

Current Objectives of Canadian Federal Manpower Programs **Buts et objectifs de la politique fédérale de main-d'oeuvre au** **Canada**

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Résumé de l'article

Cette étude comporte trois parties principales. Dans un premier temps, nous énumérons quelques-unes des causes du nouvel intérêt envers la main-d'oeuvre au Canada durant les années '60. Ces facteurs ou causes sont la responsabilité gouvernementale vis-à-vis la promotion du plein emploi, la récession économique de 1957 à 1961, les changements industriels, occupationnels et démographiques, l'éducation, la formation et la croissance économique, le déclin dans l'immigration, etc.

Dans un second temps, nous décrivons et critiquons la structure actuelle et les activités du ministère canadien de la Main-d'oeuvre et de l'Immigration. Nous examinons les programmes fédéraux de main-d'oeuvre administrés par les Centres de main-d'oeuvre du Canada. Ces programmes sont : la formation des adultes, la mobilité géographique, le service consultatif de la main-d'oeuvre, la réhabilitation, le programme d'immigration, les travaux d'hiver et le programme de formation en cours d'emploi.

Dans une troisième partie, nous nous penchons sur les objectifs poursuivis par le gouvernement par ces programmes de main-d'oeuvre. Ces objectifs étaient la croissance, une certaine forme de stabilité dans les salaires et les prix et la promotion d'une redistribution équitable du revenu canadien.

Nous sommes d'avis que l'emphase mis par les programmes fédéraux de main-d'oeuvre sur la croissance économique et la stabilisation de l'économie est de mauvais aloi. Nous croyons également que le ministère de la Main-d'oeuvre et de l'Immigration n'a pas réussi à entrevoir certains changements dans la composition du marché du travail et que, face à des politiques fiscales contre-productives, les programmes de main-d'oeuvre et leurs objectifs ne peuvent pas, du moins tels qu'originellement conçus, corriger une économie boiteuse.

Récemment, le gouvernement fédéral a institué quelques changements dans ses programmes de main-d'oeuvre : on passe de la formation en institution à la formation en cours d'emploi et de l'effort de rencontre d'offre et de demande de travail par les CMC locaux à des programmes de création d'emplois tels les travaux d'hiver. Le ministère de la Main-d'oeuvre et de l'Immigration insiste alors moins sur la croissance économique et met plus d'emphase sur la création d'emplois pour les chômeurs. Avec si peu d'emplois disponibles dans l'économie canadienne, le problème principal n'est pas de remplir des emplois mais d'en créer.

Current Objectives of Canadian Federal Manpower Programs

Harish C. Jain

Robert J. Hines

In this paper some of the factors leading to renewed interest in Manpower in the 1960's are enumerated; the present course of Federal Manpower Programs is examined and the objectives of these programs are evaluated. It is suggested that the emphasis of the Federal Manpower Programs on economic growth and stabilization of the economy is misguided; that the Department of Manpower and Immigration has failed to foresee shifts in labour market composition; and that in the face of counter-productive fiscal policy, manpower programs and objectives as originally conceived do not have the capability to resurrect a sick economy.

During the past few years the subject of manpower has received so much attention from writers that another foray into the field must be justified. Initially, glowing accounts of program ideas were received with public enthusiasm. Labor market supply problems were to be eliminated with appropriate vacancy and search information. In additions, training of technologically displaced persons would not only eliminate unemployment, but also add to the growth potential of the country. Much of the approach was predicated on the assumption that structural unemployment — the mis-match of labor skills to job requirements — was a significant cause of unemployment. At the same time, this structural problem was tentatively identified as a culprit in the observed trade-off dilemma between wage inflation and unemployment. Most of these programs came into existence through Federal government action in both the United States and Canada at a time

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when their respective economies were operating at or near the peak of capacity. Now, in both countries, unemployment has risen to fairly high levels. Manpower contracts in the United States have absorbed into training streams only a fraction of predicted numbers of unemployed persons, in Canada the Department of Manpower and Immigration has been under pressure to alter its programs to reach the disadvantaged.

This paper first examines the present course of Canadian manpower programs in the context of public expectations about the role government in economic life. It attempts too to explain how the government became involved in manpower, what the expectations were, and how the government intended to accomplish certain objectives originally framed for rationalizing the programs. These objectives were economic growth for the country, some form of wage-price stability, and promotion of an equitable distribution of Canadian incomes.

In 1972, general unemployment appears to be the primary economic concern of the Federal government. In February 135,000 men and women, additional to those counted the previous month, were listed as unemployed, bringing the total to an excess of 665,000, a seasonally unadjusted rate of 7.7%. This general decline in activity in the labor market has provoked a serious re-examination of the role of manpower policy in Canadian economy. Increasingly, the public is looking to government for solutions, and in turn, the government is looking to the Department of Manpower and Immigration.

In the face of counter-productive Federal fiscal policy, it is clear that manpower programs and objectives as originally conceived do not have the capability to resurrect a sick economy. The fiscal impact of Federal spending on such programs is not adequate to stimulate the private sector to hire the persons who are most in need of employment.

FACTORS LEADING TO RENEWED INTEREST IN MANPOWER IN THE 1960'S

Although the evolution of manpower education and training programs in Canada dates back to 1913,¹ a policy for a systematic development of Canada's manpower resources was not enunciated until 1966.

¹ G.B. DOERN, « Vocational Training and Manpower Policy, » *Canadian Public Administration*, Vol. 12, 1969, pp. 63-71.

At that time a manpower and immigration department was created. Some of the reasons behind this recent interest in manpower policy are listed below.

Government Responsibility to Promote Full Employment :

Federal government intervention in vocational education and training was partly justified by a general acceptance of government responsibility to promote full employment. In Canada as in other countries, the shock of massive unemployment of the 1930's and the Keynesian revolution in economic ideas had a strong influence. Thus, the view that the government should assume responsibility for maintaining a high level of employment and economic growth was embodied in a 1945 White Paper on Employment and Income :

... The Government has stated unequivocally its adoption of a high and stable level of employment and income, and thereby higher standards of living as a major aim of Government policy.²

A re-endorsement of full employment, as a major goal among others is also reflected in the establishment of the Economic Council of Canada in 1963.

