

Myths about Unemployment

People have always been plagued by myth and superstition. We like to think we live in more enlightened times today, but myths still dominate the thinking of many people, and nowhere more pervasively than in attitudes to unemployment.

In attempting to expose the myths about unemployment that dominate our local, regional and national communities, it is important to remember that unemployment affects more people than the unemployed themselves. It is, in fact, a myth to think that working people are unaffected by unemployment just because they have jobs. All sectors of the labour force are touched by unemployment.

As Cy Gonick said in his book **Unemployment: The Myths and the Realities**, "The brutal fact is that unemployment confers a good many benefits upon the prosperous and truly affluent . . . It calms the unions and moderates wage demands. When people are scared about losing their jobs they work harder and gripe less . . . Better still, factory and office workers, alert to potential layoffs and plant shut downs, are unlikely to nag unions and employers to make work more interesting and less menacing to health and personal safety."

The following material presents several of the more commonly held myths and the facts that refute them.

1. Statistic Canada's unemployment figures represent the actual number of unemployed people in Canada.

In fact, the number of unemployed is simply a projection based on a monthly labour force survey of a representative sample of 50,000 households across the country. According to the restricted definition of unemployment used in this calculation, unemployed people are those who, during the week of the survey:

- were without work, had actively looked for work in the previous four weeks, and were available for work, or,
- had not actively looked for work in the past four weeks but had been on lay-off for twenty-six weeks or less and were available for work, or,
- had not actively looked for work in the past four weeks but had a new job to go to in four weeks or less, and were available for work.

Thus, in order to be considered unemployed, an individual has to maintain an active job search. The definition upon which the official statistics are based, however, does not count many who, in common sense terms, we would consider unemployed.

For instance,

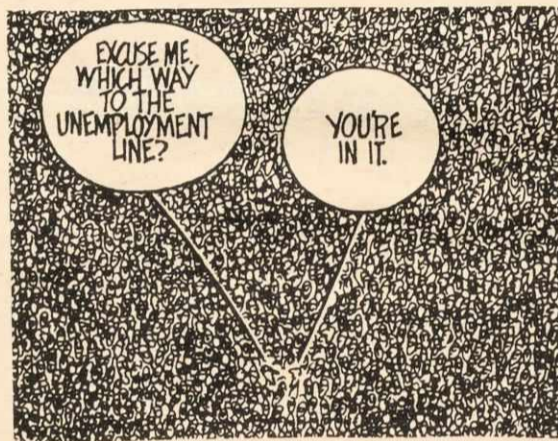
- people who are employed part-time for economic reasons. When Statistics Canada does its monthly labour force survey, it defines a person as being employed if he or she did any work at all during the survey week. A person who did three or four hours work in a week is counted as employed. Their part-time or nearly full-time unemployment is ignored;
- workers who have become so discouraged at their inability to find work or keep jobs that they give up the search;
- people in various government sponsored training programs who are not counted in the labour force;
- long-term unemployed people, those who receive social assistance and are listed as being employable if suitable jobs and day care were available;
- students who would prefer to work than study if adequate jobs were available;
- men and women in the fifty-five and over age category who have been forced into early retirement; and
- mothers of young children who, according to surveys, would work if suitable child care arrangements were available.

One can see that the reported number of unemployed depends on how unemployment is defined. If the hidden unemployed were included in the tally, the real unemployment figure would be twenty per cent rather than the usually quoted figure of eight or nine percent.

2. There are plenty of jobs for those who really want to work, but people are lazy or just too choosy.

Most important here is the fact that there are far more people actively looking for work than there are jobs available. If, for instance, one takes the official number of unemployed in 1978 (and remember even this figure is low) of 886,000 and the official job vacancies of that year of 40,000 to 50,000, we can see that there were about twenty unemployed people for every job opening. If we include the "hidden unemployed" there would have been forty people for every job.

