refining, pulp and paper, automobile manufacturing, iron and steel production, chemical and petrochemical products. Such a region, of course, has a higher wage level than one in which the predominant economic activities are agriculture, fishing, logging, and such low-wage manufacturing industries as textiles, foods and beverages, and leather products; these industries dominate the economic structure of the Atlantic region.

The relatively small market of the Atlantic region also limits the size of industrial enterprises. It follows that the amount of capital at the disposal of each worker is on the average relatively less than in regions whose markets permit large scale process of production; this means lower capital-labour ratio and therefore lower wage rates. Furthermore, the exodus from the region of the able and skilled workers constitutes another serious erosion in labour productivity, just like the consequences of the erosion of topsoil from fertile agricultural land. The result of these developments inevitably leads to lower wage levels. While it is true that relatively low costs of labour should stimulate the movement of labour-intensive industry into the region, thus eventually

raising the price of labour, the Atlantic region is hampered in this respect by geographic isolation and consequently high transportation costs to the dense central Canadian markets.

The extent to which wage differentials between industrialized and industrializing regions will change depends largely on the rate of growth, the time element, and the intensity of demand for specialized labour. The shorter the period over which substantial industrialization is under way, the greater will be the pressure to acquire the needed labour from outside the region, and also the greater the possibility that its wage levels will increase proportionately faster. The narrowing of wage differentials in 1959 compared with 1963 between Alberta and British Columbia, and between Quebec and Ontario, illustrates this point. This narrowing was due to the relatively rapid rate of industrialization of Alberta and Quebec during this period, and the necessity to attract specialized industrial workers from British Columbia and Ontario, and to induce the skilled immigrants to stay, by offering them higher wage rates which were at least very close to the rates in British Columbia and Ontario.

One aspect of Quebec's wage structure is rather unique. She has the disadvantage of being predominantly Catholic and French

Canadian in a predominantly Protestant and English Canadian economic setting. This social and cultural environment limits the size of the national labour force from which Quebec can draw and reduces the mobility of the French-speaking workers in Quebec. There may be one advantage however: Quebec does not face the same degree of competition for workers as do English-speaking regions. The upward pressure on its wage level resulting from relatively limited labour market and from rapid rate of industrialization is offset somewhat by the relative immobility of a large proportion of its labour force.

In summary, the Canadian labour market exhibits a rather distinctive regional wage structure. From a high in British Columbia, average wage levels slope downward to the Prairie region, rise again in Ontario, and then fall once more as one proceeds eastward through Quebec and the Atlantic region. Relative wages have shown no tendency toward greater uniformity in recent years. The regional wage structure of Canada is mainly influenced by economic forces which operate in a specific demographic and institutional framework. The major economic forces which generate the regional wage differentials are the nature and size of business enterprises, divergence of industrial composition, the extent and rate of industrial development and varying degrees of labour mobility.

total demand for advanced skills is often smaller than that for lesser skills. To illustrate, assume that we wish to erect a house, and that we have to hire architects and construction workers. If the house is to be built, the demand for the first architect and the first construction worker would be equally high, since the completion of the house depends equally on both. But beyond that point the demand for construction workers would be greater than that for architects, because many more man-hours are required to construct the house than to design it. A fifth carpenter, for example, might be almost as valuable as the first, but a fifth architect would be worthless, assuming the first one to be competent. Since the value of successive architects declines more rapidly than that of successive carpenters, carpenters should receive more pay than architects if the supply of both were equal. But it is not. Because architects are relatively scarce, the value of the first architect must be compared with that of the fifth carpenter; that is, the architect has a higher marginal value and he therefore receives higher wages than the carpenter. In the long run, the higher skills as a group command higher wages than lower skills primarily because they are scarce, and not because the demand for them is higher. In the short run, and among different occupations at about the same level of skill, wage differentials are strongly influenced by demand factors as well.

