

# THE ROYAL BANK OF CANADA MONTHLY LETTER

VOL. 46, No. 11

HEAD OFFICE: MONTREAL, NOVEMBER 1965

# Winter Work

SEASONAL UNEMPLOYMENT affects every man and woman in Canada, not just the 250,000 workers who find themselves without jobs. It is not an economic problem that can be solved by the Unemployment Insurance Act. It is not a social blemish that can be swept under the carpet.

When total unemployment is at its peak a quarter of a million men and women are out of work for no other reason than because it is winter. At least forty per cent of these belong in the construction industry, and most of the remainder come from the primary industries, such as logging, fishing and agriculture; the factories which process the raw materials, and transportation.

The sad thing about it is that this annual depression is largely avoidable. We are victims of a pattern of thinking that belongs to the days when Canadians settled comfortably into hibernation once the snow fell.

We need to spread public understanding of the causes and effects of winter unemployment, to change our concept that winter unemployment is inevitable, and, having admitted that a more uniform level of employment throughout the year is attainable, then we need to make plans and work toward its attainment.

Not even the most optimistic people suggest that it is possible to eliminate all seasonal fluctuations in economic activity. But a reduction by as little as one third would have a substantial impact on the economy. The ninety million dollars which this reduction represents could: (1) put 24,000 persons to work full time for one year; or (2) build 7,500 single unit dwellings at \$12,000 per unit; or (3) put 15,000 students through a four-year university course on scholarships of \$1,500 a year; or (4) increase the investment in schools or other educational facilities by thirty per cent for one full year, thus giving pupils a better send-off toward coping with life successfully.

# The climate

Climate is the fundamental influence in seasonal variations in employment. It has its effect in all regions

of Canada, but this effect varies from one community to another, depending on such factors as: (1) whether it is a farming, manufacturing or commercial centre; (2) the diversity of manufacturing; (3) the amount and nature of building activity; and (4) the general economic conditions of the area.

It is simple, but inane, to say that there is little we can do about the weather. The truth is that advances in technology during recent years have helped to overcome many of the difficulties formerly encountered in performing various tasks in winter. For example, in recent years concrete has been poured in midwinter for some of the largest engineering projects in Canada; facilities for ploughing highways have made trucking nearly as commonplace as in summer; structural members like steel and aluminum present no problem; heating on building sites is simple, using electricity, oil, gas, steam blowers and fans; shelter is provided by plywood and fibreboard, and an entire building can be enclosed with plastic sheeting. The oil industry has developed oils and greases which enable machines and equipment to function without trouble in sub-zero weather.

Many things that can easily be done in the winter are still held over to summer because of habit established by pioneers who did not have our access to these technical aids. This sort of thinking is completely out of keeping with the progress being made in almost all fields of human endeavour.

Canadians are approaching the problem constructively. We are trying to do something more than alleviate the condition by temporary and relief expedients. We are trying to change our pattern of living so as to build an economy in which there will be, as nearly as possible, year-round employment for everyone in the labour force.

This is in keeping with one of the objectives of the National Employment Service as expressed in the International Labour Organization's Convention No. 88, ratified by Canada in 1952: "To ensure... the best possible organization of the employment market as an integral part of the national programme for the achievement and maintenance of full employment."

Canada's effort, spearheaded by the Government of Canada, recognizes that regions of the country are affected differently. As a consequence of the disproportionate share of the burden, action all across Canada is called for. When the provinces and the federal government pool their thoughts and go to work with a united front, the effort gains added strength and provides increased benefit.

### Significance of unemployment

Just what is the biggest significance of unemployment? To Canada as a nation it is the loss of productivity due to the waste involved in unused manpower. To provinces and communities and commerce it is the cost of relief and the reduction of buying power. To the individual it is the frustration of idleness, the lowered standard of living, and the unhappiness involved in the malnutrition of children and their deprivation of the comforts made possible in our advanced society.

Production is the keynote of national prosperity, and national prosperity is essential to individual happiness. We need a high national income distributed with some regard to the importance of the contribution made by individuals toward production of goods for use and for export. If we allow conditions to exist wherein individuals are deprived of opportunity to contribute their best efforts we diminish our own rewards for our own work.

The annual waste we call winter unemployment is inconsistent with effective utilization of manpower. It is a double-edged loss. Projects are held up during the summer for lack of skilled workmen who are employed on work that might have been done just as well in the winter.

Seasonal unemployment costs Canada an average of 300 million annually in wages and purchasing power. In addition, it provides an unnecessary drain on the country's financial resources through unemployment insurance payments and other forms of assistance. Payments of unemployment insurance benefits during the five winter months usually total twice as much as for the remaining seven months of the year.

#### What is the remedy?

There is no simple or quick answer to the problem, but progress is being made toward a solution.

Remedial action by all levels of government seems to be the most effective answer to the short-term aspect of the problem, and it is necessary to use it energetically until the constructive effects of longterm plans come into operation.

