

## Comparing current LFS estimates to those prior to 1976

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In recent months, the Labour Force Survey (LFS) has been reporting very low unemployment rates. In fact, the rates have been so low that some LFS users, who want to understand the historical context in which these rates are presented, are wondering how the estimates compare to estimates produced by the LFS prior to 1976, when the questionnaire underwent significant changes.

### The changes in 1976

With the 1976 version of the questionnaire, direct questioning to determine labour market status was introduced, to replace the “main activity” style of information previously recorded. The direct questioning approach adopted in 1976 is the same as that used by the LFS today – a hierarchy of questions determine first if the person is employed (either at work or not during the reference week), then if they are not employed, the questions determine if they are unemployed. The residual population is not in the labour force.

As a result, defining who was part of the supply of labour became more refined with the 1976 redesign. Under the old design, people who were economically active but who did not report employment as a main or secondary activity were not counted among the employed. As well, people who did not report looking for work as a main/secondary activity were not counted among the unemployed, even though they would today be counted as such (e.g. people on temporary layoff not looking for work). Finally, the reference period for job search activity changed from one week to four.

### Understanding the changes that took place

In 1975, the new and old questionnaires were run in parallel. This allowed an analysis of the impact on employment and unemployment of moving to the new questionnaire design. In general, it was found that the new questionnaire measured more employment (+2.1%), especially among youths (+4.2%) and women (+4.4%). It also picked up more unemployment, most notably among women. In short, the new questionnaire picked up more activity in the labour market.

With this analysis in hand, a historical series could be created by adjusting pre-1976 estimates of employment and unemployment using factors determined from the parallel run. For each province, eight series were created – employment and unemployment for men and women 15-24 and men and women 25+. This 8 by 10 matrix of data was summed to determine national estimates. Based on what was known about the relationship between the old and the new questionnaire, ratios were applied to the 1966 to 1975 data to make them more comparable to the new estimates.

### Comparison risks

Although the 1966 to 1975 data can be compared to with the estimates produced after this period, there are risks in those comparisons. The adjusted 1966 to 1975 data were created using the relationship between the old and new questionnaires in 1975. In other words, in the creation of the historical series, the assumption was made that the 1975 relationship holds for all years from 1966 to 1974. Moving further back from 1975, there is a greater likelihood that this assumption does not hold.

In summary, although the 1966 to 1975 estimates were adjusted to make them more comparable to current LFS data, users should still be cautious when comparing the two periods. Approaching 1966, added caution should be used.