

insurance benefits in the past year. We suspect that many of these people are seasonal workers who simply wait to be called by the local employer when work is available. In some sense they queue up for existing jobs. In that outport context where all competing workers are neighbours, offering to work at a lower wage to get a job could be construed as an anti-social attempt to jump the queue. Whatever the theory, the facts are that some aspects of labour market behaviour are somewhat different in Newfoundland from what they are on the mainland, especially with respect to the role played by wages and unemployment in labour market clearing.

While wages of unorganized labour are notably lower in Newfoundland than in Ontario, wage rates paid by larger firms are rather comparable. Official Statistics Canada wage data for Newfoundland are highly influenced by wage rates on the mainland, and are virtually uninfluenced by how much unemployment exists in Newfoundland. Hence any attempts to raise productivity or increase the demand for labour in Newfoundland will probably result in a net increase in employment without raising local wages very much. More employment will raise per capita income in Newfoundland, but it will also induce more people to formally search for work, so we should not expect successful employment creation to make much of a dent in the official unemployment rate for Newfoundland, though it can improve employment and earned income per person and per family.