Included in the long-term objectives are the development of new techniques and new machines; research into winter construction; the evolution of new managerial and organizational concepts, the training and retraining of manpower; the promotion of markets for goods and services so as to spread distribution over twelve months; and the education of everyone in the vital importance of co-operating to avoid the bad economic consequences of winter unemployment.

This is the sort of programme that is in the mind of the National Employment Service. It started in a small way in the late 1940's when some local officers began to establish winter employment committees whose job it was to stimulate work in the slack season. Since 1954 these efforts have been incorporated into a nation-wide winter employment promotional and educational programme conducted by the Department of Labour and the National Employment Service.

Many organizations of national weight have joined in the effort. The Canadian Manufacturers' Association established a committee to consider how production and sales programmes could be planned on a year-round basis. The national labour organizations have given public support, and many local unions provide members to serve on committees. The Canadian Labour Congress is represented on the Winter Employment Sub-Committee and all regional employment committees. The Canadian Construction Association has had a winter work committee since 1955. The National Housebuilders' Association is represented on national and local committees. The Royal Architectural Institute of Canada formed a committee in 1962 to explore ways and means by which the Institute might assist, and it was later joined by representatives of the Canadian Council of Professional Engineers.

From the small start made by a few men in local offices of the National Employment Service there has evolved an aggressive national campaign devoted to the reduction of winter unemployment.

It is supported by the Department of Labour through national advertising in newspapers, magazines, radio, television, posters and pamphlets. The "Do It Now" campaign has encouraged Canadians to have more work done in the winter months when men and materials are readily available.

An estimated \$1,000 million annual home improvement market lies waiting to be tapped for winter employment.

There are approximately  $4\frac{1}{2}$  million householders in Canada. In most of their houses there is work to be done requiring the services of skilled or unskilled tradesmen. This work includes plumbing, electrical repairs or rewiring for new appliances, kitchen renovation, carpentry and woodwork repairs, painting (there are new quick drying paints that are almost odourless), papering and cleaning. All these are jobs that it is practical and economical to have done in winter.

We think of ourselves as living in a young country, but almost a million of our homes are more than fifty years old and nearly half a million are 75 years old. Housing specialists say that about half a million houses need immediate major repair. Every house, of whatever age, needs a continuing programme of maintenance, repair and improvement.

# Community effort

A centralized national campaign cannot provide the flexibility needed to meet varying conditions across Canada, so communities large and small have set up their committees and are conducting campaigns suited to their environment. It has been proved beyond doubt that concerted effort by local groups to alleviate winter unemployment is the most effective method of accomplishing this purpose.

There is this additional reason for local effort: workers are not likely to move long distances to obtain employment for only two or three months. Mobility of workers is restricted by several factors: the expense of moving, the desire to live among friends, connections with local institutions, and many others. In general, therefore, jobs for the seasonally unemployed have to be created in the local area.

Fortunately, every community has its influential public-spirited citizens representing civic government, industry, labour, commerce, service clubs, and other groups, who are prepared to give their support to any activity which will benefit their community. A natural outlet for their efforts is representation on winter employment campaign committees.

These committees conduct, in co-operation with the National Employment Service, an intensive publicity campaign designed to acquaint the public with the economic and social problems created by winter unemployment and to promote community activity to reduce this unemployment. This activity can be on three levels: what local business and industry can do, what municipalities can do, and what individual members of the community can do.

How, exactly, do the committees work? They survey the local employment situation to determine the extent and duration of seasonal unemployment, the skills and occupations involved, and the appropriate course of action to be taken to improve the situation. Then they plan and develop a winter work programme by encouraging business, industry and individuals to so arrange their activities that maximum winter work is maintained, and they encourage municipal authorities to take full advantage of government incentives and to schedule civic programmes so as to promote winter employment.

The committees work closely with municipal authorities, and offer them the opportunity to give enlightened civic leadership in a campaign with the fullest support of business, labour and the public. Boards of Trade and Chambers of Commerce are actively engaged, as are churches, women's organizations, the Canadian Legion, agricultural organizations and service clubs. All these are supported by the local press, radio stations, and poster display firms.

Financing the campaign has not proved to be exceedingly difficult. The nation-wide publicity emanating from the Department of Labour is reinforced locally by the National Employment Service offices, which have budgets for advertising. Local merchants have been most willing to co-operate by incorporating the winter employment message in their regular advertising programmes. The press acknowledges the need and the worth of the programme by inserting newsworthy items and following through with editorial comment. Radio and television stations frequently include references to the campaign in their newscasts, make spot announcements, and give time for speeches or panel discussions, all without charge.

#### Some affected industries

A very significant factor in making lighter the load of winter unemployment has been the initiative taken by the construction and allied industries. There was a time when the building trade would practically shut up shop for three or four months, but new equipment and new techniques, coupled with careful planning by contractors, has changed this.

Under cover of plastic or fibreboard or plywood shelters the construction industry is forging ahead, providing winter spending power as it goes, keeping supply houses working the year round, and easing the depressed economy which has hitherto accompanied winter conditions.

