



This is the fifth in a series of analytical reports from the Social and Economic Policy Department of the Canadian Labour Congress looking at the impacts of the global economic crisis on the jobs, wages, and economic security of working Canadians.

1. Introduction: from boom, to bust, to what?

This issue of *Recession Watch* takes a detailed look at some key changes in the job market which took place between October 2008, July 2009, and February 2011.¹ These dates represent the peak and the bottom of the jobs crisis in Canada, and help portray the evolution of the job market since the Great Recession began.

The Canadian economy plunged into a deep recession in October 2008 when the national unemployment rate was 6.2%. The recession bottomed out in the summer months of 2009 when the national unemployment rate peaked at 8.7% (August). As of February 2011, the national unemployment rate had fallen back to just below 8% (7.8%). In the recent federal budget tabled in March, the Department of Finance expects little further improvement over the next couple of years, keeping the unemployment rate equal to or above 7% until 2014.

As of February 2011, the total absolute number of employed Canadians had returned to the pre recession level (up 54,500). However, the labour force had grown by almost 2% over those two years. It was the growth in the labour force, mainly coming from

¹ Unless otherwise indicated, the data are seasonally adjusted numbers from Statistics Canada's *Labour Force Survey*. Some data are not seasonally adjusted, but comparisons for the same month of different years indicate a real change.

the entry of young people and immigrants, which has kept the unemployment rate high, even as there was some growth in employment.

In fact, the unemployment rate today would be even higher if the participation rate (the proportion of the working-age population working or actively looking for work) had not fallen from 67.7% to 67.0% between October 2008 and February 2011.

Table 1: Key Labour Market Changes - October 2008 to February 2011

	October 2008	July 2009	February 2011
In the Labour Force	18,289.0	18,322.5	18,678.0
Employed (000)			
All	17,175.1	16,747.2	17,229.6
Men	9,059.7	8,740.7	9,019.7
Women	8,115.4	8,006.5	8,209.9
Age 15-24	2,659.1	2,434.8	2,475.8
Age 25-54	11,820.2	11,530.3	11,724.7
Age 55 and over	2,695.8	2,782.0	3,029.1
Number of Unemployed (000)	1,113.8	1,575.4	1,448.5
Unemployment Rate (%)			
All	6.1%	8.6%	7.8%
Men	6.6%	9.7%	8.2%
Women	5.5%	7.3%	7.2%
Age 15-24	11.7%	16.3%	14.3%
Age 25-54	4.9%	7.2%	6.5%
Age 55 and over	5.3%	6.7%	6.7%
Employment Rate (%)	63.5%	61.3%	61.8%
Age 15-24	59.9%	54.7%	55.5%
Age 25-54	82.4%	80.0%	80.8%
Age 55 and over	32.7%	32.9%	34.1%
Participation Rate (%)			
All	67.7%	67.1%	67.0%
Age 15-24	67.8%	65.3%	64.8%
Men 25 and Over	73.8%	73.4%	72.9%
Women 25 and Over	61.7%	61.7%	62.2%
Job Status (000s)			
All Employees	14,537.9	14,041.6	14,563.8
Private Sector	11,079.3	10,618.7	10,973.3
Public Sector	3,458.6	3,421.8	3,590.1
Self-employed	2,637.2	2,688.2	2,665.8
Part-time Rate (%)			
All	18.8%	19.4%	19.7%
Age 15-24	45.4%	47.9%	48.1%
Men 25+	7.3%	7.6%	8.1%
Women 25+	21.4%	22.2%	22.5%

Source: Statistics Canada, *Labour Force Survey 2008-2011*, mostly seasonally adjusted data.

The employment rate in February 2011 — the proportion of the working-age population with some kind of job — was 61.8%, down from 63.5% two years earlier. It's been steady in that range for almost a year now.

As of February 2011, there were still almost 1.5 million unemployed workers (1,448,500), or one third (30.1%) more than in October 2008. The unemployment rate is up 1.7 percentage points overall, but by 2.6 percentage points for young workers compared to 1.6 percentage points for workers aged 25 to 54; and just 1.4 for older workers aged 55 and over.