Also, most jobs are casual, and/or badly paying with poor working conditions. According to Robert Andras, a former Minister of Manpower and Immigration, the unfilled jobs, "are mostly in those industries which are characterized by any one or more of such factors as low wages, poor working conditions, few social amenities, poor supervising practices, or an absence of decent living conditions."



3. Unemployment Insurance removes the incentive to work.

While unemployment benefits provide more than a "starvation income", they "hardly provide a luxurious life." Cy Gonick pointed out in his 1978 article in **Canadian Dimension** that the average benefit came to \$94 a week for men and \$68 for women. He conceded that, "unemployment insurance does reduce the economic hardships associated with joblessness, it by no means negates them. Not even the staunchest defenders of the status quo suggest that it so much as touches the psychological damage associated with unemployment."

Undoubtedly, there may be a few people who would prefer to receive benefits rather than work. However, an Economic Council of Canada study, "People and Jobs", contends that "the vast majority of Canadians would prefer suitable work to unemployment insurance."

There is also an impression created (partly by the million dollar advertising campaign of the Unemployment Commission to deter "cheaters") that extensive abuse of the unemployment insurance program by individuals occurs. In fact, the authors of **"A Practical Guide to Unemployment Insurance"** insist that "the UIC has more trouble with companies than claimants. For every dollar a claimant has defrauded the UIC, there are three dollars that employers have not contributed."

4. Only those at the lower income levels receive UIC benefits.

According to a report of the Economic Council of Canada dated 1977, twenty per cent of unemployed Canadians who had been earning salaries of more than \$30,000 collected 22 per cent of the benefits. Then, another twenty per cent of unemployed Canadians earning an average income of \$2700, received only eight per cent of the UI benefits.

5. Women take men's jobs—women are secondary wage earners, only supplementing their husbands income, so they should stay at home and this would solve the unemployment problem.

The first point that should be made here is that everyone has a right to work!

Second, it is economically necessary for many women to work. Forty-three per cent of all working

women are single, divorced or widowed, and support themselves as well as their families. Fifty per cent of married working women have husbands earning less than \$8,000 a year and therefore their contribution to the family's support is a significant and vital one.

Third, women are "pink collar" workers: they tend to work in traditional women's jobs, places where men generally do not work. In fact, forty-nine per cent of employees in the service sector are women. Seventy per cent of working women can be found in either trades or services and is highly concentrated (64.4 per cent) in the sales and clerical subsectors of service occupations. Women not only do not take men's jobs but they work in jobs that are the lowest paid and least unionized.

In fact, the majority of women of working age are not in the paid labour force at all. Only 36.9 per cent of the Canadian labour force is female and only 39.2 per cent of the Atlantic provinces' labour force is made up of women.

6. Immigrants Take Jobs From Canadians and Cause Unemployment

The relationship between unemployment and immigration is very complicated. The government is presently giving the impression that the unemployment situation can be made better simply by reducing immigration. However, the government has not shown any evidence showing a relationship between unemployment and the flow of immigration.

First, one could argue that immigrants create a demand for goods and services. This would stimulate the economy because business will have to supply these goods and services, and hire more people to increase production.

Second, immigrants do not take jobs from Canadians. In order to come to Canada, all immigrants except the closest family relatives (the sponsored relatives) are required to have a specialized skill not possessed by other workers in Canada, or a job offer. In order to obtain a job offer, the employer must go in person to a Manpower office in order to explain why a resident of Canada cannot fill the job. Manpower will post the job offer in its offices all across Canada looking for someone who already lives in Canada to fill the job. Only if Manpower finds that no one is available in Canada to do the job will it approve the job offer and allow the immigrant's application. It is obvious then that immigrants only take jobs which Canadian residents don't want and cannot fill. Therefore it is false to think that immigrants take jobs from Canadians.

The government's simplistic statement that reducing immigration would reduce unemployment is inaccurate and unfounded.

Other Reading

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