

**SUMMARY OF STATISTICAL DATA**

**FROM THE**

**LOCAL INITIATIVES PROGRAM**

**(1972-73)**



**Manpower  
& Immigration**

**Main d'oeuvre  
et Immigration**

**Strategic Planning & Evaluation Group  
Strategic Planning & Research Division**

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## 1. INTRODUCTION

The 1972-73 Local Initiatives Program was announced in September 1972 with the stated objectives of reducing unemployment by the creation of worthwhile employment. This was a renewal of a program first introduced in 1971 to meet unusually high levels of unemployment in that year.

This report will deal first with the employment provided by the program; the types of projects or activities funded; who sponsored them; and the relation of participants to the labour force both before and after employment on the LIP projects. The second component of the objectives statement: 'worthwhile employment', is then dealt with from the viewpoint both of the individual and of the community.

## 2. DIMENSIONS OF THE 1972-73 PROGRAM

The Local Initiatives Program for 1972-73 was announced on September 7, 1972. A total of \$170 million was allocated to the 1972-73 program covering the period December 1, 1972 - May 31, 1973.<sup>1</sup> Out of this total, \$6.8 million have been allocated for LIP administration. The criteria for eligibility were similar to those developed for the 1971-72 program, as shown in Appendix A. The principal changes were as follows:

- a reduction in the maximum federal contribution from \$500,000 to \$200,000;
- a ceiling of \$500,000 on total project costs;
- removal of the separate budgeting allocation for projects sponsored by municipal and other local government organizations;
- consultations were held with the provinces on all project applications (not just applications sponsored by municipalities), prior to project approval.

Again, as in 1971-72, funds were allocated on a provincial basis in proportion to the forecast numbers of unemployed by province in excess of 4.5 per cent of provincial labour forces, adjusted to take account of estimated unemployment on Indian Reserves. The first \$85 million were distributed according to the 1971-72 provincial distribution and the second \$85 million according to forecast provincial unemployment for the first quarter of 1973.

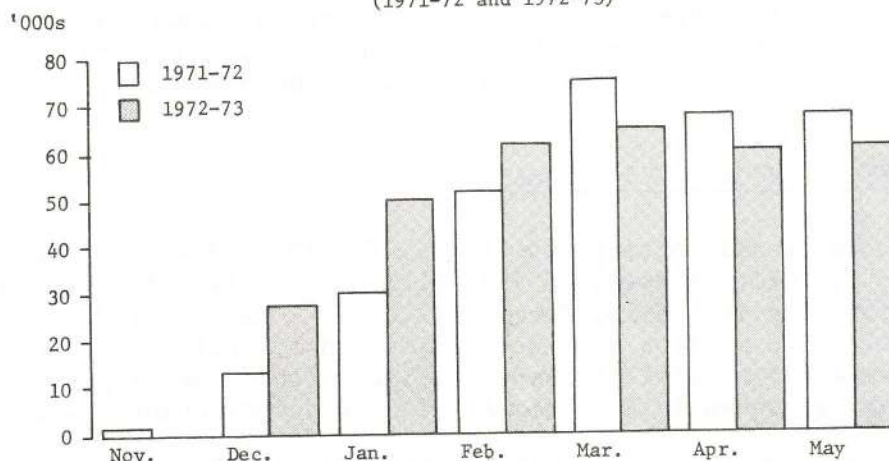
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1 This report deals with the program period ending in May 1973. However, it should be noted that, of the total number of LIP projects approved, 26 per cent, or about 1,500 projects, were granted extension beyond the deadline of May 31, 1973 at an additional cost of \$36 million. In addition, about 1,800 projects were granted extension without involving extra contribution from the Federal Government. The number of jobs affected by the extension is estimated at 15,600.

The 1972-73 program received 15,291 applications for grants, compared with 13,738 received under the 1971-72 program. Approvals totalled 5,847, or some 300 more than in the preceding year, providing over 325,000 man-months of employment and at least 86,000 jobs during the period December 1, 1972, to May 31, 1973. The monthly distribution of contracted employment for the December through May period compared with the 1971-72 experience is shown in Chart 1 and it can be seen that a greater volume of employment was provided during the principal winter months of January to March than in the corresponding period of the 1971-72 program.

CHART 1

Monthly Distribution of Contracted Employment  
(1971-72 and 1972-73)



Sources: 1971-72: "An Analysis of the Local Initiative Program, Canada 1971-72," page 3.

1972-73: Operational Statistics.

Response to the program in relation to the funds available, as measured by the dollar volume of applications received, was heaviest in the Atlantic provinces, and lightest in the Pacific Region, Saskatchewan and Manitoba. The launching of reportedly similar winter employment programs by the Provincial Governments of Manitoba and Saskatchewan may have contributed to the seemingly lower response rate from those provinces. (Appendix B sets out the provincial distribution of applications received, projects approved, and funds allocated.)

In no province, however, was any real difficulty experienced in securing worthwhile projects sufficient to account for the funds available. The somewhat lower response rate in some provinces simply implied that approximately one of every two submissions could be approved in some cases whereas in others only one in four could be accepted.

### 3. TYPES OF PROJECTS

When Canadians are asked to propose worthwhile projects to employ the unemployed with no, or very few, other restrictions, who responds? What kind of projects or activities do they propose? Where are the projects? Whom do they employ?

No simple statistical tabulation can adequately convey an impression of the great variety and ingenuity of suggestions that come forward when citizens at large are given an opportunity to propose, and actually give effect to, solutions to the very vexing question of unemployment, while at the same time performing a useful community service. Indeed, what is unique about LIP is undoubtedly the very marked departure from traditional public works approaches to the absorption of surplus labour which perhaps could not have been as effectively brought about except by inviting participation from

citizens at large, particularly from those most directly affected by unemployment. Table 1 is meant merely to summarize this variegated activity, since nothing short of a complete enumeration of projects and sponsors could present a full description. It will be noted that no one activity or sponsoring agency overwhelmingly dominates the distribution. Construction of various kinds, including work in public parks and other improvements to lands and forests, does however account for approximately half of all activity. (Traditional public works represents perhaps 20 per cent of the total.) Thus, while LIP is less reliant on public works *per se* for the relief of unemployment, it may be noted that a substantial part of LIP activity does add directly to the capital stock of the communities involved -- either through new construction, or repair and renovation of existing facilities of all kinds, ranging from community halls, docks, breakwaters, etc., through housing owned by the aged and infirm to roads, parks and playgrounds, walking trails and etc.

