

revenue for governments. Jobless, he accounts for \$6,424 in the deficit column of government ledgers. The total loss for government in going from plus \$8,200 to minus \$6,424 is \$14,624 (for detailed calculation, see Appendix A, paras. 13 to 16).

(191) So, when he works, the Canadian society pays Smith \$14,040; when he becomes jobless, the Canadian society "pays" him \$14,624. He costs us more idle than working. This, of course, does not even take into account the social costs of unemployment. There is a measurable causal link between unemployment and mortality, suicide, family breakdown, alcoholism, violent crime, juvenile delinquency, cardiovascular disease and mental hospital and prison admissions. Smith, when unemployed, places more strain on society than when he is working (Social Costs, para. 1). Paul Shaw has identified the characteristics of the unemployed, or those most likely to be unemployed (Social Costs, paras. 22 to 32):

- Young, blue-collar, single residents of the Maritimes and Quebec are most likely to experience unemployment. Older workers have low unemployment rates, but have greater difficulty finding a job if they do become unemployed. Increasing numbers of women, particularly female heads of family, and those in clerical, sales and resource-based sectors, are facing unemployment. These groups are also more likely to experience frequent and long-term unemployment.
- Unemployment affects not only the unemployed individual but also family members, according to Martyn Harris (Social Costs, para. 26). Children of unemployed adults are less likely to continue their studies, are more likely to miss school due to truancy and illness and to have reading, mathematics and communication problems.
- There is also a regional element to the incidence of unemployment. Urban workers are less likely to become unemployed than rural residents.
- Similarly, those with only elementary education are three times more likely than university graduates to experience unemployment.
- In other words, if Mr. Smith is young, single and works in sales or a resource-based industry, for

example, the chances of his not finding work after becoming unemployed are high, as are his chances of experiencing repeated spells of joblessness.

(192) Further, not only does Smith cost us more when idle than when working, but when he is jobless, **we also lose the goods or services Smith produced when he was employed. Those goods and services were worth \$14,040, of course, the amount he was paid to produce them** (Courchene and Laidler, para. 11).

(193) When Smith lost his \$14,040 private industry job, we could have decided to give him a government-financed job at \$14,040 instead of giving him unemployment insurance at \$8,000 a year. He would have generated \$8,200 in tax revenue for the three levels of government (see para. 187 above). Smith, thus, would have been rescued from unemployment by the government at a budget cost of \$5,840 (\$8,200 minus \$14,040). To this \$5,840 should be added the \$8,200 in tax revenue the three levels of government made before Smith lost his \$14,040 private industry job. The total cost to government in replacing Smith's private industry job by a government job is then \$14,040 (\$5,840 plus \$8,200), which is less than it costs governments to keep Smith unemployed (para. 190 above and Appendix C, para. 18 for detailed calculation).

(194) The point is that when employed by the government at \$14,040, Smith produces \$14,040 worth of goods or services; but when he is kept on unemployment insurance, he produces no goods or services yet still costs the government \$14,624.

(195) It is worth repeating that **a Canadian who loses a \$14,040 private industry job and is given a \$14,040 government-financed job instead, costs governments less than if he were only given unemployment insurance. But when he is given a government-financed job, he produces \$14,040 worth of goods or services. It is this \$14,040 of goods and services that our society loses when one of its members is given unemployment insurance or welfare rather than a government job.**

(196) As will be seen later, this text will not recommend government-financed jobs for every unemployed Canadian. Paras. 185 through 195 are