Occupational Wage Differentials:[12] An occupational wage differential can be defined as the difference in average rates of pay for one occupation as compared to the average pay for a different occupation in the same labour market area at the same time. In Canada, wages vary a great deal for the same type of work, depending largely on local conditions, the skill and experience of the employees. Usually higher levels of wages are paid for occupations involving a high level of skill and training, or for work that is dangerous or unpleasant. Average wages and salaries by occupations are shown in Table 41 which may throw some light on the existence of wage differentials among occupations in Canada.

We now examine the factors responsible for occupational wage differentials.[13] For skilled or professional workers to receive more pay than unskilled workers, either the demand for them must be greater or their supply must be smaller. On the whole, the difference lies heavily on the supply side, because the

(12) H.D. Woods and S. Ostry, Labour Policy and Labour Economics in Canada, Macmillan Company of Canada, Toronto, 1962, PP. 422-447; H. Ober, Occupational Differentials, Monthly Labour Review, August 1948, PP. 127-134; M. Reder, The Theory of Occupational Wage Differentials, American Economic Review, December 1955, PP. 833-852.

(13) S. Ostry, Inter-Establishment Dispersion of Occupational Wage Rates, Ontario and Quebec, 1957, Canadian Journal of Economic and Political Science, May 1960, PP. 277-288; H.M. Douty, Sources of Occupational Wage and Salary Rate Dispersion Within Labour Markets, Industrial Labour Relations Review, October 1961, PP. 67-74; P. Keat, Long Term Trends in Occupational Wage Differentials, Journal of Political Economy, December 1960, PP. 584-600.

TABLE 41

AVERAGE WAGES, SALARIES AND INCOMES BY OCCUPATIONS

OTTAWA, OCTOBER 1, 1965				CANADA, 1964	
Office Occupations (Male)	Average Salary Rate Per Week, ($)	Maintenance Trades, Service Occupations and Labourers (Male)	Average Wage Rate Per Hour, ($)	Occupations	Average Annual Income, ($)
Accounting Clerk, Junior	67	Carpenter	2.63	Doctors and Surgeons	21,474
Accounting Clerk, Senior	96	Electrician	3.05	Lawyers and Notaries	17,282
Bookkeeper, Senior	103	Machinist	2.53	Engineers and	
Clerk, Junior	59	Mechanic	2.28	Architects	16,801
Clerk, Intermediate	78	Millwright	2.50	Dentists	14,909
Clerk, Senior	104	Pipefitter	2.26	Accountants	13,021
Cost Accounting Clerk, Junior	71	Tool and Die Maker	2.68	Investors	6,883
Cost Accounting Clerk, Senior	91	Welder	2.29	Salesmen	6,722
Draughtsman, Junior	72	Stationary Engineer 1st Class	-	Entertainers and	
Draughtsman, Intermediate	100	Stationary Engineer 2nd Class	2.98	Artists	5,948
Draughtsman, Senior	124	Stationary Engineer 3rd Class	2.56	Business Proprietors	5,703
Material Record Clerk	81	Stationary Engineer 4th Class	2.25	Property Owners	5,270
Office Boy	49	Stationary Firemen	1.94	Teachers and Professors	5,087
Order Clerk	87	Truck Driver, Light & Heavy	1.89	Fishermen	5,020
Payroll Clerk	81	Truck, Power	1.83	Farmers	4,943
Tabulating Machine Operator	84	General Labourer	1.74		

Source: Department of Labour, Wage Rates, Salaries And Hours Of Labour, 1965, Ottawa, PP. 350-352, Table 128.
Department of National Revenue Taxation Statistics, Ottawa, 1966 Edition, Part 1, P. 9, Summary Table 3.