TABLE 1  
Analysis of Approved Projects  
by Type of Activity and Sponsor

ACTIVITY GROUPS	SPONSOR										Total
	Local Government Bodies	Other Government Agencies	Indian and Eskimo Groups	Cultural Groups	Religious Groups	Service and Welfare Organizations	Business and Labour Organizations	Citizens Committees	Recreation and Leisure Organizations	Individuals	
(Per Cent of Projects)											
Building Construction	6.9	1.5	3.8	1.3	3.1	2.2	0.7	3.0	4.8	0.6	27.9
Non-Building Construction	8.4	0.2	1.3	0.2	0.2	0.4	0.2	1.6	3.1	0.2	15.9
Lands, Parks and Forestry	3.6	0.4	1.0	0.4	0.2	0.4	0.3	1.0	1.2	0.4	9.1
Artistic and Cultural	0.4	0.4	0.1	3.1	0.0	0.2	0.1	0.5	0.2	0.8	5.7
Education and Information	0.1	1.8	0.4	0.5	0.1	2.3	0.3	1.4	0.2	0.5	7.6
Social and Health Services	0.5	0.5	0.7	0.8	0.7	8.6	0.5	6.2	1.1	2.7	22.2
Sports and Recreation	1.0	0.2	0.1	0.8	0.2	0.3	0.1	0.7	3.4	0.2	7.1
Research	1.1	0.4	0.1	0.7	0.0	0.8	0.2	0.6	0.2	0.4	4.5
Total	22.0	5.3	7.7	7.7	4.7	15.1	2.4	14.9	14.2	6.0	100.0

Source: LIP Operational Statistics.

The difference between rural Canada and urban Canada was reflected in the type of project activity and sponsorship associated with three different community sizes.<sup>2</sup>

	Small Communities	Medium Communities	Large Communities
Construction Activity	84%	44%	13%
Non-Construction Activity	16%	56%	87%

<sup>2</sup> These results were obtained from a study of 150 LIP projects in 30 communities carried out by the University of Calgary.

Projects in small communities were more often sponsored by local government and they were most often engaged in construction activities. However, in large communities the private sector sponsored nearly all of the projects and they were seldom construction-oriented.

	Small Communities	Medium Communities	Large Communities
Government Sponsor	52%	24%	9%
Private Sponsor	48%	76%	91%

With a variety of projects to choose from, both as to type of activity and geographical location, the task of matching the employment generated by LIP to the characteristics and skills of available workers naturally was made somewhat easier than it might otherwise have been. Geographically, the distribution of funds according to the level of unemployment (a process which could be effected by administrative decision) could be applied with reasonable consistency right down to the sub-provincial level. Only minor difficulties were encountered in some isolated communities which, while having substantial rates of unemployment, were not always able to organize themselves to propose viable solutions on the scale apparently warranted by the relative need.

#### 4. PROGRAM PARTICIPANTS

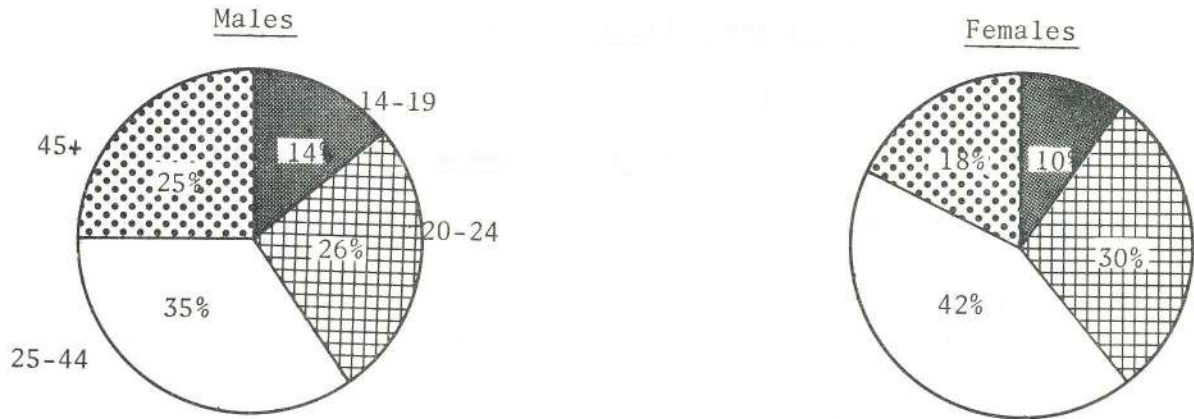
Although the geographical dispersion of the program could be and was controlled with some precision through budget allocations, a similar degree of precision could not be expected in the distribution of employment among various members of the labour force. Nevertheless, the distribution of jobs appears to have matched fairly closely with the characteristics of the labour force and the unemployed. (Appendix C)

##### Age, Sex and Education

Those who tend to suffer most from unemployment and an often narrow range of job choice at low pay, such as women and young people generally, gained a relatively high proportion of LIP jobs. On the other hand, mature workers, both men and women, also found LIP jobs in very substantial numbers. Thus it was a program for the old as well as for the young. While LIP's overall success in stimulating the interest of the young has been highly publicized, some 60 per cent of all participants were, in fact, over the age of 25 years.

CHART 2

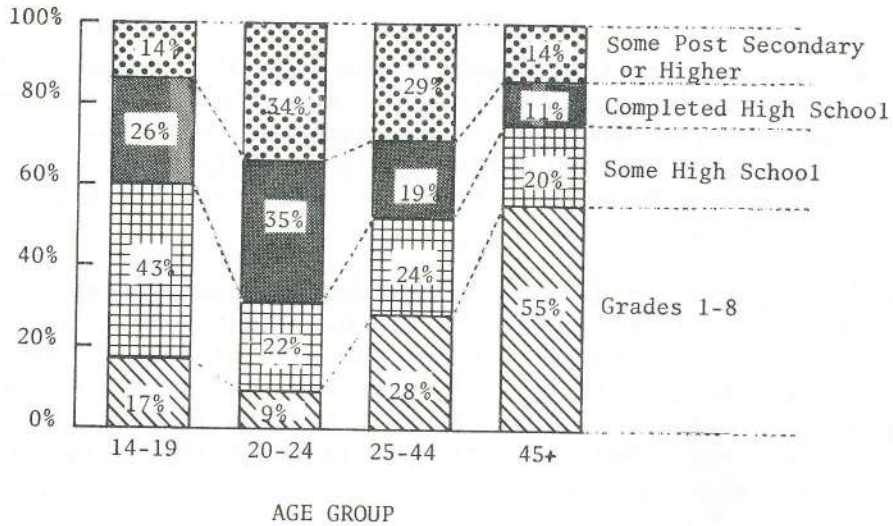
Per Cent Distribution of LIP Participants By Age



Among older workers, relatively few possessed a complete high school education, while younger workers tended to include large numbers who had dropped out of high school. Roughly one third of workers in the age group 20-44 had at least some post-secondary education, as shown in Chart 3.