Economic Slowdown from 1957 to 1961 :

Between 1958 and 1961, the average unemployment rate rose to 7.0 per cent of the labor force. Concerning the reasons for higher levels of unemployment, economists were divided : the structuralists thought that imbalances between types of labor available and types demanded by employers resulted in higher levels of unemployment ; while the others — the deficient demand advocates — suggested that the bulk of the excessive unemployment resulted from insufficient aggregate demand. Primary emphasis for the labor market improvement was placed by the former on manpower policies and by the latter on fiscal and monetary policies. Although the controversy is not yet resolved both (1) manpower, and (2) fiscal and monetary policies have an important role to play.

Industrial, Occupational and Demographic Changes :

In the post-war period, changes were taking place in the industrial composition and occupational structure of employment. A dramatic decline in agriculture employment was accompanied by equally dramatic expansion in the service-producing industries, while in the manufacturing sector, absolute shares of employment were more stable.

² *Manpower Policy and Programmes in Canada*, Paris, O.E.C.D., 1966, p. 91.

While these changes appear to be typical of a relatively mature industrial economy, they have obvious significance on the composition of labor demand.

On the labor supply side, Canada has been expected to experience an extremely rapid rate of labor force growth.³

Education, Training and Economic Growth :

According to the Second Report of the Economic Council of Canada, the key to higher rates of economic growth was education and training. Since education in Canada is a provincial responsibility while employment comes under federal sphere, the federal government encouraged the provinces to initiate educational and training programs by providing financial assistance.⁴

Decline in Immigration :

Another reason for the development of manpower policy was the decline in immigration and with it a growing realization that Canada could no longer rely on immigration for needed skills.⁵

³ In the latter part of the 1960's Canada averaged approximately 3.2 per cent growth in the labor force per year compared to 2.1 per cent in the United States, growth which is expected to continue ; the Economic Council of Canada has forecast a 2.8 per cent growth in the labor force for five years from 1970 to 1975. The Economic Council's report also suggests that the 25-34 age group will account for 40 per cent of the increase in the labor force from 1970 to 1975. *Performance in Perspective 1971, Economic Council of Canada, Ottawa, Information Canada, 1971, p. 46.*

⁴ *Towards Sustained and Balanced Economic Growth, Second Annual Report, Economic Council of Canada, Ottawa, Queen's Printer, 1965.* See also, Harish C. JAIN, « Manpower Projections : Atlantic Canada, Some Policy Considerations, » *Relations Industrielles/Industrial Relations*, Vol. 24, No. 1, January, 1969, pp. 129-140. « Economic Council Finds A Close Connection Between Education And Earning Power, » *Labour Gazette*, March 1966, pp. 84-88.

⁵ The first report of the Economic Council of Canada pointed out that Canada will be able to recruit from abroad as many professional and technical people as in the early post-war period because in European and other countries, including the United States, there will be heavy demand for highly trained persons. *Economic Goals for Canada to 1970, First Annual Report, Economic Council of Canada, Ottawa, Queen's Printer, December 1964.* Also see R.C. FORD as quoted in G.B. DOERN, *op. cit.* Noah M. MELTZ, « Manpower Policy : Nature, Objectives, Perspectives, » *Relations Industrielles/Industrial Relations*, Vol. 24, No. 1, January, 1969, pp. 33-56.

Miscellaneous Considerations ;

While Canada's manpower policy and problems have also been shaped by geography, climate, history, etc., the population and labor force are spread over 3,500 miles from Newfoundland to Vancouver Island. More than 80 per cent of the people live no more than 100 miles from the U.S. border, yet Canada's five economic regions, Atlantic Provinces, Quebec, Ontario, Prairie Provinces and British Columbia, have differing rates of unemployment and labor force growth. The problems of geographic mobility, manpower under-utilization (especially in the Atlantic provinces) and seasonal unemployment create challenges for manpower policy.⁶

**THE STRUCTURE AND ACTIVITIES OF THE
DEPARTMENT OF MANPOWER AND IMMIGRATION**

As shown in Chart I, the department, composed of four divisions, is headed by a cabinet minister, while each division is administered by an assistant deputy minister.⁷

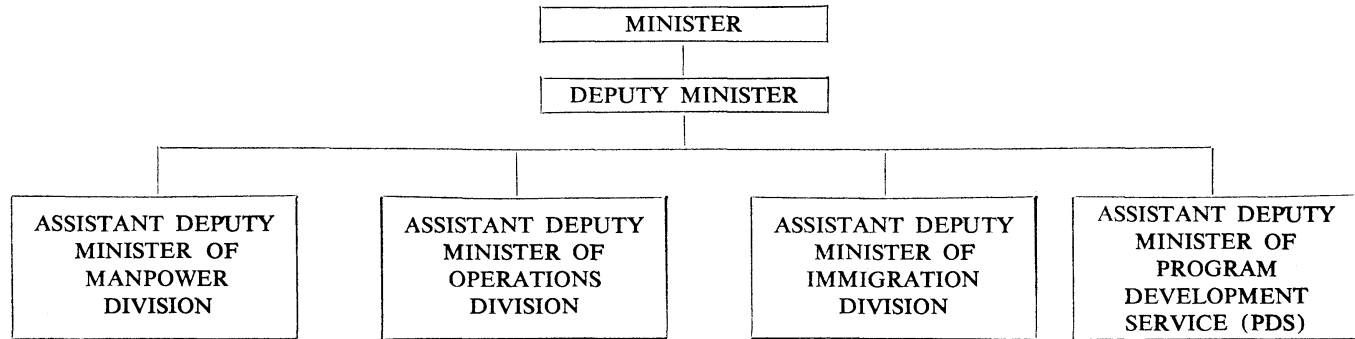
The main activities of some of these divisions are described in detail later in this paper. However, of particular interest among these is the Program Development Service (PDS), outlined in Chart II, which provides economic and labour market analysis; conducts research and evaluation of programs; and aids in the development of new programs and statistical services.

PDS operates on a budget of about \$7 million or about 1½ per cent of the total budget of the Department, approximately the same sum budgeted to the manpower mobility program but more than the federal share of the vocational rehabilitation program.

⁶ W.R. DYMOND, « Manpower Policy : The Canadian Experience, » *Proceeding of the 1970 Annual Spring Meeting*, Madison, Wisconsin, I.R.R.A., 1970, pp. 543-552.