We shall now examine the relationship between the supply factors of a particular type of labour and the wage differentials. As in the case of the total supply of labour, the supply of a particular type is also divided into long and short-run factors. In the long run, the major forces which create permanent wage differentials among occupations are: inheritance, both biological and social, the cost of training, and psychic income. Differences in inborn ability separate people into non-competing groups. The potential supply of technical, professional, and managerial labour in general is limited by the scarcity of the innate ability which these jobs require. From the number who possess the inborn ability must be subtracted those whose environment fails to stimulate the development or recognition of their ability. No matter how much time is allowed for movement from one occupation to another, the supply of these highly skilled or professional groups can never become as large as the supply of workers for simple manual operations; and the latter can never compete with the former, thus resulting in permanent wage differentials among them.

The training for advanced skills is usually long and expensive, and either cannot or will not be undertaken by as many persons as will acquire short and inexpensive training. Those who can afford the training will not take it unless the prospective earnings justify its cost. As our society develops in the direction

of making it financially possible for each person to develop fully his capacities (such as publicly financed higher education, private scholarships or in-plant training), the expense of training will become a less important factor in occupational differentials. At the present time and generally speaking, however, the financial barrier places to some significant degree an additional check upon the supply of highly skilled labour.

Psychic income also plays an important part in initiating occupational wage differentials. Many occupations, particularly the professions, are interesting, carry prestige, involve pleasant working conditions, or offer long vacations. Consequently, more persons enter those occupations than would do so for the monetary reward alone. This larger supply tends to hold the salaries lower than they otherwise would be. Psychic income also has a negative side, as in jobs which are hazardous, excessively tiring, or involve unpleasant working conditions. Premium rates must be paid to get people to work, for example, at dangerous heights, or depths, among explosives, or in excessive heat or fumes.

In the short run, however, each skilled occupation constitutes its own non-competing group. At any given moment the supply of, say, electrical engineers is limited to the number already trained

and existing. No amount of financial inducement can raise the number significantly by pulling people from other occupations. Therefore, the short-run supply of skilled workers is almost completely inelastic, and consequently they receive higher wages. On the other hand, almost the entire field of unskilled labour constitutes a single pool, and such workers are also readily interchangeable among many types of unskilled or semi-skilled jobs. Therefore, the supply of any one particular type of unskilled labour is highly elastic, and consequently such labour constitutes a competing group and bids down the wages.

Chapter 6

CONCLUSION

Immediate Outlook for the Labour Force

The rate of increase in the Canadian labour force has accelerated during the latter half of the 1960's, and a continuing high rate of increase can be anticipated at least well into the 1970's (see Table 42).

TABLE 42

POPULATION AND LABOUR FORCE, 1946-1970

Year and Period	Population: 14 Years And Over (Thousands)	Civilian Labour Force (Thousands)
1946	8,778	4,810
1956	10,805	5,782
1963	12,466	6,737
1970	14,672	8,172
	Average Annual Percentage Change	
1946-1956	2.1	1.9
1956-1963	2.1	2.2
1963-1970	2.3	2.7

Source: Economic Council of Canada, Economic Goals for Canada to 1970, First Annual Review, December 1964, P. 42, Table 12.

An annual rate of increase of 2.7 per cent is in prospect for the period 1963-1970. With the prospect of an addition of over two million persons to the Canadian labour force for this period, Canada is moving towards one of the highest rates of labour-force expansion in its entire history. This implies that Canada is experiencing a period in which the pace of expansion in employment will need to be very substantially better than in the past if severe social and economic problems are to be avoided.

The major factor responsible for the current expansion in the labour force is the increase in Canada's population of working age. This increase is largely due to the markedly high birth rates in the decade following the World War II. Immigration has at various times in the past made an important contribution to the growth of the labour force; this was particularly so in the 1950's. But the situation is now strikingly different. During the decade 1960-1970 the increase in the labour force from domestic sources will be more than twice as great as in the decade 1950-1960 (see Table 43). This implies Canada's reduced reliance in the 1960's on supplies of skilled and professional manpower from abroad, and greater dependence on the development of such manpower in Canada.