CHART 3

Education Levels of LIP Participants by Age Group



Labour Force Status of LIP Workers Immediately Prior to LIP

The principal objective of the Local Initiatives Program is to create employment. In order to ascertain for whom the jobs were created, workers were asked about their labour force status just before they accepted employment with a LIP project.

Table 2 shows the labour force status of LIP workers just before they secured LIP employment.

TABLE 2

Labour Force Status of LIP Workers

Immediately Prior to LIP

(Per Cent)

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Employed-steady, Full-Time	7.2	6.3	6.9
Employed-steady, Part-Time	1.7	4.2	2.5
Employed Full Time, Expecting Lay Off	9.8	6.6	8.9
Employed Part Time, Expecting Lay Off	2.1	2.8	2.3
Unemployed	67.1	46.1	60.6
Housekeeping	0.7	22.4	7.3
Retired	1.1	0.5	0.9
At School	4.7	5.1	4.9
Other	5.6	6.0	5.7
Total	100.0	100.0	100.0

Table 2 illustrates that only 6.9 per cent of LIP workers had any kind of full-time steady job just before LIP. A further 13.7 per cent had jobs which were part-time or from which they expected to be laid off. These figures include some carry-over in employment from 1971-72 LIP projects approved again this year. Thus, LIP attracted relatively few people who were previously in steady employment.

The figures indicating non-labour force status (housekeeping, retired, at school and other) immediately prior to LIP represent some 18 per cent of all LIP workers. The proportion of LIP workers who had not been in the labour force just before securing a LIP job this year was almost the same as in the 1971-72 program at 17.5 per cent. As will be seen later, however, approximately half of these people had had a major attachment to the labour force during most of the preceding year.

Duration of Prior Unemployment

Data on the duration of unemployment suffered by those employees who were without a job immediately prior to entering LIP, are presented in the following diagram:

CHART 4

Per Cent Distribution of Weeks  
Unemployed Prior to LIP by Sex

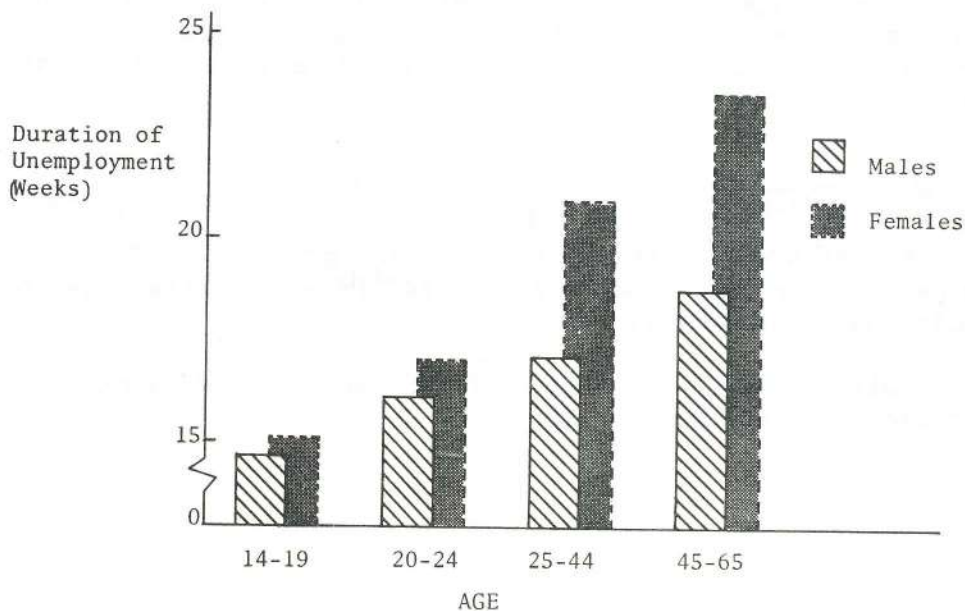


These data indicate that a total of 30 per cent (23.3 per cent of all males unemployed prior to LIP and 36.4 per cent of females unemployed prior to LIP) had been without a job for a minimum of 21 weeks before finding employment with LIP. Fully 5 per cent had suffered a period of unemployment greater than 50 weeks.

Evidently LIP provided employment for a substantial number of people who had been unemployed for an extended period of time. This effect was more pronounced among older workers, as is demonstrated by an examination of the mean duration of prior unemployment for various age groups.

CHART 5

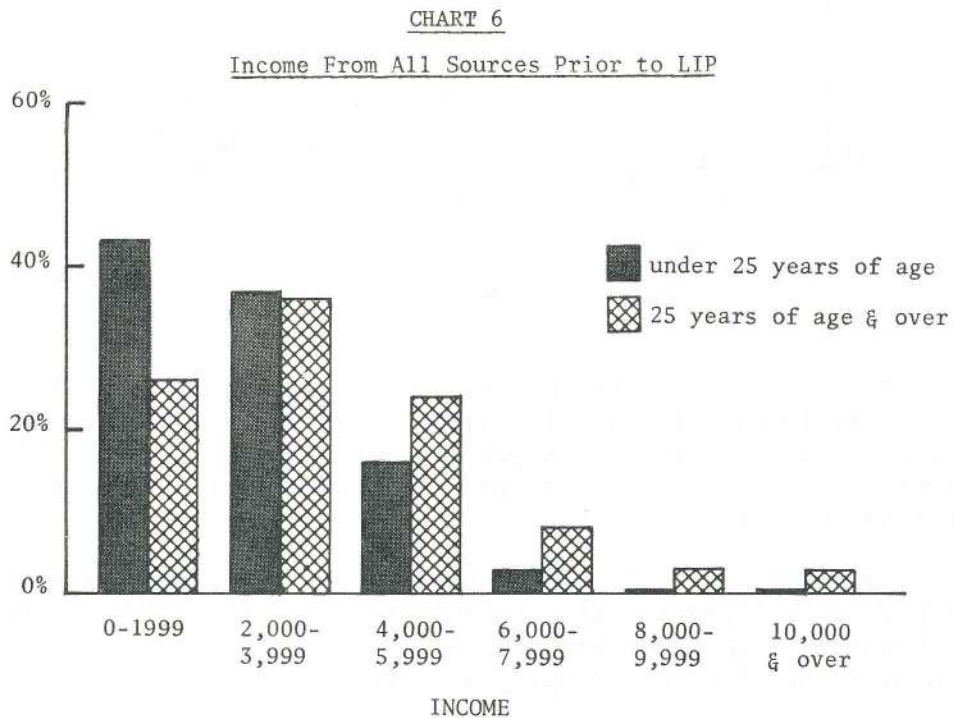
AVERAGE DURATION OF UNEMPLOYMENT PRIOR TO LIP BY AGE



The older the LIP employee the greater the duration of unemployment prior to LIP. Males in the prime of their working life, between 25-44 years of age, were unemployed an average of 17.1 weeks before LIP. In all age ranges women experienced a longer term of prior unemployment than men.

