

Now let us take a closer look. Table 12 provides a detailed classification of industries by employment changes from the first half of 1957 to the first half of 1960. Industries are classified according to whether they declined or increased, and whether the change was more or less than six percent. An examination of the table reveals a number of significant features. First, the differences already noted between the goods and service-producing industries stand out clearly. Within the goods-producing group the list of declining industries is long and there is a heavy concentration in the six percent or more group: forestry; coal; many of the industries manufacturing investment goods or consumer durable goods, such as machinery, transportation equipment of all kinds, and electrical apparatus. Employment in the manufacturing of non-durable goods has declined but, on the whole, not as sharply (there are some notable exceptions, though, such as the rubber goods industry and parts of the textile industry). A few goods-producing industries have expanded rapidly, but these stand out as exceptions. Within the service-producing group the pattern is equally clear. There is a heavy concentration in the increasing employment class and particularly in the six percent or more class. Again there are exceptions, most notably the railways, which experienced a sharp reduction of working force, but these are conspicuously few.

The industries which have failed most notably to recover from the 1957-1958 recession are, in the main, the industries that have always contributed heavily to employment fluctuations. Firms that manufacture industrial machinery and equipment are notoriously volatile. The same is true of the construction industry, forestry, and the manufacturers of durable consumer goods. In addition, there are, of course, areas of chronic weakness, industries in which there have been serious employment problems extending over many years. I have noted these. But these are special cases and it is not these industries that are primarily responsible for the current level of unemployment.

This is a point that is worth emphasising, and I refer you to Chart I. This chart presents annual employment indexes for the period 1950 to 1959 and estimates for 1960, for selected industrial groups. The straight lines drawn through the series represent "trend" lines or "average paths of growth" in the 1950's. I draw your attention to the fluctuations of the employment indexes around these "trend" lines. These fluctuations indicate the type of stability or instability to which I am referring. Industries such as retail and wholesale trade, finance, and services, exhibit comparatively little fluctuation and have tended to expand smoothly and consistently. Construction and durable goods manufacturing, on the other hand, are extremely volatile and exhibit wide cyclical fluctuations around the "trend" lines. I have not included forestry in the chart but this industry is also extremely volatile. It is these unstable or volatile industries that contribute most to instability in the labour market and which generate wide swings in unemployment, and it is these industries that have contributed in large measure to the current situation. After previous post-war recessions the construction and durable manufacturing industries were able to rebound rapidly, taking up much of the slack in the labour market as they expanded, whereas since the 1957-1958 recession they have failed to do so and this has been a major factor in the present situation.

Changes in the durable goods manufacturing group are of particular importance in the present context. Chart 2 presents employment indexes for some of the component industries within this group. The industries have been selected for illustrative purposes. As you can see, employment has been particularly hard hit in secondary durable goods manufacturing industries such as machinery manufacturing, the automotive industry, the shipbuilding industry, and the electrical manufacturing industry. In some of the primary durable goods industries the situation is better, but even here there has been a failure to provide adequately increasing employment for an expanding labour force.