Let us now turn to examining the labour-force-participation rates to 1970. Based on the findings of labour-force participation

TABLE 43

SOURCES OF LABOUR FORCE GROWTH

(Average Annual Increase in Thousands)

1950-1970

Source	1950-1955	1955-1960	1960-1965	1965-1970
Net Immigration	60	55	10	30
Domestic Supply	30	105	125	175

Source: Economic Council of Canada, Economic Goals for Canada to 1970, First Annual Review, December 1964, P. 35, Table 10.

in Chapter 2, we project the analysis a bit further by asking the following questions: Will the female labour-force-participation rates continue to rise? Will participation rates for the youngest and oldest men continue to fall? The answers to these questions are provided in Table 44.

In the age group 14-19 for males, the very rapid decline in participation rates reflects the longer schooling of youths and prosperity generally. As shown in Table 44, this rate will fall further to 37.1 per cent in 1970. But there are limits to the extent to which the further training of young men will be attempted in school; in-plant training, night classes and other such informal schemes may well play an increasing role in supplying young men with

TABLE 44

AVERAGE ANNUAL PARTICIPATION RATES

1956-1970

	1956	1963	1970	Change 1956-1963	Change 1963-1970
Men					
14-19	48.1	39.0	37.1	- 9.1	- 1.9
20-24	91.7	88.9	87.4	- 2.8	- 1.5
25-34	97.6	97.6	97.6	0.0	0.0
35-44	97.6	97.8	97.8	0.2	0.0
45-54	96.2	96.0	96.0	0.0	0.0
55-64	86.4	86.0	85.5	- 0.4	- 0.5
65 And Over	34.1	26.3	25.1	- 7.8	- 1.2
All Ages 14 And Over	82.2	78.4	77.2	- 3.8	- 1.2
Women					
14-19	33.9	29.9	30.9	- 4.0	1.0
20-24	47.1	50.0	51.4	2.9	1.4
25-34	25.1	29.2	33.0	4.1	3.8
35-44	23.8	31.7	37.0	7.9	5.3
45-54	24.4	34.7	43.5	10.3	8.8
55-64	15.9	24.7	32.0	8.8	7.3
65 And Over	4.5	5.8	7.0	1.3	1.2
All Ages 14 And Over	24.9	29.6	34.1	4.7	4.5

Source: F.T. Denton, Y. Kasahara, and S. Ostry, Population and Labour Force Projection to 1970, Staff Study No. 1, Prepared for the Economic Council of Canada, P. 37, Table 1.

technical qualifications, and these developments will cushion the decline in the participation rate of this age group in the years ahead. We also expect some moderate decline in the rate for men in the ages 20-24, the rate falling from 91.7 per cent in 1956 to 87.4 in 1970. The rates for males between 25 and 64 years of age can be forecast with confidence; most men of these ages want to work and will continue to work, and their participation rates will remain therefore constant. In the age group 65 and over, a very sharp drop was experienced during the period 1956-1963. This is no doubt a reflection of a general move toward earlier retirement associated with the secular occupational shifts of the labour force and the more adequate provision of private and government pensions. Since these developments are expected to continue, the participation rate for men aged 65 and over can be expected to continue to decline moderately, although we do not anticipate that the trend toward earlier retirement will continue indefinitely.

The participation rate for women aged 14-19 declined by 4.0 per cent for the period 1956-1963; this decline reflects the desire for more schooling, for college education and for earlier marriage. But the participation rate for this age group is expected to be 30.9 per cent in 1970, or an increase of 1.0 per cent over the period 1963-1970. At the other extreme, the group aged 45 to 54 has shown the fastest-rising participation rates of any of the

female age groups, and its rate will continue to rise to 43.5 per cent of the total labour force in 1970. The lower rates for women aged 55 and over reflect lower demand for their services. The problems of women in this age group are relatively low levels of education and training and lack of up-to-date work experience.

