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*The Unemployment of Youth: The Importance of Education for their Adjustment in the Canadian Labour Market*, by Joya Sen, Toronto, Ontario Institute for Studies in Education, 1982, 125 pp., ISBN 0-7744-5053-3.

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**The Unemployment of Youth: The Importance of Education for their Adjustment in the Canadian Labour Market**, by Joya Sen, Toronto, Ontario Institute for Studies in Education, 1982, 125 pp., ISBN 0-7744-5053-3

As the title of the report implies, its purpose is to ascertain the importance of education as a factor explaining the unemployment of youth. The report begins with a discussion of some theoretical issues, arguing that the analyses and policy prescriptions pertaining to unemployment should be at the disaggregate level because of the segmented nature of labour markets, especially in Canada. The belief is that aggregate policies will be ineffective in reaching the pockets of unemployment that are created by regional and demographic factors. The theoretical discussion also contains a sociological critique of the conventional, neoclassical economic perspective of labour markets and a discussion of the rationale for government intervention based largely on labour market impediments, imperfect information and externalities. The theoretical discussion concludes with a statement of the main hypotheses to be tested: the education of youth is related positively to their labour force participation and negatively to their unemployment. (While this hypothesis evolves from the author's discussion of segmented labour markets, it is, of course, perfectly consistent with a neoclassical economic perspective.)

After the theoretical discussion, the author then reviews the experience of OECD countries with youth unemployment and contrasts their policy responses with Canadian ones, especially those facilitating the transition from school to work. Next, the high and increasing rate of Canadian youth unemployment is documented based mainly from published data from Statistics Canada's **The Labour Force Monthly**. The causes of this high youth unemployment, and its frictional, structural, cyclical and seasonal components, are then analysed with particular emphasis on the relationship between the education system and the segregated youth labour market. This

relationship between educational attainment and the youth labour market is further analysed by empirically documenting that education is positively related to youth labour force participation and negatively related to their unemployment. The report concludes with a number of policy recommendations emphasizing more job-oriented secondary education, government subsidies specifically for the training of youths, and improved guidance and information systems.

While the report provides a useful sociological perspective on the youth labour market and a review of European policies in that area, it has a number of weaknesses. The basic descriptive picture of the youth unemployment problem given in Chapter III does not give a clear picture of the trend and cyclical pattern of youth unemployment relative to overall unemployment in the post-war period, nor does it provide relative international comparisons or information on the duration or reasons for being unemployed or the extent of hidden unemployment amongst youth — information that is available from published data sources. (Such information in the Canadian context is provided and analysed in F. Denton, A. Robb and B. Spencer, **Youth Unemployment and Labour Force Behaviour**, Toronto: University of Toronto Press, 1980 and M. Gunderson, **Unemployment among Young People and Government Policy in Ontario**, Toronto: Ontario Economic Council, 1981.) Without such background information it is difficult to know, for example, the extent to which the problem of youth unemployment is part of the general problem of increasing unemployment or the extent to which it can be attributed to the rapid influx of the baby-boom population into the labour force.

While this basic background information is scant, an undue amount of time is devoted to the development and testing of the two main hypotheses: educational attainment is related positively to the labour force participation and negatively to the unemployment of youth. This is especially the case since the author does not provide a consistent

theoretical perspective from which to deduce a **causal** relationship between education and labour force participation and unemployment. Furthermore, the hypothesis is «tested» by simple cross tabulations which do not control for the effect of other variables that may affect unemployment and labour force participation and that are correlated education.

In the absence of a well-developed theory of cause and effect and statistical procedures for sorting out the effect of education alone, it is difficult to put much faith in the policy prescriptions which emphasize that changing the educational system will have a causal effect on youth labour force participation and unemployment. This may well be true, but it does not follow from the theoretical and empirical analysis of the study. More work still needs to be done on the causal connection between education and measures of labour market performance (e.g., does it develop skills, help individuals match their talents with labour market needs or simply serve as a screening device?)

The absence of a consistent underlying theoretical framework is particularly perturbing because the author summarily dismisses the conventional economic framework with such assertions (pp. 8,9) as «the traditional theory of the labour market...has been discarded with growing recognition of personal, sociological, and institutional impediments in the labor market which require growing levels of government involvement» and «the classical view of autonomous and effective functioning of the labor market has been put to rest».