⁷ A fifth division, Administration, was added in the fiscal year 1970. This division is responsible for professional and technical support to line management. The units involved are personnel management, financial management, information service, data processing, general administrative services, etc. *Annual Report 1970/71, Manpower and Immigration*, Ottawa, Information Canada, 1971. For earlier versions of the Department of Manpower and Immigration's organization, see Gerald G. SOMERS, « Federal Manpower policies, » in R.U. MILLER and F. ISBESTER (eds.), *Canadian Labour in Transition*, Scarborough, Ontario, Prentice-Hall, 1971, pp. 56-84. Also see, Philomena MULLADY, *Canada Manpower Policy and Programs*, U.S. Department of Labor, Manpower Administration, Manpower Research Bulletin, No. 16, November, 1968.

CHART I
DEPARTMENT OF MANPOWER AND IMMIGRATION



Develops Programs which include :

- a) Adult Training.
- b) Manpower Mobility.
- c) Vocational Rehabilitation.
- d) Counselling and Testing.
- e) Manpower Consultative Services.
- f) Youth Services (e.g., student summer employment, etc.)
- g) Operation Retrieval.
- h) Programs for Special Groups (e.g., older workers, released servicemen, Indians and Eskimos).

Operates Department of Manpower and Immigration programs.

- a) Canada Manpower Centres (360 centres including CMC's at 55 post-secondary institutions with 3,500 counsellors) — administer all Departmental programs; i.e., Adult Training, Mobility, Vocational Rehabilitation, Youth Programs, etc.
- b) Provide Immigration Training for Customs Officers and staff CMC's and Immigration offices.
- c) Administers and staffs MCS.
- d) Agricultural Manpower Program, i.e., ensures an adequate supply of manpower from Caribbean countries, from U.S., etc. at peak harvesting season.

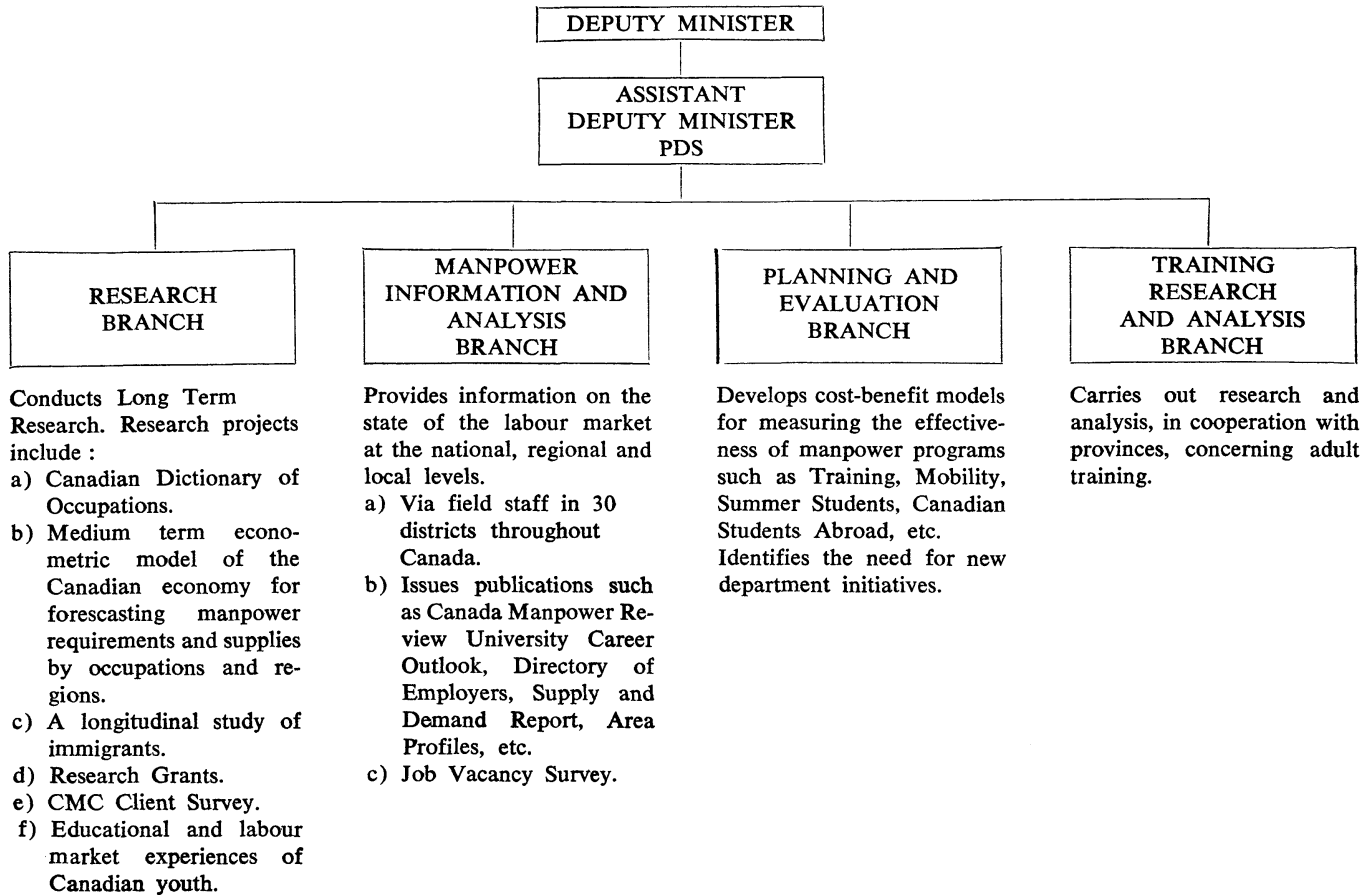
Develops Immigration Programs and is responsible for the recruitment, processing and initial reception of people who could qualify for citizenship.

- a) Operates 43 offices in 30 countries.
- b) Operates assisted — passage loan scheme.
- c) Collects Immigration data.

Is responsible for research, planning and evaluation, through its four branches :

- a) Research.
- b) Manpower Information and Analysis.
- c) Planning and Evaluation.
- d) Training Research and Analysis.