In general, we expect that a higher proportion of women will enter the labour force than at present, particularly in the age groups over 25. For those who are married, their husbands' wishes will have something to do with how they decide; but probably not very much. Most important of all will be the number of employment opportunities there are for women. We have no doubt that the opportunities will greatly increase. Employment in the service industries will increase more than in any other sector of the economy, and these industries have always had a higher proportion of women on their payrolls than any other. There will also be a large increase in employment in secondary manufacturing and here too the ratio of women to men has always been high. Largely because of the growth in employment opportunities we can anticipate that participation rates for women 25 years and over will continue to rise in the years to come.

Implications For The Future

The labour market conditions in Canada have been near full employment as a result of the substantial decline in the rate of

unemployment over the past few years. There is, however, increasing shortages of manpower in certain industries, occupations, skills and localities. There has also been a very marked increase in interest among producers in encouraging immigration of workers whose skills are in particularly short supply.[1] One of the dangers in this kind of situation is that severe shortages of skilled and professional manpower may develop in certain parts of the economy before the over-all level of unemployment has been reduced to a satisfactorily low level, and that these severe shortages will increase production cost and price pressures which will be transmitted to other sectors of the economy. The development of labour-market conditions in the past few years reinforce this view, since the economy appears to have begun to encounter severe labour shortage in some categories while the over-all rate of unemployment was still around 4.0 per cent. It is for this reason that there is the need for improved employment and manpower policies.

There is a general need to upgrade and bring up to date the education and skill qualifications of the existing labour force. There is also a more urgent need for immediate action to deal with manpower shortages and deficiencies in particular skills and

(1) Economic Council of Canada, Towards Substained and Balanced Economic Growth, Second Annual Review, December 1965, PP. 31-33.

occupations which constitute an obstacle to the rate of economic growth. This implies a need for retraining and continuing education outside the formal education system. Retraining can not only raise the income level of individuals, but also provide a high rate of return in relation to the costs involved. It will also promote greater mobility of manpower in the economy. Along with this, there is an equally urgent need for intensified efforts to make the most effective use possible of the existing stock of skilled and educated manpower. Similarly, there is also a need for more vigorous and well-informed labour-market policies in Canadian industry in order to achieve a more effective matching of demand and supply of skilled and managerial manpower.

We turn now to the examination of implications of technological advance.[2] Technological changes and scientific progress are complex processes with powerful implications for the pace of economic growth, for higher living standards and for education. Technological change creates new employment and new occupations by bringing new processes and products into use, reducing costs and widening markets. At the same time, however, these changes are

(2) J.P. Francis, Manpower Implications of Technological Change in Canada, Labour Law Journal, August 1963, PP. 661-669; S. Brandwein, Manpower Implications of Technological Change: Research Findings of the U.S. Department of Labour, Labour Law Journal, August 1963, PP. 655-669; R.A. Lester, The Adaptation of Labour Resources to Changing Needs, Monthly Labour Review, March 1966, PP. 245-249.

inevitably accompanied by problems of adjustment for individuals because technological changes affect the conditions of work as old jobs and skills become less in demand.

Over the past decades the steadily increasing use of more powerful and more highly mechanized equipment and machinery has had a tremendous impact on Canada's manpower requirements in basic industries such as agriculture, mining, forestry, construction and transportation. In the manufacturing industries, there is a constant downward tendency in manpower requirements per unit of production as old facilities are replaced by more advanced mechanical equipment, and through improvements in materials handling and the integration of production process. Advances in materials handling also have an impact on manpower requirements in the wholesale and retail fields and service industries. In all these areas, technological changes include the long-term trend towards the substitution of mechanical energy for human labour as part of the process of obtaining the benefits of increased productivity, but lead to problems of skill adjustment for individuals in the industries affected.

In general, an outstanding requirement for and consequence of technological changes is to raise educational and skill requirements. The use of more complex and advanced machinery requires a

human response at a higher level than was often needed in the past. Alertness and a greater measure of responsibility are called for, as well as a heightened ability to communicate. Advances in materials handling eliminate many tasks for which little basic education or training was required. In contrast, these qualifications are now in growing demand with higher standards of maintenance which are required for the operation of intricate equipment, and for planning, control and technical functions. Generally, new and expanding occupations resulting from technological changes require a higher level of basic education than is necessary for routine manipulative and clerical tasks.