Income Distribution

Whether young or old, however, it is evident from the available data that for most of LIP participants the previous year could not have been a good one from the point of view of earnings from employment. Incomes from all sources for the 12 months preceding their participation in LIP are depicted in the following chart.



It has been calculated that a year's work at the minimum wage would yield an income between \$3,000 and \$4,000, the variation being due to provincial differences in minimum wage laws. As the chart indicates, more than three quarters of the young people and well over half the older workers reported incomes at or below that figure, indicating, in many cases, substantial spells of unemployment.

Main Source of Income

A substantial proportion of all age groups were dependent on UIC and welfare payments or help from relatives and friends, rather than on wages, as their main source of income.

Following is a tabulation of LIP participants by main source of income prior to becoming employed on LIP.

TABLE 3

Main Income Sources Prior to LIP Employment<sup>3</sup>

(Per Cent)

	<u>Male</u>	<u>Female</u>	<u>Both Sexes</u>
Earnings or Savings	24.0	17.6	22.0
UI Benefits	50.1	20.8	40.7
Welfare	8.8	6.6	8.1
Family Support	8.2	45.8	20.3
Pension	1.6	1.2	1.4
Other	<u>7.3</u>	<u>8.0</u>	<u>7.5</u>
TOTAL	100.0	100.0	100.0

Family Incomes

The data on income discussed earlier is descriptive of the experience of individual LIP employees. In many respects, however, individual income gives an incomplete picture of the true economic status of the worker. It may be more accurately assessed if income is viewed in relation to the family unit, i.e., in relation to the spending unit of all those dependent on a given income for support. When this is done, it would become possible to relate absolute levels of income to those at which any given standard of living or level of expenditure could be achieved.

Following is a tabulation of LIP participants measuring the incidence of poverty-level family incomes for persons with families to support, and also for those who might be classed as "secondary earners" in a family. (About two thirds of the men and one fifth of the women were the main income earners in LIP families.)

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<sup>3</sup> For comparison of main sources of income before and three months after LIP, see Chart 7. ('Earnings from Employment' includes some respondents whose previous employment was itself on a LIP project that had continued over from the 1971-72 program.)

TABLE 4

LIP Participants Reporting Family  
Incomes Below Poverty Level\*,  
by Position in Family

<u>Position in Family</u>	<u>Per Cent Below Poverty Level</u>		
	<u>Males</u>	<u>Females</u>	<u>Total</u>
Main Support of Family	52.9	47.3	52.1
Other Family Member	24.7	17.7	20.9
TOTAL	43.0	23.6	36.4

\* Based on family size and income definitions used by the Economic Council of Canada.

Family bread-winners reported incomes below the poverty level substantially more often than did secondary income earners. Overall, however, some 36 per cent of LIP workers reported family incomes below the poverty level -- a result which, while showing a substantial improvement in earnings compared with 1971-72 LIP participants,<sup>4</sup> was nevertheless still higher than the comparable proportion in the population as a whole, which is estimated to be approximately 25 per cent.

There are a number of possible causes of the trend toward higher family incomes among this year's participants. More generous social security provisions, particularly Unemployment Insurance, will have raised incomes of a good many low-income families. Some workers in 1972-73 will have had incomes in the winter of 1971-72 from an earlier LIP project which they would not have had in the previous winter. Measurements of income are however particularly difficult to obtain with accuracy and some of the differences may merely reflect statistical variability.

5. SOME EFFECTS OF LIP ON THE LABOUR MARKET

General

An outstanding feature of the labour market, and one frequently not fully apprehended from an examination of the usual statistics on employment and unemployment, is the very great degree of dynamic movement constantly taking place within and between labour markets. Even in periods of relatively

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4 Revised figures for 1971-72 indicate that just over half of LIP families had incomes below the poverty line in that year.

high unemployment, the figures one sees measuring rates of unemployment are typically the net result of substantially larger numbers of persons losing or voluntarily leaving their jobs while others are finding new ones or withdrawing from the labour force either temporarily or permanently, and so on. Movements between employment and unemployment status, and between active and inactive labour force participation status, (such as when students, housewives, recent immigrants, semi-retired individuals, etc., enter, return to, or leave the labour force) are very much a part of the normal labour market scene in all seasons of the year and in nearly all parts of the country. In order to understand something of the effects of a program such as LIP, which was designed to increase employment opportunities at a time of unacceptably high overall rates of (net) unemployment, it is therefore necessary to keep very much in mind this important aspect of the environment in which LIP operates - an environment of constant movement typical of a modern labour market and in which LIP becomes simply one of a very large number of factors affecting the labour market behaviour of particular groups of people.

On the whole, LIP employees appear to have had at least as strong if not a stronger commitment to the labour force after the program ended than they had demonstrated during the 12 months prior to their LIP employment.

Data, gathered from surveys of a sample of LIP employees three months after their employment was to have ended, indicate that almost all the males and nearly four fifths of the females remained in the labour force following termination of their projects.

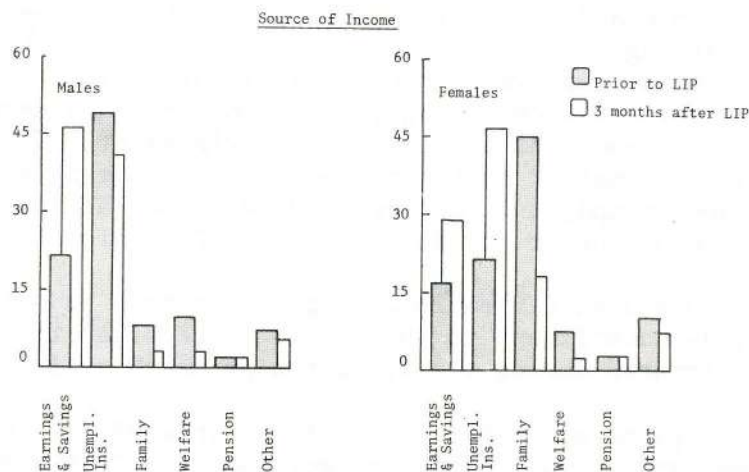
In total, 93.3 per cent of males were still in the labour force three months after their LIP employment. Immediately prior to LIP, 88.9 per cent of males were in the labour force. For females, 78.7 per cent remained in the labour force three months after their LIP employment, compared with 69.5 per cent who were in the labour force when LIP began.

It is sometimes suggested that the incentive to remain in the labour force may have been at least partly conditioned by a desire to maintain an entitlement to Unemployment Insurance benefits. Until UI claims expire, it will not be possible to determine with certainty whether LIP has contributed toward a permanent addition to the productive capacity of the country, or whether the apparent addition is only temporary.