CHART II



Delivery System

The Programs of the Manpower Department articulate policy objectives whose effectiveness is dependent in large measure on clearly defined operational jurisdiction over programs, public awareness of how to obtain assistance from them and general efficiency arising from appropriate use of personnel. Certainly, the absence of an integrated system of delivery of manpower programs in the United States has contributed in no small degree to confusion and inefficiency.⁸ However, Canada's program delivery system, the key to effective operations, consists of 360 Canada Manpower Centres — (CMCs) — local employment offices of the Department of Manpower and Immigration, in cities and communities across the country.⁹ Staffed by 3,500 counsellors with jurisdiction to promote public access to various programs which are available, they provide in a very real sense the interface between the Federal Department and the public.¹⁰ In need of job assistance, an unemployment worker has but one immediate task. His interview with the counsellor correlates information of available programs with his eligibility for them, and, of more importance, a means of enrolling in them.

This integrated delivery system was an outgrowth of the National Employment Service (NES), formed in 1941 as an adjunct to Unemployment Compensation program. Unfortunately, the NES developed a reputation for placement activity related to reducing its rolls of clients receiving payments more than to the needs of the labor market.

Of the old Employment Service (NES) the Economic Council of Canada comments that « it was perhaps inevitable that it should become in part a subordinate agency for referring unemployment insurance applicants to test their availability for work. Unfortunately, the NES has thus throughout its history been regarded by the general public as primarily a servant of unemployment insurance . . . Is is not too surprising, then, that so many have come to view it as an 'unemployment' rather than 'employment' service. »¹¹

⁸ George HILDEBRAND, *Ithaca Journal*, August 7, 1970, p. 9, col. 1.

⁹ The Province of Quebec has retained its right to establish a provincial employment service in addition to the Canada Manpower Centres. The Placement Services in Quebec exist since 1911.

¹⁰ This contrasts with the situation in the United States where the State Employment Service, while financed by the federal government, varies considerably in its impact from state to state because it is the responsibility of the state government.

¹¹ *Economic Goals for Canada to 1970*, *op. cit.*, pp. 173-174.

In response to the Economic Council's recommendation, the NES was reorganized in 1966, relieved of involvement with the administrative operations of the unemployment insurance system, and incorporated into the Department of Manpower and Immigration.

Adult Training

While federal assistance for technical and vocational training began in 1913,¹² not until 1960 did the government inaugurate a massive federal assistance program to the provinces for capital, operating and training costs incurred in vocational and technical guidance and education.¹³

The present training program is based on the provisions of the Adult Occupational Training Act (OTA) of 1967.¹⁴ Currently, the federal government purchases training from provincial technical institutions, private schools, and industry. To qualify for such training, persons must be at least one year past the regular schoolleaving age and either have been out of school for one year or be in an apprenticeship course. In addition, an applicant for training must be considered in the judgment of the CMC counsellor, capable of benefitting in the form of improved earnings. Living allowances are paid to trainees with dependents and to single persons who have been in the labor force for three years prior to training. (At present, this rule is interpreted to mean three years of labor

¹² As noted earlier, education in Canada is a provincial responsibility while full employment and economic growth come under federal sphere. Thus, federal case for training assistance is based on the relationship to the needs of the economy of technical and vocational training.

¹³ The 1963 amendment to the Technical and Vocational Assistance Act of 1960 provides 90 per cent of the costs involved in training the unemployed in the provinces and to 75 per cent for industrial training; in addition, the federal government was willing to pay 75 per cent of capital costs toward new training schools build until 1963 (50 per cent thereafter) plus a 50 per cent contribution to the cost of operating technical schools and training teachers, supervisors and administrators. G.B. DOERN, 1969, *op. cit.*

¹⁴ The current training program differs from the 1960 program in several ways. It includes only transitional arrangements for capital grants to provinces to acquire buildings and equipment for training services; there is also provision for long-term loans for this purpose; it is not a shared-cost program; the program is confined to adults and the federal grants are made to individual adults, rather than to provincial governments; that is, the federal government — as financing agents for these adults — becomes a consumer of training; the living allowances are paid to qualifying adult trainees. ECC, *op. cit.*, 1971, pp. 100-101 and G.B. DOERN, 1969, *op. cit.*

force attachment any time in the past.) These allowances which vary according to the number of dependents of the trainee, are adjusted each year in accordance with changes in the Canadian average of hourly earnings in manufacturing. For instance, in 1970-1971, the minimum weekly allowance was \$43, the maximum \$88, with an additional \$23 per week for those training away from home. (According to the ECC, since 1967, training allowances account for over 50 per cent of total operating costs.)¹⁵

More than 800 different courses covering a spectrum of occupations including basic skills and academic upgrading are available under the program to approximately 300,000 persons per year ; 900,000 persons have been served since 1967.

In addition to these skill training courses, consisting of a maximum of 52 weeks of full-time or 1,800 hours of part-time instruction, remedial or upgrading courses called Basic Training for Skill Development (BTSD) may be purchased by CMC counsellor. (According to the ECC, about one-half of all trainees (excluding apprentices) are at present in such courses).

This institutional training is a major instrument of Canadian manpower policy on which the Department of Manpower and Immigration has spent approximately \$1.4 billion since 1966, including \$290 million in fiscal year 1971 (FY71). From a quantitative point of view, approximately three-quarters of one per cent of the labor force was in training at any one time in 1970 under the program.¹⁶ This is mid-way between the lead position of Sweden with one per cent of its labor force in training, and the United States where the figure is one-half of one per cent. Per capita expenditures are also much higher in Canada, being \$11.30, in fiscal year 1970, compared to \$2.65 in the United States and \$12.75 to \$4.09 per capita respectively, in fiscal year 1971.¹⁷

In addition the training program is designed to have «redistribution» effects to assist the slower growing regions of Canada. Average national

¹⁵ *Design for Decision-Making : An Application to Human Resources Policies, Eighth Annual Review, Economic Council of Canada, Ottawa, Information Canada, September 1971.*

¹⁶ This figure would rise to one and one-half per cent of labor force time in the winter months while dropping to one-quarter of one per cent of labor force time in the summer months.

¹⁷ DYMOND, 1970, *op. cit.*

expenditure per member of the labor force in 1969-70 was \$29.90, whereas in the Atlantic Region it was \$52.00 and the Pacific Region only \$16.00.¹⁸

Manpower Mobility Program

In the current manpower mobility program, initiated in April 1967, any worker 18 years or older who is : (a) unemployed, (b) underemployed, (c) about to become unemployed, is eligible for mobility grants, three types of which are available :

- (1) *Trainee* travel grants may be paid to a worker to assist him in technical occupational training in another location and to cover the actual costs, meals and accommodation.
- (2) *Exploratory* grants are paid to workers who leave their homes temporarily to search for employment in other areas when there is little or no prospect of obtaining suitable employment in their own locality. Workers can obtain one or more exploratory grants for job-seeking in areas with good prospects for employment.
- (3) *Relocation* grants cover transportation expense, a re-establishment allowance of up to \$1,000 made over a six month period, and a home-owner's allowance of up to \$1,500 for those buying and selling homes.

