

Economic Study

Only Work Works¹

(227) The recommendations of this report (paras. 155 to 182) were made after lengthy consultations on how these recommendations fit within the economic framework of the country, in which unemployment today is more than twice what it was 20 years ago.

(228) As we heard in testimony during our Canadian hearings and in Europe, on-the-job training is one of the best forms for training and re-training. **"Work is the best training,"** says Herr Allert, Director General, Ministry of Education, Federal Republic of Germany (Allert and Braun, para. 17). We also heard that on-the-job training exists only to a small extent in Canada through co-operative education and other programs.

(229) Training is for change. It gives us the skills to work effectively and successfully and to avoid dislocation from constant technological, social and demographic change, here and abroad. Technically, all this is called **labour market adjustment and allocation**, or, in plain English, who has the skills to work at what, where, how long it takes to acquire those skills, and who fails to do so.

(230) The Economic Council of Canada says that the process of labour market adjustment and allocation can be helped by many measures

"...of those, training is the most obvious example². Our analysis suggests, very simply that **some problems could be addressed by training and others by job creation**. In some cases, a combination of the two might be the best way to help... **the work has value in itself ... it would offer Canadians a chance to gain work experience ... From the longer-term strategic point of view these socio-psychological benefits (albeit non-quantifiable) could well be of overwhelming importance to those for whom the welfare-dependency cycle was broken ... While training programs may give people new skills and mobility programs may move them, these measures will be useless if jobs do not exist.**"

(231) And according to the *Ontario Study of the Service Sector*,³

"... it would be absurd to expect workers to co-operate in the introduction of labour-displacing technologies or to learn new skills or to accept periodic job changes unless they can feel certain that society will repay that co-operation by meeting their needs if they become displaced."

(232) Learning new skills and moving to where these skills are needed is hard on many people and is resisted. This resistance is lessened by employment, says Professor Morley Gunderson.⁴

(233) Further, says Gunderson, when there is high unemployment, governments will inevitably intervene in the economy to even out the burden of such unemployment.⁵

(234) Such government intervention may place restrictions on employers, if only by giving fiscal assistance for capital investment to some employers' competitors. Classical economists and business people argue against such restrictions (which have been ineffective, as we shall see); but the prospects for reducing government restrictions on employers "... would surely be much greater in an environment where those who lost jobs could find new ones ..." write Professors O.N. Blanchard of M.I.T. and L.H. Summers of Harvard.⁶

(235) Relieved of government restrictions, employers will feel more free to grow or contract, as they choose. While growing, they may need new or better-trained staff. If so, they will be more anxious to train their staff and to support government training programs, especially if policies are put in place which reduce the costs of using and training labour. (However, there is a possibility that, relieved of government restrictions, employers might seek to shrink their workforce and be less anxious to invest in training under certain economic conditions).

(236) There is another aspect that is touched upon by Professor Lester C. Thurow of M.I.T.:

"With what skills should today's unemployed be armed to make them employable in the future? In a stagnant