Dependency both upon family members and upon welfare funds dropped sharply after the program in comparison with its pre-program level. The following chart indicates that twice as many male LIP employees and one and one half as many female employees depended on earnings and savings after the program than had done so prior to the program. Unemployment Insurance benefits were an important source of income to LIP workers both before and after their employment in the program. This source of income became less important among males following LIP. However, nearly half the women who had worked on LIP considered unemployment insurance as their major income source after LIP. This number was more than double the dependency on unemployment insurance prior to LIP.

In summary, after LIP, more males were supported by their earnings and savings and fewer by unemployment insurance. More females relied on earnings and savings, more on unemployment insurance, and fewer on welfare or their families for support after the program.

CHART 7  
Main Sources of Income Before and 3 Months After LIP, by Sex

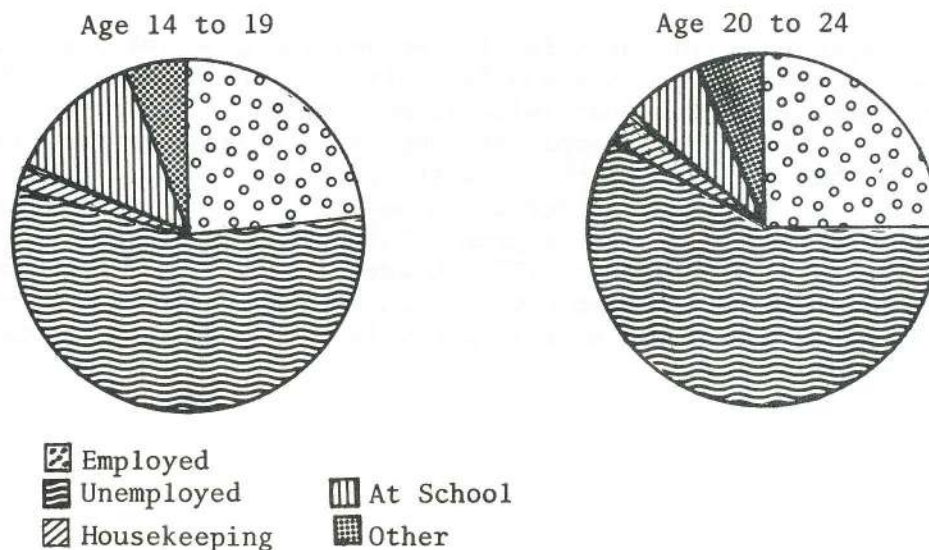


Young People

In the year prior to employment on LIP projects, young people (14-19 and 20-24) had the following labour market status.

CHART 8

What Were Young People Doing Before LIP?



As shown in the above chart, the percentages of young people at school prior to LIP were 13.2 per cent for the 14-19 age group and 7.5 per cent for the 20-24 age group. Of these, about three-quarters were in school during most of the year preceding LIP. Thus, it is possible that LIP employment did appeal to some students and might have attracted them out of either school or training.

Unfortunately, it is difficult to estimate what effect, if any, this movement may have had on overall unemployment. As pointed out earlier, some movement into the labour force from school occurs normally anyway and therefore, even without LIP, it can be presumed that some of the former students who took LIP jobs would have left school and either found jobs or become unemployed even in the absence of the LIP program.

After LIP there were slightly more former male students employed than unemployed and slightly more females unemployed than employed. People at school prior to LIP were more often employed afterwards than were persons of the same age who had been working prior to LIP. They were almost twice as likely to be employed after LIP as were those who had been unemployed prior to the program.

#### Women Previously Outside the Labour Force

Just prior to LIP employment, 20 per cent of women were keeping house. However, of these, fewer than two-thirds had been keeping house for most of the previous year. The remaining third had a major attachment to the labour force during the preceding year.

Assuming that most of the latter group would have returned to the labour force eventually whether or not LIP jobs were available, while the former probably would have remained at home, it would appear that possibly 12 to 15 per cent of women (about 4 per cent of all LIP workers) may have been drawn into the labour force by LIP. As with students, this movement has the effect of increasing both the labour force and employment by that amount, while leaving unemployment unchanged.

Of the 15 per cent of women who were primarily keeping house in the year preceding their LIP employment, two-thirds remained in the labour force after their LIP job ended and one-third returned to keeping house.

The tendency to remain in the labour force was most pronounced among younger women. Nonetheless, most women who have remained in the labour force from keeping house experienced difficulty in obtaining employment. Only one fifth of those remaining in the labour force had obtained employment. The remaining four-fifths were unemployed and seeking work. Younger women who had been keeping house experienced less difficulty in obtaining employment after LIP.

Thus, LIP may have drawn a small number of women from outside the labour market into the labour force and left them unemployed. In relation to the total number of women employed on the program, this group is not large.

The Previously Employed

It has been suggested that at times LIP creates problems in the labour market as it attracts people out of existing jobs to LIP jobs. Only seven per cent of LIP employees were employed full time in a steady job prior to LIP. Including part-time employees and those about to be laid off, only one fifth of all LIP employees had any sort of employment. Comparing the previous wages of these workers with their wages on LIP indicates that, for males, LIP paid in general less than previous employment earnings but that for females it paid almost 15 per cent more than did previous employment. Thus, in general, the wages paid by LIP should not have attracted males away from their existing jobs, although they could have been high enough to attract some women away from their jobs.

TABLE 5

Comparison of LIP Earnings  
and Earnings in  
Preceding Twelve Months of Persons  
With Jobs Prior to LIP

<u>Age Group</u>	<u>Average Weekly Earnings</u>			
	<u>Previous Job(s)</u>		<u>On LIP</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
14-19	\$ 93	\$72	\$ 96	\$ 89
20-24	100	86	99	99
25-44	124	87	116	100
45 & over	110	80	115	90

Again, however, given that unemployment in general remained high throughout the program period, employers in most cases should have had no difficulty replacing these workers from among the unemployed. To the extent that they actually did so, this also has the effect of reducing overall unemployment. Where, in a few isolated instances, employers were unable to find suitable male or female replacements, their operations undoubtedly were affected in some degree. The number of such instances, however, clearly must have been few and, in any case, temporary.

Further evidence on this point is indicated by the fact that only about 60 per cent of males over 25 who were employed prior to LIP found other jobs afterwards, while approximately 33 per cent were unemployed three months after their LIP employment. Of males under 25, half were employed and almost half were unemployed following LIP.

Females under 25 had slightly less success in obtaining employment than did males. One third of females under 25 were employed, one-half were seeking work and about one-tenth were keeping house. For females over 25, only 25 per cent were employed after LIP while 55 per cent were unemployed and 16 per cent were keeping house.