This program, small in comparison with the training program, represents less than 2 per cent of the expenditures made on intraining in 1970-71, (total expenditures rose from \$3.1 million in 1967-68 to \$7.2 million in 1970-71).¹⁹

In 1970-71

Trainee Travel	\$873,684
Commuting Allowance	\$1,871,180
Expenses	\$329,409
Relocation	\$4,211,632

¹⁸ DYMOND, 1970, *op. cit.*

¹⁹ *Annual Report 1970/1971, Manpower & Immigration, op. cit.*, p. 9.

Manpower Consultative Service (MCS)

The Manpower Consultative Service was established in 1963 to assist in manpower adjustment problems arising from technological or other changes. Transferred in 1966 to the Department of Manpower and Immigration, the program encourages research and planning by unions and management at plant or industry level to resolve problems resulting from technological change that might result in plant shutdown.²⁰ The federal government provides up to 50 per cent of research cost if employers and unions agree on cost-sharing arrangements.

In 1970-71, the federal financial commitment was approximately \$450,000 while total cost of the studies was estimated at \$1 million.

Vocational Rehabilitation

Prior to 1961, federal involvement in vocational rehabilitation was limited to rehabilitation of disabled veterans. When, in 1961, the Vocational Rehabilitation of the Disabled Persons Act specified the responsibilities of the federal government in this field, nine of the ten provinces signed agreements under the provisions of this Act. Although the Province of Quebec did not sign such an agreement, it has developed services for the vocational rehabilitation of mentally and physically handicapped adults and has cooperated with administrators of the federal legislation.²¹

Under the Act, vocational rehabilitation was defined as :

« Any process of restoration, training and employment placement, including services related thereto, the object of which is to enable a person to become capable of pursuing regularly a substantially gainfully occupation. »

The Act, administered until the end of 1965 by the Department of Labour, was brought under the new Department of Manpower and Immigration.

The federal government shared with the provinces fifty per cent of the incurred by them in providing, to disabled persons, comprehensive

²⁰ The federal government can provide technical, consultative and financial aid to management and labor to assist in the development of solutions to such adjustment problems.

²¹ « Replies to Part III of the U.N. Vocational Rehabilitation Questionnaire » in *Legislation, Organization and Administration of Rehabilitation Services for the Disabled in Canada*, 1970, Ottawa, January 1971, Department of National Health and Welfare, p. 69.

rehabilitation services including assessment (medical, social, vocational) counselling, testing, work tryouts, vocational training and work adjustment, medical restoration, tools and equipment, job placements and living costs when receiving services. These vocational rehabilitation services are provided by provincial Health, Welfare and Education Departments and Canada Manpower Centres, as well as by voluntary agencies, such as sheltered workshops.

The sheltered workshops, a special example of voluntary agencies with services jointly financed by provincial and federal authorities, number more than 250 in Canada, providing services and/or employment to the disabled. In urban areas, many offer some form of homebound employment.²²

Immigration Program

In 1967, new criteria were evolved, embracing a point system relating the selection of immigrants to labor market needs and educational levels. Thus, while during 1946-62, only ten per cent of the immigrants were destined for managerial, professional, or technical occupations, and some 30 per cent to primary and unskilled occupations, in 1968-69, over 34 per cent of all immigrants were destined for the higher occupations and less than 7 per cent were in the primary or unskilled occupations.

In the years since 1946, 3.2 million immigrants have come to Canada and the children of postwar immigrants make up a large and significant part of the population of over 21 million Canadians. Thus, the immigration policy plays a relatively greater role in meeting Canada's manpower needs than does that of the United States.²³

Winter Works

Although several measures have traditionally been taken by the federal government to reduce the impact of winter unemployment, the last quarter of 1971 and early months of 1972 saw an allocation of \$548 million for the special employment plan, (in addition to the traditional winter employment-creating measures) operational from November 1971 to May 1972. The allocation includes \$150 million for local initiatives programs, designed to encourage both municipalities (\$50 million) and

²² *Directory of Workshops in Canada Serving the Handicapped*, Ottawa, Department of Manpower & Immigration, June 1969.

²³ DYMOND, *op. cit.*, 1970.

community organizations and private groups \$100 million) to undertake projects « to do the best possible good for communities, while putting the greatest number of people to work. »²⁴

On The Job Training (OJT)

Prior to 1972, Training-in-Industry consisted of a limited program, by that name, in which employers were required to furnish vestibule instruction to trainees, were not permitted to retain the value of the product of the trainee, were expected to deduct its value from reimbursed funds, and were generally a substitute for the more formal institutional setting of a vocational school.

Recently however, an experimental on-the-job training program has been implemented, with the original funding of twenty million dollars increased to fifty million and the structure substantially different from the training-in-industry program. By providing 75% of wage costs of new trainees (or a comparable tax credit), the Department encourages private employers to hire trainees somewhat earlier in development cycles than they otherwise would. The expiration date for contract applications with the department was March 31, 1972.²⁵ Its renewal seems probably because of the reported interest in the program.²⁶ Forty-five thousand are expected to be trained under approximately fifteen hundred contracts, many of them with small employers.

Once again, the long-term success of this program depends on the ultimate impact of transferring training costs from employers to government. One can argue that such a process protects the employer from the capital loss of training when an employee leaves, but less valid is the assumption that it justifies retention of the trained individual when the program is completed.

DEPARTMENT OF MANPOWER AND IMMIGRATION OBJECTIVES

The foregoing programs represent the operations' segment of the Department; and the public profile of the Federal government's role in employment matters is measured by these activities. However, under-

²⁴ Department of Manpower & Immigration press releases, October 27, 1971 and January 11, 1972.