2. An aging workforce and high youth unemployment rate

For the first time over last three decades, the number of workers aged 55 and over has surpassed the number of young workers.

As of February 2011, there were more than 333,000 older employees aged 55 and over than there had been in October 2008, an increase of 12.4%. This was partly because a large age cohort is entering this older age group, but mainly because the participation rate of older workers is rising (from 34.5% to 36.5% between October 2008 and February 2011).

Meanwhile, the total number of youth who were employed was down 6.9%, with 183,300 fewer 15- to 24-year-olds employed in February 2011 than before the Great Recession.

Recessions always hit younger workers the hardest since they are usually the first to be laid off and the last to be hired, and the Great Recession was no different. Even after a partial recovery from the low point in the summer of 2009, the labour market

situation facing young workers (aged 15 to 24) is grim, and much worse than before the recession began. Their unemployment rate was 14.3% in February 2011, well above the 11.7% level in October 2008.

Most strikingly, the employment rate for youth and the participation rate — that is, the proportion of the age group who are working and the proportion who are either working or actively looking for work — has fallen very sharply over the past two and a half years. And the proportion of youth with jobs who are working part-time has risen from 45.4% to 48.1%.

As a result, there are now 553,300 more workers aged 55 and over than younger workers employed in February 2011, while the job quality of younger workers has deteriorated rapidly.

3. More and more insecure jobs

While the total number of employed Canadians has returned to pre recession levels, the jobs that have been created in the recovery have tended to be more insecure than the jobs which were lost in the recession. There has been a change in the quality of jobs. There are more part-timers than before the recession, and more self-employed workers. Most importantly, there has been a significant increase in temporary work.

Most workers want full-time, permanent jobs as employees, as opposed to part-time, seasonal, or contract jobs. Of course, some workers (such as parents caring for younger children, students, and some older workers) want part-time and casual jobs, but many others are forced to take these kinds of jobs because they cannot find full-time, permanent jobs.

Table 2: Key Job Quality Changes – February 2008 and 2011*

	February 2008	February 2011	Change 2008- 2011
Employees (000)	14,175.3	14310.9	135.6
Permanent Jobs	12638.6	12571	-67.6
Temporary Jobs	1536.7	1740	203.3
% Permanent Jobs	89.2%	87.8%	-1.4%
% Temporary Jobs	10.8%	12.2%	1.4%
Permanent Full-time Jobs**	75.1%	73.3%	-1.8%
Temporary Full-time Jobs**	5.9%	6.3%	0.4%
Permanent Part-time Jobs**	14.1%	14.5%	0.4%
Temporary Part-time Jobs**	5.0%	5.9%	0.9%
% with Multiple Jobs	6.4%	6.5%	0.04%
Reason for Part-time Work			
% couldn't find full-time jobs	20.4%	27.5%	7.1%
% personal preference	35.8%	31.8%	-4.0%
% going to school	43.7%	40.7%	-3.0%
Wages			
Average Hourly Wages (2011/02)	\$22.24	\$23.06	\$0.82
Covered by a Collective Agreement	31.54%	30.97%	-0.57%

Source: Statistics Canada *Labour Force Survey 2008-2011*.

* Not seasonally adjusted.

** Weight with Census 2001 for 2008 estimates.

The job market has not recovered the number of full-time jobs recorded prior to the recession. Between October 2008 and February 2011, the number of full-time employees has fallen by 101,600 — while the number of part-time workers has increased by 156,100.

Almost one in five employees is now working part-time. Part-time work has been on the increase over the past two years. The proportion of all workers working part-time has increased from 18.8% to 19.7%, close to a record high. In fact, the proportion of part-timers measured in February 2011 is the third highest level recorded in the last three decades.

The proportion of part-time workers who report that they are working part-time only because they cannot find full-time work has increased from one in five (20.4%) in February 2008 to one in four (27.5%) in February 2011.

All jobs created in the last three years were temporary. Between February 2008 and February 2011, the number of employees having temporary work increased by 203,000 — while the number of permanently employed workers was down by 67,600.