Previously Unemployed

As was indicated at the outset of this report, LIP provided employment opportunities for many thousands of people who were unemployed prior to beginning their LIP job - approximately 60 per cent of all participants falling in this category. Although it is improbable that all of these people would have remained unemployed throughout the winter period in the absence of LIP, the program nevertheless provided both immediate employment and, for some, the opportunity to earn higher wages than they had previously earned.

Males previously unemployed, in general, earned less on their LIP jobs than in their longest-held previous job. Females, on the other hand, earned more on their LIP jobs than in their longest-held previous job.

TABLE 6

Comparison of LIP  
Earnings and Earnings in  
Preceding Twelve Months\* of  
Persons Unemployed Immediately  
Prior to LIP

Age Group	Average Weekly Earnings			
	Previous Job		On LIP	
	Males	Females	Males	Females
14-19	\$ 91	\$73	\$ 94	\$91
20-24	102	88	101	96
25-44	112	92	105	93
45 & over	110	85	107	95

\* Based on job held longest in the period.

Given that overall unemployment remained high throughout the program period in spite of LIP, however, there can be little doubt that any jobs these individuals might have obtained in the absence of LIP were easily filled by others who were unemployed. The effect, then, is as if all of the LIP workers in question would have remained unemployed throughout the program period - hence reducing unemployment by at least that amount. After their LIP jobs ended about one third of this group found other jobs within three months.

6. EFFECTS OF LIP ON THE SUPPLY OF PUBLIC GOODS AND SERVICES

With a few notable exceptions, the goods and services LIP produces are of a kind that appear only in the public sector. As such they are not usually subject to a market test.

Estimation of the net effect generated by LIP on the overall demand and supply of goods and services is therefore very difficult. Some indication is given by the University of Calgary study which found, *inter alia*, that of the 150 LIP projects examined, 11 per cent would have been wholly financed anyway by the sponsoring organization, and a further 17 per cent would have carried on but with a reduced level of activity. No data are available, however, on whether or not all such sponsors used the savings derived from having access to LIP funds to do more work and employ more people in other activities.

These figures would indicate that between 70-90 per cent of the projects were definitely doing work that would not have been done without LIP dollars, while some part of the remaining 10 per cent may have involved subsidization of work that might have taken place anyway. This is, perhaps, an indication of the short run effect. In the somewhat longer run, a survey of 1972-73 projects (all of which were initially planned to have ended in May unless other funding sources were available) taken in July and August gave the following results.

TABLE 7

What Happened to LIP-Created Projects After the Program<sup>6</sup>

Fate of Project	Per Cent of Projects in Each Region & Canada					
	Atlantic	Quebec	Ontario	Prairie	Pacific	Canada
Continuing with other funding sources	25.6	34.8	36.9	39.5	41.4	34.9
Discontinued for lack of funds	29.4	35.5	34.6	24.1	30.2	31.8
Discontinued--job completed, nothing remains to be done	43.3	26.8	25.7	31.3	26.3	30.5
Discontinued for other reasons	1.7	2.9	2.8	5.1	2.1	2.8
All Projects	100.0	100.0	100.0	100.0	100.0	100.0

6 Table excludes projects extended with additional funding from LIP.

7. WORTH OF PROJECTS

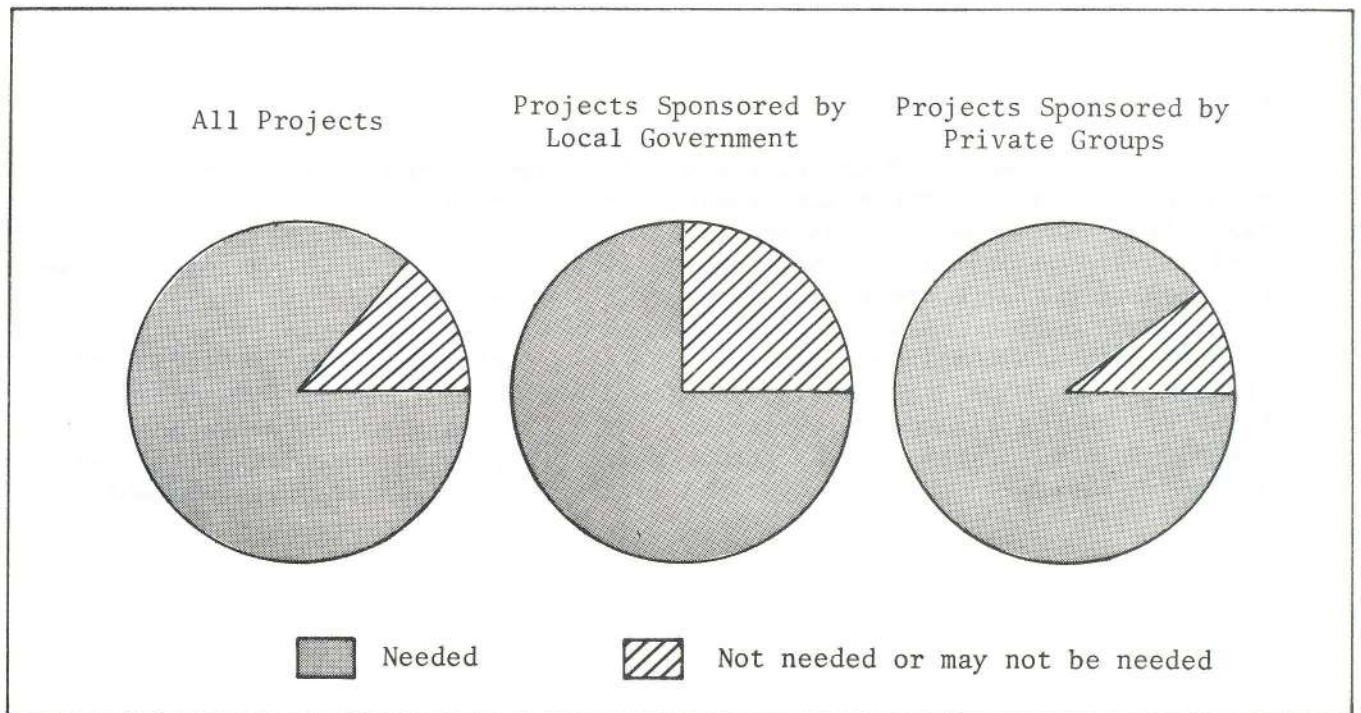
In LIP's second year, a major study on this topic was undertaken by an independent team of researchers from the University of Calgary. Their findings indicate strongly that the goods and services produced by LIP were definitely valued by the receiving communities and that, probably as a consequence of this, LIP employees also found their participation rewarding and, generally, 'worthwhile'. In the remainder of this section some of the highlights of the study's findings in relation to these questions will be reviewed in somewhat more detail.