²⁵ *Ibid.*

²⁶ « Mackasey plans to make job-training allowances easier, » *The Globe and Mail*, April 27, 1972, p. 45.

lying the decisions to create and maintain these programs is a set of policy objectives: long-run economic growth, the reduction of poverty and interregional disparities in incomes, and stabilization of the rate of price increase while maintaining full employment. Economic growth and stabilization are generally stated to have priority with reduction of poverty as a secondary goal, indicating that Canadian program objectives differ from those of United States' manpower programs.²⁷

Quite obviously, these three goals are not necessarily inconsistent with each other. Economic growth, properly distributed, will also reduce poverty and eliminate effects of regional disparities with which Canada is burdened. In addition, assuming the inflation-employment tradeoff results from labour supply bottlenecks, skill improvement programs to promote increased productivity will also reduce shortages of trained personnel. However, the policy objectives may be implemented in a way which limits the favorable overlapping. Eligibility requirements for training or travel grants will very likely exclude many poor persons because the probability of their successfully completing the programs is low. School dropouts are almost automatically excluded from eligibility, at least for one year following their last attendance at school. Until very recently, the training emphasis has been almost exclusively on institutional training with little direct work experience or on-the-job training. This tends to put a premium on those persons who function well in a school or institutional environment; many poor persons do not.

Evaluation

Canadian emphasis on growth should have resulted in effects able to be measured and evaluated in some manner, which this portion of the paper attempts to do. Because of the Department's emphasis on the training programs, as indicated by the size of budget allocations cited earlier, most of the discussion will involve these programs although this does not suggest that other programs are unimportant.

The relocation grants and the employment service, essentially job finding and filling operations, improve the functioning of the labor market by reducing both the uncertainty and cost of job search and the lack of knowledge generally about opportunities. Thus, the particular usefulness of these programs in forwarding the objectives of the government is not

²⁷ *Design for Decision-Making, op. cit.*

in question. In this paper, however, attention is directed to the broader question of achieving objectives generally, so that training is examined as the single largest program.

Economic Growth

Economists who argue that unemployment in the mid-sixties was the result of supply bottlenecks, to which the manpower programs were addressed, relied implicitly on the existence of available job opportunities for properly trained or located individuals. As the description of manpower programs indicates, adult training has been the main instrument used.

What is the evidence of success in achieving these goals? Former Minister of Manpower and Immigration, Otto Lang, recently reported that retraining courses offered by his department have doubled the employment levels of the participants and increased earnings by 12% for the men and 27% for the women.²⁸ This evidence was gathered from the experience of 127,713 persons before and after the particular program in which they were involved. While the weaknesses of such studies of program effectiveness are unimportant here, clearly the individual employment benefits, to whatever extent they are valid, may not reflect commensurate benefit to the economy as a whole. For example, if the trained person is hired for a job which would have been given to another unemployed person, net employment is unaffected and growth potential enhanced probably very little.²⁹

In these programs emphasis on growth and stabilization of the economy is misguided without an environment in which job vacancies await the trained worker. Prime Minister Trudeau is reported to have said that many jobs remained unfilled because of excessive wage demands of the unemployed and their unwillingness to relocate.³⁰ However, a job vacancy survey conducted by the Department of Manpower (data gathered over the previous eighteen months) indicated a monthly average of only about thirty-eight thousand five hundred full-time positions available at the end of 1971. With an unemployed population in excess

²⁸ *The Globe and Mail*, Friday, December 17, 1971, p. 37.

²⁹ Daniel S. HAMERMESH, «The Secondary Effects of Manpower Programs,» paper presented at the Conference on the Evaluation of the Impact of Manpower Programs, Columbus, Ohio, June 1971.

³⁰ *The Globe and Mail*, Monday, January 24, 1972, p. 5.

of six hundred thousand, this represents less than seven per cent of the unemployed. No manipulation of qualifications of the supply of labor at present without work can possibly result in a sizeable reduction in their number.

This job vacancy survey represents a breakthrough in the area of manpower planning. Without such information, blame may be inappropriately placed on programs which are being suffocated in an economic environment outside their control. Certainly, recent conditions in Canada suggest caution is needed in finding new directions for training or relocation programs. Possibly much, if not all of the present plight of economy can be attributed to demand factors.

Sectoral and Occupational Shift and Economic Growth

In addition to data about job vacancies, information concerning sectoral shifts in employment opportunities has been available for some time. Since 1966, manufacturing and construction have not employed an appreciably greater number of workers while the service-producing industries have increased employment 21%.

Yet the bulk of the training programs are directed towards the manual labor sector.³¹ In the very sector receiving the most attention from the training budget the absence of vacancies could elicit a public indictment of training programs in general. Quite possibly, a redirection of effort to the service and allied areas of the economy might reveal positive benefits, not only for the affected trainees, but for the economy as a whole.

Both the United States and Canada have experienced marked shifts in occupational employment. To some extent, over the years, farm subsidies may have slowed the exodus of surplus farmers into the cities, but the inevitable result of shifting technology in food production has been to reduce the farm population to about seven per cent of the work force. Since the same sort of movement now seems to be occurring in manufacturing, adequate manpower planning cannot ignore the overriding considerations of technological change. Retraining must foresee the future patterns of employment and adapt to them: some evidence indicates that

³¹ Sylvia OSTRY, in a speech, reported in *The Globe and Mail*, February 25, 1972, p. B-3, col. 1, that only 12 per cent were in courses relating to service and recreational occupations.

TABLE I
SECTORAL SHIFTS IN EMPLOYMENT OPPORTUNITIES
1960-1970

	<i>Employed Total</i>		<i>Manufacturing and Construction</i>	<i>Service-Producing Industries</i>	<i>Agriculture</i>	<i>Other Primary</i>
	<i>Thousands of Persons</i>	<i>% Change from Previous Year</i>				
	<i>Thousands of Persons</i>					
1960	5,965	1.6	n.a.	n.a.	683	n.a.*
1961	6,055	1.5	1,828	3,361	681	184
1962	6,225	2.8	1,895	3,491	660	178
1963	6,375	2.4	1,958	3,590	649	177
1964	6,609	3.7	2,060	3,723	630	195
1965	6,862	3.8	2,099	3,934	594	234
1966	7,152	4.2	2,243	4,143	544	223
1967	7,379	3.2	2,231	4,371	559	218
1968	7,537	2.1	2,224	4,547	546	221
1969	7,780	3.2	2,301	4,728	535	217
1970	7,879	1.3	2,262	5,003	511	218
<i>% Increase</i>						
1970/61	30.1	—	23.1	49.0	-25	18.4
1970/65	14.8	—	7.8	27.1	-14	-7.0
1970/67	5.0	—	1.3	14.5	-9	-0—

* Not available.