The proportion of all employees in permanent full-time jobs has decreased from 75.1% to 73.3% in the last three years.

4. A very concentrated recovery at risk

Job creation since July 2009 was concentrated in few industries. The number of jobs created between July 2009 and February 2011 was 482,400. Out of that, 254,600 were concentrated in construction, professional services, and health care industries. As a result, 75% of new jobs created since July 2009 were in only three industries.

Job growth in the construction industry was stimulated by two main factors that are somewhat driven by public policies: public infrastructure investment, and low interest rates.

The financial crisis has forced central banks around the world, including the Bank of Canada, to adopt a policy that lowered interest rates, and kept the bond market depreciated, which resulted in historically low mortgage rates.

On top of that, economic and political pressures led the federal and provincial governments to investment in public infrastructure in the last two years.

Table 3: Employment Growth by Industry

	October 2008	July 2009	February 2011	Change 2009-2011
Total Employment	17175.1	16747.2	17229.6	482.4
Goods-producing sector	4015.9	3657.6	3822.4	164.8
Agriculture	322.5	315.1	312.6	-2.5
Forestry, fishing, mining, quarrying, oil and gas extraction	348.1	315.4	333.3	17.9
Utilities	146.2	144.5	144.4	-0.1
Construction	1240.7	1134.6	1236	101.4
Manufacturing	1958.4	1748	1796.1	48.1
Services-producing sector	13159.2	13089.6	13407.1	317.5
Trade	2684.5	2654.5	2673.1	18.6
Transportation and warehousing	851.9	807.4	830.7	23.3
Finance, insurance, real estate and leasing	1070.8	1095.5	1081.6	-13.9
Professional, scientific and technical services	1193	1187.8	1287.8	100
Business, building and other support services	673.3	668.9	664	-4.9
Educational services	1196	1201.5	1229	27.5
Health care and social assistance	1921.3	1930.7	2085.3	154.6
Information, culture and recreation	745.9	777.2	783.4	6.2
Accommodation and food services	1096	1040.8	1044.4	3.6
Other services	767.7	788.3	750.6	-37.7
Public administration	958.8	937	977.2	40.2
% of jobs created in the top three industries between July 2009 and February 2011:				73.8%
Distribution of Goods and Services-producing Sectors				
Goods-producing sector	23.38%	21.84%	22.19%	-1.20%
Agriculture	1.88%	1.88%	1.81%	-0.06%
Forestry, fishing, mining, quarrying, oil and gas extraction	2.03%	1.88%	1.93%	-0.09%
Utilities	0.85%	0.86%	0.84%	-0.01%
Construction	7.22%	6.77%	7.17%	-0.05%
Manufacturing	11.40%	10.44%	10.42%	-0.98%
Services-producing sector	76.62%	78.16%	77.81%	1.20%
Trade	15.63%	15.85%	15.51%	-0.12%
Transportation and warehousing	4.96%	4.82%	4.82%	-0.14%
Finance, insurance, real estate and leasing	6.23%	6.54%	6.28%	0.04%
Professional, scientific and technical services	6.95%	7.09%	7.47%	0.53%
Business, building and other support services	3.92%	3.99%	3.85%	-0.07%
Educational services	6.96%	7.17%	7.13%	0.17%
Health care and social assistance	11.19%	11.53%	12.10%	0.92%
Information, culture and recreation	4.34%	4.64%	4.55%	0.20%
Accommodation and food services	6.38%	6.21%	6.06%	-0.32%
Other services	4.47%	4.71%	4.36%	-0.11%
Public administration	5.58%	5.59%	5.67%	0.09%

Source: Statistics Canada *Labour Force Survey 2008-2011*.
(All data seasonally adjusted.)

As a result, investments in public infrastructure combined with increased housing resales and housing starts helped create and maintain many jobs in construction.

As for the growth in professional services, it might sound like good news for a society that should be moving toward a knowledge-based economy. This sector also includes many activities related to the construction industry and infrastructure spending, such as architectural, engineering, and related services industries that normally benefit from government-driven investments in construction and infrastructure.