In essence, the broad picture presented by current technological changes shows that it is pervasive and complex, and consists of a combination of many ways of achieving improvement and progress. This dynamic process clearly requires interrelated and complementary public and private actions in respect of education, training, retraining, mobility and job placement in order to facilitate the myriad individual adjustments which are required by the ever-changing patterns of work and job opportunities. It also poses rapidly changing problems and tasks for labour-management co-operation.

Policy Recommendations

Labour market policy is concerned with facilitating fuller and more efficient use of manpower resources. It has acquired increasing importance in many countries with the growing realization that it is crucial to economic growth. The object of labour market policy is to bring about the matching of supply and demand for labour in specific localities, industries and occupations in such a way that manpower resources can be most productively utilized.

The central purpose of this section is to consider what improvements are required in Canada's present labour market policy to help achieve maximum efficient utilization of manpower resources. Improvements are urgently necessary because Canada has encountered certain elements of severe labour shortages while the national rate of unemployment was still around 4.0 per cent in the last few years. The improvements required are in the following areas:

(a) Expansion of Programs for Training and Retraining:(3)

The shortages of skilled and professional manpower today, in relation to employers' increasing demands and to the fact that both Government and business are seeking such manpower abroad, undercore the continuing deficiency of manpower training and retraining programs.

(3) Economic Council of Canada, Towards Substained and Balanced Economic Growth, Second Annual Review, December 1965, PP. 181-183.

Although vocational education and training programs have been greatly expanded under the Technical and Vocational Training Assistance Act in recent years, these programs have had relatively little effect on the adult labour force. Their primary effect has been on the expansion of facilities for students in vocational schools. There has not been any significant break-through in the training or retraining of existing members of the labour force. The need for a major thrust in this area is all the more important since it will take decades to raise the over-all level of skills of the total labour force if training is very largely limited to younger persons. Today the demand for skilled labour is increasing more rapidly than the supply can be expanded through the young people coming out of the school system. It is therefore essential that more resources are to be devoted to educating, training and retraining the existing Canadian labour force.

At present many workers, unions and management are unaware of, or do not know how to take advantage of the availability of public funds and facilities which exist for setting up training programs in industry. This is partly a problem of inadequate information about the programs and insufficient counselling of those in need of training or retraining. Moreover, because many authorities are involved, the responsibility for the initiation of programs is often not clear. Consequently, programs that are urgently needed do not get implemented. Effective steps must be taken to overcome these deficiencies and shortcomings.

(b) More Adequate Labour Market Information:[4] Job vacancy data are very crucial to the development of an effective employment service and for improving the functioning of the labour market. There is a pressing need for up-to-date information on job opportunities by occupation, industry and area, as well as on wage rates, skill and educational requirements. The more specific such information is, the easier will be the task of the placement officers in matching the unemployed with unfilled vacancies. Such information is also vital for counselling and guidance activities, for planning training programs, for assisting the mobility of workers and, more generally, for labour market analysis which is essential for the formulation of effective manpower policies.

It is significant that in the past couple of years experimental programs have been undertaken in the United States, jointly by the Bureau of Labour Statistics and the Bureau of Employment Security, for the purpose of testing the feasibility of collecting job vacancy data on a regular basis by means of surveys. The results thus far have been promising. A similar program should be initiated in Canada as soon as possible and appropriate steps be taken to develop comprehensive and reliable information on job vacancies.

(4) Ibid., PP. 183-184.

(c) Effective Programs of Assistance to Promote Labour Mobility:[5] The removal of obstacles to labour mobility is a chief function of labour market policy. Effective labour mobility can minimize the duration of unemployment which, in turn, can contribute significantly to economic growth and stability by increasing the supply of labour needed to match the rising demand. On the contrary inadequate labour mobility, by impeding the flow of labour at a time of high demand, results in shortages and bottlenecks which will produce upward pressures on production costs and prices.

