

V. Unemployment in the Post-war Period

I turn now to unemployment. The Dominion Bureau of Statistics, in presenting the results of its monthly labour force survey, has recently adopted a new "official" measure of unemployment. This measure differs from the older "persons without jobs and seeking work" series in that it includes persons reported as being on temporary lay-off with instructions to return to work within thirty days. It was adopted on the recommendation of an interdepartmental committee of civil service experts and I believe that the change has generally been regarded with favour. The new concept is a reasonable one. However, in practice the inclusion or exclusion of people on temporary lay-off usually makes comparatively little difference to the figures. In the last three years it has raised the unemployment figures by only seven per cent, on the average. Certainly the basic trends and variations in unemployment are evident regardless of whether one uses the old or the new measure. Because of this, and because of the difficulty of revising, in a short space of time, work that had already been completed, I have continued to use the old measure in this report.

Unemployment is the product of a divergence between the demand for labour and its supply. It is important to recognize that comparatively small proportionate changes in employment can produce wide swings in the numbers of persons out of work. Suppose, for example, that 97 per cent of the labour force have jobs and three per cent are unemployed—these were roughly the average proportions in the "boom" year 1956. If employment then falls by merely three per cent, unemployment will double.

TABLE 13.—LABOUR FORCE, EMPLOYMENT, AND UNEMPLOYMENT: 1950-1960
(Annual Averages)

(Note: 1960 figures are Preliminary Estimates)

	Total Civilian Labour Force	Persons with Jobs	Employment Rate	Unemploy- ment Rate	Persons without Jobs and Seeking Work
	(thousands)	(thousands)	(%)	(%)	(thousands)
1950.....	5,163	4,997	96.8	3.2	166
1951.....	5,223	5,117	98.0	2.0	106
1952.....	5,324	5,195	97.6	2.4	129
1953.....	5,397	5,260	97.5	2.5	137
1954.....	5,493	5,258	95.7	4.3	235
1955.....	5,610	5,378	95.9	4.1	232
1956.....	5,782	5,602	96.9	3.1	180
1957.....	6,003	5,746	95.7	4.3	257
1958.....	6,127	5,722	93.4	6.6	405
1959.....	6,228	5,878	94.4	5.6	350
1960.....	6,391	5,989	93.7	6.3	402

At no time since the war has the annual average employment rate fallen below 93 per cent or risen beyond 98 per cent, a spread of only five percentage points, yet the number of persons out of work has varied from an annual average of roughly 100,000 to 400,000. Employment need not fall at all in order for the level of unemployment to rise. All that is necessary is that employment increase less rapidly than the labour force, and this is what has happened in Canada in recent years. Employment has continued to increase, apart from the usual seasonal and other short-run variations, but the labour force has increased more rapidly. This is illustrated in Chart 3 which records the annual averages of the labour force since 1947, the annual averages of employment, and the gap between the two which represents unemployment. As the chart reveals, the gap has been widening over a period of years.