As a member of that endangered species of labour economists, I must admit a bit of surprise on learning that one's craft is already obsolete, especially since I thought it was just **beginning** to be a part of the mainstream of economics in effectively modelling the impact of institutional impediments in the labour market, the effect of uncertainty and imperfect information and the sources of possible market failure — the very things that the

author used to dismiss the usefulness of the economic perspective. These are very realistic constraints, and they may be assumed away for expositional purposes in the simplistic stylized models of perfect competition; nevertheless they are certainly incorporated in models of labour market behaviour, especially those of a policy orientation. I find the very existence of these real world constraints makes economics more necessary in order to analyse their impact on labour market behaviour and on why the constraints arise in the first place. Regarding many of the constraints as endogenous and trying to explain their existence in fact has been the subject matter of much of the recent research in labour economics.

Given the author's presumption that markets don't work, it is not surprising that the policy recommendations tend to rely heavily on government involvement and in fact compulsion of certain activities. The policy recommendations are replete with phrases like «**compulsory** occupational training»...«different government agencies could select whichever (incentives) appear to be the most suitable»...«government should give financial help to firms and establish a **quota** for young labor force entrants»...«They should be **required** to join»...«part-time education with some financial assistance should be made **obligatory** up to a higher age limit.» (pp. 121-133, emphasis added) Surely this raises the possibility that the tyranny of the market could be replaced by the tyranny of the bureaucrat. In rejecting market solutions — and there may be good reasons to do so — one should be aware that alternative solutions will be necessary, and they too can have their problems and face the same impediments, institutional constraints and problems associated with risk, uncertainty and imperfect information.

The author's policy recommendations, when not oriented towards compelling youths or firms to do certain things that ultimately will be for their own good, tend to be of the form of «throw money at the problem in the hope that it will go away». But, although

markets may not operate perfectly, they can operate in subtle fashions and have quite unintended side effects. In response to increased subsidies, employers may simply increase their turnover of young people in order to maximize their receipt of subsidies or even if they do not engage in such overt violation of the spirit of such grants, targetting money specifically towards youths means that employers will probably hire fewer women, older workers and others who have fewer sources of family income to rely upon. Will this then require another set of policies to help those adversely affected by the subsidies to youths? If not, have we made an implicit policy decision that one group is more deserving than another?

Clearly we are left with a number of unanswered questions in this important policy area. It is unlikely that the answers will come purely from an economics or sociological or any other single perspective — they certainly will not come from each discipline knocking down other perspectives rather than making their own contribution to the particular problem. Surely in an area as important as youth unemployment there is ample room — and need — for a number of perspectives.

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**Workplace Democracy: An Inquiry into Employee Participation in Canadian Work Organizations**, by Donald V. Nightingale, Toronto, University of Toronto Press, 1983, 313 pp., ISBN 0-8020-6471-1

This is a book on perspectives of employee participation in Canada, based on the analysis of current trends, a historical review of the transformations within the management authority, the analysis of the foreign industrial democracy experience and its validity to the Canadian scene, the design of a theory of organization adequate to the

topic here under consideration (workplace democracy), as well as the application of the theory above mentioned to the sample of 20 Canadian industrial organizations, a half of them permitting some form of participation and another half following a conventional hierarchical design. Data from 1,000 respondents in twenty companies were collected though standardized instruments.

The author starts with the now dominating psychology of entitlement, the erosion of consent, the growing dissatisfaction of employees with how they are treated, and the general decline of confidence in institutions. These trends are partially related by the author to the fact that «The economic enterprise, the government agency, the trade union, the political party, the church, are essentially undemocratic in their decision-making practices. Few organizations in our society make any pretence of being democratic, and those which do—universities, trade unions, political parties—are in practice rarely democratic» (p. 9).

Much attention is paid by the author to the decline of the moral legitimacy of organizational power and the growing resistance in the society to the principle that some organization members have unilateral power over all others. According to Nightingale, «Authoritarian practices at the workplace remain one of the more conspicuous anomalies of our democratic society ... The role of the work organization must be redefined if it is to fulfil its obligations to promote and uphold our liberal democratic ideals» (pp. 174 and 175). «Democratic values must eventually penetrate the workplace and, as they do, organizational practices will evolve in the democratic direction» (p. 178).

It is a question whether the Canadian institutions are really so much undemocratic as the author seems to take for granted, as well as whether the cure suggested by him is really so benevolent. The adversarial mutual relationships between management, government and the organized labour are well settled in the local tradition, as well as in the nature of