The Federal Government announced in December 1956 a program to offer assistance to workers moving to new jobs, but this program has not achieved promising results. It divides the unemployed workers into two different categories: one category qualifying for outright grants and the other receiving loans repayable over a period of two years. Workers who have been unemployed for four of the previous six months will qualify for a grant, whereas workers who have been unemployed for any period less than this will receive loans.

It appears that the loan feature of this program is self-defeating. For example, a loan of $500 to $1,000 to a family of several dependents, repayable over a two-year period, may appear to an unemployed worker a formidable debt to contract before he and his family move to a new and perhaps uncertain economic environment.

(5) Ibid., P. 184.

Furthermore, it also penalizes the more enterprising individual who seeks to shorten the duration of his unemployment. If a mobility allowance program is considered of vital importance, as we believe it to be, then provision should be made for extending grants to encourage mobility.

(d) Remedy for Skilled Manpower Shortages:[6] At present, demands are greater than supplies of managerial, professional and technically skilled labour. We expect that this situation will continue since there will be no increase in the male labour force between 25 and 54 years of age, at least for the period 1963-1970 (see Table 44). These manpower shortages may become an important factor retarding the growth of productivity and the required expansion of the economy. It is, therefore, imperative that strong efforts be made within Government and the private sectors:

(1) to use existing manpower talents, especially at the higher levels, as effectively and efficiently as possible;

(2) to establish (where they do not exist) and to improve (where they do exist) manpower planning policies;

(3) To introduce and step up effective, forward-looking manpower training programs, including in-plant and management training;

(6) Ibid., PP. 184-185.

(4) to help ensure a better matching between the education and training being provided in the educational system and the potential requirements of manpower; and

(5) to reappraise management, professional and labour union procedures and practices which impede the training, mobility, and more effective use of scarce manpower skills.

(e) Co-ordination of Private and Public Measures: Government has an obligation and the power to maintain a high level of employment. The Federal Government, together with provincial governments, must play an important role in developing more effective manpower and labour market programs. With improving placement facilities, the provision of training and retraining programs and mobility assistance, governments have at their disposal the means to support and complement the adjustment measures which are within the compass of labour and management. Co-ordination of all these activities is essential. To ensure that adjustment problems will not be dealt with in a peacemeal fashion, but in their totality, it is necessary that government, labour and management establish effective consultation and co-operation, so that an appropriate mix of private and public measures will be available for use, when and where necessary, to facilitate the solution of manpower adjustment problems.

Finally, it must be clearly understood that manpower policy

and employment policy are closely interrelated and that both are essential in achieving and sustaining full employment (7) and high rate of economic growth under conditions of reasonable price stability. Employment policy relates to fiscal, monetary and other economic policies which influence the over-all level of employment by their impact on total demand for goods and services. Employment policy thus influences the demand side of the labour market. Manpower policy, on the other hand, relates to training, retraining and upgrading, geographic and other mobility measures, placement functions, occupational information and other labour market services which have a direct influence on the development of manpower resources, and on improving the efficiency with which the labour market matches workers with jobs. Manpower policy thus affects the supply side of the labour market.

Manpower and employment policies must complement each other. Without adequate employment policy to stimulate economic growth and job creation, manpower policy cannot by itself ensure maximum use of manpower resources. Similarly, without effective manpower policy to upgrade the labour force and to match job opportunities with available unemployed labour, the growth of demand may need to be restrained before a high employment goal can be reached and maintained.

(7) An objective aimed at by Economic Council of Canada for the 1960's, and set at an annual rate of 97.0 per cent employment of the labour force, or no more than 3.0 per cent unemployment for the economy as a whole; see Economic Council of Canada, Towards Substained and Balanced Economic Growth, Second Annual Review, December 1965, P. 7.

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