Contractors gain in many ways. Employment is stabilized. Reliable crews are kept together. Longrange building plans can be scheduled. The builder's overhead can be spread over twelve months instead of being concentrated in a few.

It has been established that the quality of a house built during the winter by a reliable contractor using proper methods is equal in every respect to that of a unit built during the summer.

The National Research Council's Division of Building Research has carried on extensive research into the problems and techniques of winter construction, and has made its findings available to the industry and to the public through printed matter and film.

Logging and its associated industries are affected by the weather. Some logging firms have lengthened the cutting and hauling season and thereby reduced seasonal employment variations. This has been done by building all-season roads, introducing planned and selective cutting by areas, increasing the use of machinery, and providing improved housing and recreational facilities in order to retain a stable labour force. Other companies transfer workers from bush to mill and vice versa as the need arises.

The amount of seasonal unemployment which originates in agriculture is not as large as the statistics

would indicate. This is because the expansion which takes place in agricultural employment in the summer is made up largely of unpaid family workers, students and other part-time workers who are not available for full-time work for the rest of the year.

Diversified production, both as to the kinds of fish processed and the types of products manufactured, has provided a measure of stability of operations in eastern fish processing plants. Some British Columbia canners have also attempted diversification of production, with halibut, salmon and herring being handled at different seasons.

In non-metal mining the most important cause of seasonal employment variations is the market fluctuation. The demand for gypsum is affected by the seasonal nature of the construction industry; the demand for peatmoss is highest in spring.

# Manufacturing and selling

While the manufacturing industry as a whole shows only a modest seasonal pattern, some of the most seasonal industries are in this group.

There are ways in which business and industry can, by careful planning and imaginative initiative, help to avoid factory lay-offs.

An Ottawa retail firm linked its promotion with the "Do it Now" campaign, and in one winter increased its sales over the previous record by eighteen per cent and its home improvement sales by twenty per cent. Another firm broke with tradition by offering a home improvement "package deal" which included free estimates, planning, guaranteed workmanship, materials and financing, backed up with an imaginative advertising campaign. During each of three months it completed more than a hundred home improvement jobs running between \$250 and \$2,500 each. This compared with six jobs in all the previous winter. It retained the services of 46 tradesmen who, without this enterprise, would have been unemployed. In Owen Sound a firm started a "House Doctor" campaign offering free advice and estimates for "ailing" homes. It resulted in full employment for the entire staff and an increase in sales of ten per cent over the previous year.

By giving their imaginative support to the winter employment drive many companies have created new markets. They have changed the buying habits of consumers by publicity and education. It seems reasonable to suppose that advertising, which has been so successful in telling people what to buy, may be just as useful in telling them when to buy and so help to stabilize output and employment on a year-round basis.

#### Incentives

Governments on all levels must set a good example. The idea that public authorities should plan building and renovation projects for winter execution is not new. It was found in a recommendation of the International Labour Organization in 1919.

The Government of Canada requires all its departments and agencies to arrange their expenditure programmes so as to create maximum winter employment. Tender calls and contract awards must be properly timed; alterations, repairs and maintenance on government-owned buildings have priority in winter; and the purchasing of supplies and materials must be arranged where practicable so as to create maximum winter employment. As an example: in the construction of Camp Gagetown 37 per cent of the \$14 million worth of work in four years was done in the winter period: during one winter's construction activities 1,600 men were employed.

So that officials will be conscious of the need to reserve repair and maintenance work for winter, all government departments and agencies include a notation on requisition forms which reads: "This can NOT wait until winter, for the following reasons..." If no satisfactory reasons are given by the official the work is automatically held until winter.

Incentives to private industry and to individuals are offered by the federal government. These include the Winter Housebuilding Incentive Programme, the Municipal Winter Works Incentive Programme, the Supplementary Government Winter Construction Programme for areas of high winter unemployment, the promotion of N.H.A. Home Improvement Loans and Farm Improvement Loans and Small Business Loans.

The housebuilding plan provides a payment of \$500 to the owner-builder or the first purchaser of a winterbuilt home. Under the municipal aid plan the federal government pays fifty per cent of the direct labour cost of certain municipal projects that are not normally carried out in winter. In special areas the payment is sixty per cent.

#### The need is real

Winter employment is everybody's business, because the health of all business depends upon keeping earners at work. That is why Canadians in all walks of life industry, business, labour, all levels of government, and the general public — are joining forces in a concerted effort to stimulate winter-time markets which will create more jobs to the benefit of everyone.

This is not a charitable or philanthropic exercise. It is a matter of vital practical importance. It is an obligation which, if we accept and meet the challenge, will comprise a major contribution toward strengthening the economic position of the nation.

To support the winter work campaign is good business. We are outgrowing the long-established negative idea that winter unemployment is inevitable. We see that sustained positive action, given the enthusiastic support of governments, business, industry and people, can solve social and economic problems for individuals and families, and contribute to the happiness and prosperity of communities and of Canada.

Authorized as second class mail by the Post Office Department, Ottawa, and for payment for postage in cash.