Source : *Canadian Statistical Review*, Cat. No. 11-003, « Labour Force Survey Section, 8007-512 », Labour Statistics, Ottawa, Canada. The Conference Board.

the Department of Manpower and Immigration has not responded as quickly as it might have to such changes.

Fiscal and Monetary Policy

In the short run, however, job vacancies must be the direct result of positive aggregate demand within the economy. Canada's record in this

area is spotty. Table III sets out some fiscal aggregates which are self explanatory. While the Administrative and limited Consolidated budgets have been in deficit quite consistently for the past few years, the amounts have been generally small. The projections for FY 1972 look large, but generally represent a smaller fraction of the GNP than comparable United States deficits. The real story is revealed, however, by the Income Accounts figures, which include the many pension funds and crown corporation dealings as well as public health and provincial matters. Here the government sector is in surplus and has been for some years, substantially so for the past seven years. This depressing activity is quite inconsistent with a policy of growth and expansion, especially in view of the rather large amount of unemployment.

On the monetary side, a gradual increase in money stock in the early sixties has given way to rather large rates of expansion, recently as high as 13% per annum. The rate of inflation became unacceptable by 1969, however, and, in response, the Federal government, restrained growth in the money supply, and collected a large budget surplus. While this had the effect of slowing inflation, the unemployment rate began to increase. One instance is hardly conclusive; however, the stabilization goal of the manpower programs seems as far away as ever.

These opposing facets of federal policy at the macro level should be the subject of concern. Whereas in 1969, the government directed attention to curb inflation, now it is concerned with unemployment, and yet these efforts have been unsuccessful in both regards.

Positive increments in demand must exist in the products markets before there will be job vacancies, the present lack of which is disconcerting from an individual standpoint.

And they are even more distressing in view of the broader macro-economic programs within the control of the federal government which are curtailing the opportunity of the manpower programs to function effectively.

The goal of growth of economic aggregates as a direct and proximate result of present manpower programs is difficult to assess. Because of the jurisdictional limitations, the Department of Manpower and Immigration does not control monetary and fiscal policies.

TABLE II
SELECTED ECONOMIC INDICATORS IN CANADA, 1957-1971

<i>Year</i>	<i>Participation Rate *</i>	<i>Annual % Increase in Real GNP**</i>	<i>Unemployment (adjusted mo. avg.)*</i>	<i>Rate of Growth of Per Capita GNP (Real)</i>
1957	54.0	2.8	4.6	
1958	53.9	2.2	7.0	
1959	53.8	4.1	6.0	
1960	54.2	2.9	7.0	
1961	54.1	2.9	7.1	0.8
1962	53.9	6.9	5.9	4.9
1963	53.8	5.3	5.5	3.4
1964	54.1	6.9	4.7	4.9
1965	54.4	6.6	3.9	4.7
1966	55.1	7.0	3.6	5.0
1967	55.5	3.5	4.1	1.5
1968	55.5	4.9	4.8	3.2
1969	55.8	5.1	4.7	3.5
1970	55.8	3.3	5.9	1.7
1971			6.3	

* Source 1957-1970 : *The Labour Force*, Statistics Canada, November 1971, p. 56.

** *Canadian Statistical Review* (See also, Commercial Letter, Bank of Commerce).

Evidence is available that a positive correlation exists between decreases in the unemployment level and high rates of economic growth. For a part of the examined period data revealed a positive correlation between increases in the unemployment rate and low rates of economic growth.³² Manpower programs which increase employment, therefore, are at worst neutral in terms of growth and very probably positive. If the former case, they may nonetheless assist in either of the other goals of policy as regards their impact on equity or stabilization.

³² The Kendall Rank Correlation Coefficient of the association between economic growth, as measured by real GNP and the unemployment rate, is .534 significant at the 5% level.

TABLE III
FISCAL ACTIVITY IN CANADA, 1960-1972

Fiscal Year	Administrative Budget (Millions) + (Surplus)	Calendar Year	Federal Financing Requirement (Millions) - (Surplus)	Government Position in National Income Accounts + (Surplus)	
				Total Government	Federal Sector
1960/61	-340.4				
1961/62	-791.0				
1962/63	-691.6	1963	511	-735	-278
1963/64	-619.2	1964	407	- 21	+296
1964/65	- 38.0	1965	19	+246	+568
1965/66	- 39.0	1966	254	+348	+164
1966/67	-421.5	1967	1275	+157	-256
1967/68	-794.8	1968	1049	+994	- 33
1968/69	-576.1	1969	-398	+2208	-775
1969/70	+392.6	1970	1907	+877	264
1970/71	-379.1	1971	2162	+ 98	-176
1971/72	-580.9	1972	1399*		
<i>Source</i> : Canadian Statistical Review		*First Three Quarters <i>Source</i> : Bank of Canada Review		<i>Source</i> : Canadian Statistical Review	

TABLE IV
PRICE AND MONETARY CHANGES IN CANADA, 1961-1971

	<i>C.P.I. Index</i>	<i>% Change</i>	<i>Monetary Stock* (Millions)</i>	<i>Annual Rate of Change</i>
1961	100		\$15,163	
1962	101.2	1.2	16,683	10.0%
1963	103.0	1.8	17,064	2.3
1964	104.8	1.8	18,049	5.8
1965	107.4	2.6	19,075	5.7
1966	111.4	4.0	20,310	6.5
1967	115.4	4.0	23,588	16.1
1968	120.1	4.7	26,585	12.7
1969	125.5	5.4	27,718	4.3
1970	129.7	4.2	30,737	10.9
1971	133.4	3.7	35,311	14.9

* As of December 31, 1971.

Source : Bank of Canada.

Growth has been the primary goal of manpower policy. Since 1966, the evidence indicates that the growth rate of per capita GNP has been decreasing. In addition, since 1951, a fundamental upward drift in unemployment rate can be observed, eliciting severe indictments of manpower policy.

No matter what positive benefits towards growth are contributed by manpower programs, they appear to be overshadowed by a negative economic atmosphere caused by fiscal factors outside the department's control.

If the government concentrated attention on full employment, economic growth would very probably follow. The recent introduction of the on-the-job training program represents a shift in direction of manpower policy towards job creation rather than filling. This new Canadian program operates much like the manpower contracts of the United States Labor Department. The employer applies to the Federal Government for approval of a training plan, which, if accepted, will result in partial reimbursement of the wage cost of the trainees.