Meeting Community Needs

Community leaders, LIP project participants and the users of LIP products and services were interviewed by the study team in order to form judgements as to the community's perceptions of LIP. According to these judgements, at least 86 per cent of a sample of 150 LIP projects in 30 representative communities were definitely 'needed'. The need for some of the remaining 14 per cent was doubtful, however, and a few were judged to be 'not needed' at all.

CHART 9

WERE THE LIP PROJECTS NEEDED?

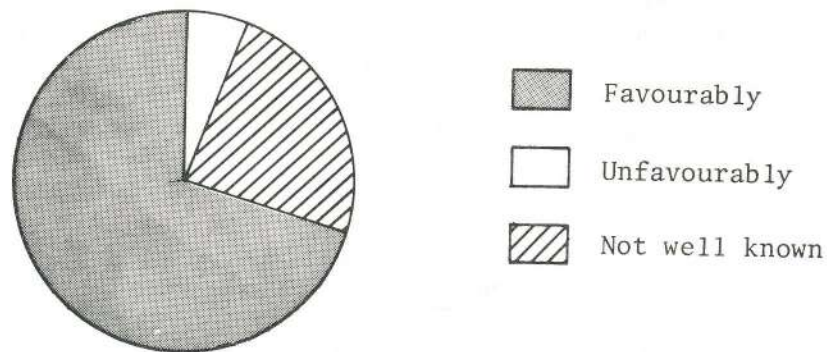


Community Attitudes

Given that most projects were meeting felt needs, they tended also to have wide acceptance in the community. Nearly 70 per cent were judged to enjoy a favourable attitude among the people in their communities and only about six per cent were viewed unfavourably. (The remaining 25 per cent were not well enough known to the public to form a judgement as to community attitudes.)

CHART 10

HOW WERE THE LIP PROJECTS ACCEPTED BY THE COMMUNITY?

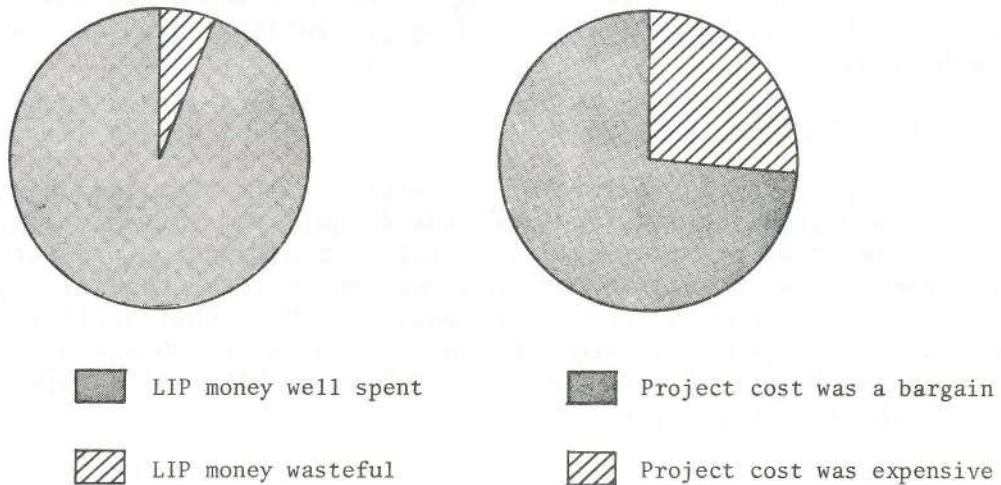


Perceived Value for Money

In a sense, LIP projects might be regarded much like a small business. In any new business venture some wastage of funds might be expected, due to inexperience and errors of judgement. After examining this question in some detail, the study concluded that perhaps six per cent of LIP funds were "wasted" in this way, while the remaining 94 per cent was spent usefully. In the process, balancing "what the community gets" against project costs, some 38 per cent of LIP projects were considered to have yielded a definite bargain for the funds expended, with 36 per cent being considered about right, and the remaining 26 per cent being classed as expensive. Hence, a clear majority (74 per cent) were either about right or a bargain. Many employees became highly involved and were willing to work long hours to ensure the success of their projects.

CHART 11

HOW USEFUL WERE THE LIP PROJECTS?



Availability of Alternatives

About half of the projects studied provided products or services for which no alternatives existed in the communities involved. In connection with the 50 per cent of cases where LIP provided a supplementary (or potentially competing) product or service for which alternatives did exist, there were strong indications that, in general, the communities' needs were often greater than the existing network of services could meet, and LIP was a welcome addition. In fact, interviews showed that about 90 per cent of the projects would not have taken place without LIP.

Perhaps the strongest indications of community support for LIP were the findings that 62 per cent of the projects were part of the activities of a larger organization, and that 38 per cent were receiving additional funds from other sources. Such support was a tangible expression of the willingness of communities to become involved in LIP projects. Moreover, this positive attitude appears to be backed by their capacity to maintain the facilities created by LIP. For only six per cent of all projects surveyed did the communities concerned indicate that they would have some problem in financing the maintenance of the LIP facilities. To the extent they continue to be maintained, members of the communities will be able to benefit from their use.

Employee Job Satisfaction

Interviews with over 1,400 workers on the staffs of the 150 representative projects confirmed a high degree of job satisfaction. Eighty-seven per cent of employees were satisfied or more than satisfied with the feeling of accomplishment given them by their LIP experience and about the same number felt LIP gave them satisfactory, or more than satisfactory, opportunities to use their own abilities to best advantage and 83 per cent were satisfied with other (non-wage) working conditions in general. However, more than one-third were dissatisfied with the wage paid for the amount of work they had to do -- reflecting LIP's deliberately low average wage -- and half were dissatisfied with the job security element.

Perhaps not surprisingly, construction projects tended to rank somewhat lower than other projects in the esteem of employees, possibly because of their closer resemblance to the traditional work situation. In this connection, therefore, it may be worth remembering that construction-type projects were strongly favoured by government bodies and in small communities.

#### LIP Effect on Skill Learning

Nearly three quarters of LIP workers felt that they had learned new skills on the job and about two-thirds believed they had also (or instead) improved existing skills. (Again, construction projects were not viewed as favourably as non-construction in this connection.) One result of the favourable work experience on LIP is that similar proportions of workers now believed they had both a better chance of getting a job in the future (67 per cent) and a better chance of earning a higher wage in the future (65 per cent).

#### SUMMARY

As an approach to absorbing surplus labour during periods of high unemployment, it is evident that a wide variety of activities are available from which to choose when Canadians in general are invited to take the initiative in proposing projects.

With wage levels on LIP in general paying less than previous earnings, very few men were attracted out of existing steady jobs into LIP employment. For women, LIP paid more than did previous employment and it is possible that some women, out of the small proportion employed prior to LIP, have been attracted away from their jobs.