Recent changes in access to mortgages associated with rising interest rates and major cuts in infrastructure spending will slow down job growth in construction of infrastructure as well as housing starts and resales leaving many construction workers and professionals associated with the construction and housing industry, including those involved in housing resale, with less business, fewer hours of work, or lower income.

The job growth in health care is also linked to public policies. The increase of 6% per year in the Canadian Health Transfer (CHT) from the federal government to the provincial governments helps them invest in the public health care system, create jobs, and fill the gap between needs and resources, but this is scheduled to end in 2014.

To fulfil the needs and maintain job growth in this industry, investments will have to be expanded. Unfortunately, the federal government and many provincial governments are more focused on fiscal deficits and debt reduction than on public health care and job creation. Even when provincial governments care about health care, negotiating an increase in CHTs with the current federal government who cares more about tax cuts and debt

reduction will be a challenge. As a result, the sustainability of job growth in that industry is far from being guaranteed.

Without new directly targeted government interventions to stimulate job growth in Canada, such as investments in infrastructure, energy conservation, building retrofits, public transit, renewable energy protection, and child care and elder care, many unemployed Canadians are left with the hope that the private sector will create jobs, and these jobs will be good family-supporting jobs in Canada.

In the meantime, Canadians are running out of EI and assets, and turning to welfare to survive.

5. EI coverage low, while unemployment high

Even though the youth unemployment rate is much higher, almost seven in ten unemployed workers are aged 25 or more.

Almost half of the unemployed (44.2%) have completed post-secondary education, i.e., they have a college or university degree, or have completed an apprenticeship. Lack of job-relevant skills is a problem for some unemployed workers, but certainly many are well-educated.

Table 4: Unemployment Trends

	October 2008	July 2009	February 2011
% Unemployed more than 6 months *	14.0%	16.5%	21.0%
% of Unemployed with Post-Secondary Education* (as % Unemployed)	41.8%	42.6%	44.2%
Supplementary Unemployment Rate (R8)* (%)			
Men 25+	6.0%	8.6%	10.4%
Women 25+	7.1%	7.9%	9.8%
All 15-24	14.7%	18.3%	20.3%

Source: Statistics Canada *Labour Force Survey* and *EI Monthly Report*.
* Not seasonally adjusted.

As shown in Table 5 below, the number of regular EI beneficiaries has been shrinking much faster than the number of unemployed workers.

Table 5: EI Regular Beneficiaries and Change in Number of Unemployed

Canada	July 2009	January 2011	Change July 2009 – January 2011	
			Number	Percentage
EI Regular Beneficiaries	794,140	640,150	-153,990	-19.4%
Unemployed	1,575,400	1,449,600	-125,800	-8.0%
Beneficiaries as % Unemployed	50.4%	44.2%		

Source: Statistics Canada *Labour Force Survey* and *Employment Insurance Statistics*.
(All data seasonally adjusted.)

Between July 2009 (when the recession was at its worst) and January 2011, the number of EI beneficiaries has been falling more than two times faster than the number of unemployed workers (down 19.4% compared to 8%). As a result, the proportion of all unemployed workers collecting regular EI benefits has fallen sharply from 50.4% to 44.2%. This is lower than the level recorded before the recession (44.9% in October 2008), even though the unemployment rate is still about two percentage points higher than before the recession.

Unemployed workers are increasingly ineligible for benefits for two key reasons. Many (about 30% of all claimants) are exhausting a claim before they are able to find a new job. And many unemployed workers have recently been laid off from temporary and part-time jobs which have not given them sufficient hours of work to qualify, or qualify them for very few weeks of benefits.

6. Conclusion

There is a widespread misperception that the Canadian job market has recovered from the recession. The best that can be said is that total employment has regained the pre recession level. But unemployment and underemployment remain high, especially for young workers. Job creation was highly driven by central banks and government interventions, creating three out of four jobs in three industrial sectors. There are still 30% more unemployed workers today than prior to the recession, and many of them have been out of work for a long time.

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