Labor, however, is not the only variable cost of production. Materials and other factors must be acquired to produce goods, even with trainees furnished at practically no cost. Possibly, the amount of reimbursement per trainee is sufficient to cover these other costs, however, no estimate of training cost has been made. In any event, it seems unlikely that an employer would undertake increases in production without some indication that sales would justify it.

While such market opportunities for output should be reflected in current job vacancies, from previously cited survey data these do not exist. Therefore, shifting the training cost from the employer to the government with this new approach will probably not produce significant long term decreases in unemployment and/or increases in growth.

However, as described earlier, the Winter Works Program, another job creation program, which does represent a positive contribution to the reduction of unemployment, was expanded greatly this past winter. In this program, the government, the primary purchaser of the goods and services, directly controls the product market. The Federal, Provincial and Municipal governments are in a sense employers of last resort, but in a more descriptive way, they are the purchasers of last resort.

CONCLUSIONS

While Canada's economic growth has been rather good, per capita increases have been expanding at a decreasing rate since the peak year of 1966. In addition, because the level of unemployment has become quite high, the government has undertaken a distinct shift in its programs — from institutional training to on-the-job training, from job matching efforts of the local CMC offices to expanded Winter Works programs and other make-work projects. Subject to political pressure, the Department of Manpower has responded by withdrawing its apparent emphasis on economic growth and concerning itself more with the creation of jobs for the unemployed. For two reasons, the attention of the public is focused more directly on this department of the government than on the Bank of Canada or the Minister of Finance. First, the Department has intentionally created a high profile with its concentrated delivery system, the local CMCs, and substantial publicity. Secondly, the public little understands the working of monetary or fiscal policy. Therefore, when economic woes befall the country, the public looks to Manpower and as

indeed apparently do many members of Parliament. By imposing in this Department the herculean task of reducing unemployment, the government and public alike will tend unjustly to accuse Manpower programs of failing to alleviate problems. However never were the goals of the Department stated to be those of the traditional countercyclical devices. With job vacancies so few, the primary problem in the economy is job creation, not job filling. The most telling accusation would be that the department has first failed properly to foresee shifts in labor market composition, from manufacturing to service, and then to adjust training accordingly. But it cannot be held responsible to the public as an ineffective mechanism for promoting economic activity. The real culprits seem to be : the fiscal policy of the government ; regional disparities, persisting because of climatic and geographic conditions, while resisting influx of federal funds ; and a severe series of economic downturns elsewhere in Canada's trading sphere.

Quite possibly, the overall economic difficulty is that creeping affluence is creating in many persons a sharp increase in demands for leisure, thus resisting government efforts in the western world to stimulate aggregate demand in real terms. This requires a redistribution of jobs. In Canada, government effort to stimulate demand has been retarded by its own fiscal policy decisions as well as by this more general phenomenon. In the future, the Manpower Department may continue in the role of job creator, rather than job filler, expanding the type of program such as winter works, financing job placement in private employment and, in general, acting as either an employer or purchaser of last resort.

Income, a claim on the product of the country, comes primarily from a job. While growth insures a larger economic pie, it does nothing directly to provide for a distribution of that pie outside of labor market. Whereas previously, manpower in Canada has been focused on the size of the economic dividend, now a cognizance is emerging that job creation might be a more immediate goal. All the past conduct of the Canadian government in the economic and manpower area is a pointed reminder that in the labor market area most policy makers are very uncertain about the effect of various programs. If they accept the simple, but pervasive possibility, that equity is the paramount need in the short un, job creation would be the primary program. Manpower training, relocation and job search will still be of great importance, especially when coupled with accurate present and future job vacancy information.

Regarding economic well being, the public may be asking too much from government. Certainly, they are asking too much from Manpower in particular if they expect full employment to flow as a natural consequence of these programs. Regardless of the stated goals, however, this is the standard by which many persons are judging the Department.

BUTS ET OBJECTIFS DE LA POLITIQUE FÉDÉRALE DE MAIN-D'OEUVRE AU CANADA

Cette étude comporte trois parties principales. Dans un premier temps, nous énumérons quelques-unes des causes du nouvel intérêt envers la main-d'œuvre au Canada durant les années '60. Ces facteurs ou causes sont la responsabilité gouvernementale vis-à-vis la promotion du plein emploi, la récession économique de 1957 à 1961, les changements industriels, occupationnels et démographiques, l'éducation, la formation et la croissance économique, le déclin dans l'immigration, etc.

Dans un second temps, nous décrivons et critiquons la structure actuelle et les activités du ministère canadien de la Main-d'œuvre et de l'Immigration. Nous examinons les programmes fédéraux de main-d'œuvre administrés par les Centres de main-d'œuvre du Canada. Ces programmes sont : la formation des adultes, la mobilité géographique, le service consultatif de la main-d'œuvre, la réhabilitation, le programme d'immigration, les travaux d'hiver et le programme de formation en cours d'emploi.

Dans une troisième partie, nous nous penchons sur les objectifs poursuivis par le gouvernement par ces programmes de main-d'œuvre. Ces objectifs étaient la croissance, une certaine forme de stabilité dans les salaires et les prix et la promotion d'une redistribution équitable du revenu canadien.

Nous sommes d'avis que l'emphase mis par les programmes fédéraux de main-d'œuvre sur la croissance économique et la stabilisation de l'économie est de mauvais aloi. Nous croyons également que le ministère de la Main-d'œuvre et de l'Immigration n'a pas réussi à entrevoir certains changements dans la composition du marché du travail et que, face à des politiques fiscales contre-productives, les programmes de main-d'œuvre et leurs objectifs ne peuvent pas, du moins tels qu'originellement conçus, corriger une économie boiteuse.

Récemment, le gouvernement fédéral a institué quelques changements dans ses programmes de main-d'œuvre : on passe de la formation en institution à la formation en cours d'emploi et de l'effort de rencontre d'offre et de demande de travail par les CMC locaux à des programmes de création d'emplois tels les travaux d'hiver. Le ministère de la Main-d'œuvre et de l'Immigration insiste alors moins sur la croissance économique et met plus d'emphase sur la création d'emplois pour les chômeurs. Avec si peu d'emplois disponibles dans l'économie canadienne, le problème principal n'est pas de remplir des emplois mais d'en créer.