Just prior to LIP employment, one fifth of women were keeping house although, of this number, a significant proportion had a major attachment to the labour force during the preceding year. After LIP, while the majority remained in the labour force, they experienced difficulty in obtaining employment. LIP may therefore have drawn a number of women from outside the labour market into the labour market and left them enemployed. In relation to total LIP employment, their numbers are not large.

About one tenth of the younger participants were in school or training immediately prior to LIP, with very few returning to school after their LIP employment. It is interesting to note that this group were more often employed afterwards than were persons of the same age who had been working prior to LIP and they were almost twice as likely to be employed after LIP as were those who had been unemployed prior to the program.

Since LIP was not specifically designed to focus on long-duration unemployment, a substantial proportion of the unemployed workers taking LIP jobs were not in that category. A point to remember here, however, is that much serious unemployment (and associated low income) manifests itself for many unskilled and inexperienced individuals, not in long-duration unemployment, but in frequent bouts of relatively short-term unemployment interspersed with employment at fairly low wages.

The incomes of LIP participants in the year prior to LIP were in general low, with more than three quarters of the young people and well over half the older workers reported incomes below \$4,000. Overall, some 36 per cent of LIP workers reporting incomes below the poverty level, a proportion which, while appreciably lower than in 1971-72, is still above the figure for the population as a whole. The program evidently continues to make a sizeable contribution to the wage incomes of the working poor.

After LIP, more men were supported by their earnings and savings and fewer by unemployment insurance. More females relied on earnings and savings, more on unemployment insurance and fewer on welfare and their families for support after the program.

On the project side, it is estimated that the vast majority of the LIP projects involved work that would not have been done without LIP dollars. A sizeable minority of projects, not extended by LIP, continued and it would seem, reasonable to conclude that in most cases these projects satisfied a previously unfilled longer-term demand.

Generally LIP projects were considered to be "needed" by the community and had a wide acceptance. On a value for money basis, three-quarters were considered to be either about right or a bargain. Employee satisfaction was high and many participants felt they had acquired, or improved their skills.

APPENDIX A

Eligibility Criteria for 1972-73

Local Initiatives Program

LOCAL INITIATIVES PROGRAM  
1972-73

Types of Projects Which Could Receive Support

- Community "store front" services may be expanded or improved by having facilities repaired or adding support staff.
- Groups specially organized for the purpose of creating employment for themselves may propose projects to provide new services to their communities.
- Community groups or associations may wish to develop services for children, the elderly or the handicapped.
- Groups may wish to carry out projects related to general improvement of the environment.
- Native groups may wish to employ their members in improving community facilities and services.
- Cultural and social organizations may wish to expand their programs.
- Organizations may wish to employ people in projects that may have a limited revenue but that are not profit making.
- Organizations may wish to sponsor projects providing minor repairs to substandard housing.

Projects Which Will Not Be Supported

- Projects which require a Federal Contribution in excess of \$200,000.
- Projects which subsidize profit making enterprises.
- Projects which provide financial support to persons who are employed.
- Projects which support pure leisure activities solely for the sponsors.
- Large construction projects, i.e., projects having a total cost in excess of \$500,000.
- Projects which require continued federal funding after May 31, 1973.

APPENDIX B

Distribution of Applications Received, Projects Approved, and  
Funds Committed for 1972-73 Local Initiatives Program  
by Province

	Applications Received			Projects Approved*			Funds Committed
	No.	\$('000)	M/M	No.	\$('000)	M/M	\$('000)
Newfoundland	1,309	42,749	92,864	327	11,679	25,299	11,720
Nova Scotia	1,098	29,789	62,855	358	10,200	21,646	10,105
Prince Edward Island	251	5,514	12,652	95	1,953	4,326	1,955
New Brunswick	960	30,008	64,819	408	10,727	64,340	10,805
Quebec	5,635	216,807	438,879	1,727	64,340	130,195	64,000
Ontario	2,617	71,178	145,693	1,247	24,782	50,334	25,080
Manitoba	533	14,709	29,888	242	6,866	13,930	6,755
Alberta	733	22,371	46,132	276	7,703	15,855	5,145
Saskatchewan	379	10,413	21,785	182	5,133	10,786	7,765
Northwest Territories	78	2,173	4,549	41	1,097	2,203	1,100
British Columbia	1,640	40,828	81,691	910	18,823	37,699	19,190
Yukon Territory	58	1,056	2,102	34	654	1,298	655
TOTAL	15,291	487,595	1,003,909	5,847	163,957	336,333	164,275

\* Excluding withdrawals and cancellations. Figures are based on approvals & applications as of May, 1973.

Source: LIP Operations.

APPENDIX C

Comparison of Age-Sex Characteristics of  
LIP Participants and Those of the Labour Force  
and Unemployed, by Sex and Age Groups,

Canada

(Per Cent Distribution)

Male

Age Group	Labour Force	Unemployed	LIP Participants
14-19	9	19	14
20-24	14	23	26
25-44	45	34	35
45	32	24	25
All Ages	100	100	100

Female

14-19	13	26	10
20-24	19	24	30
25-44	40	32	42
45	28	18	18
All Ages	100	100	100

All Age Groups

Male	66	73	68
Female	34	27	32
Both Sexes	100	100	100

Note: The period chosen for comparison is December 1972 - May 1973.



APPENDIX D

Labour Force Status of LIP Participants  
Before and After LIP  
(Percentage Distribution by Age and Sex)

Under 25 Years of Age

MALE

(Labour Force Status Previous Year)

Labour Force Status After LIP	(Labour Force Status Previous Year)					
	Employed	Unemployed	At School	House- Keeping	Retired	Other
Other Job	45.9	32.4	45.9	25.0	-	44.0
Unemployed	47.1	64.2	42.7	50.0	-	56.0
Keeping House	2.0	1.8	5.2	-	-	-
Attending School	3.1	1.7	3.1	-	-	-
Retired	-	-	-	-	-	-
Other	2.0	-	3.1	25.0	-	-
Total	100.0	100.0	100.0	100.0	-	100.0

FEMALE

(Labour Force Status Previous Year)

Labour Force Status After LIP	(Labour Force Status Previous Year)					
	Employed	Unemployed	At School	House- Keeping	Retired	Other
Other Job	32.7	17.5	41.8	33.3	-	14.3
Unemployed	49.1	71.4	49.3	40.0	-	57.1
Keeping House	7.3	4.8	-	26.7	-	-
Attending School	4.2	1.6	1.5	-	-	14.3
Retired	0.6	-	-	-	-	-
Other	6.1	4.8	7.5	-	-	14.3
Total	100.0	100.0	100.0	100.0	-	100.0

Source: LIP participant follow-up (sample) survey.