

# Youth Employment and Un(der) Employment in Canada

More Than a Temporary Problem?

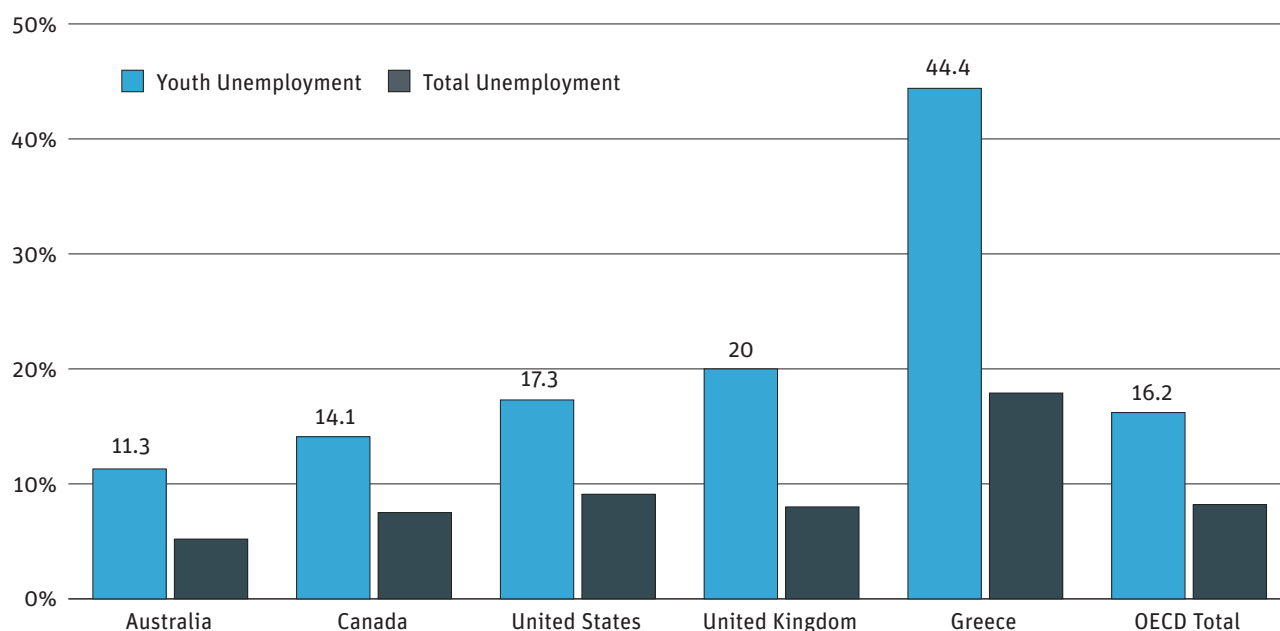
Karen Foster

ONE OF THE most troubling narratives to emerge from the economic downturn of 2007–08 revolved around the effect of recessed global and local economies on young workers. By 2009, youth unemployment had reached “crisis” proportions, according to the International Labour Organization, and the situation isn’t getting any better. Earlier this year, the ILO reported that 75 million young people were unemployed worldwide, and projected that the unemployment rate would stay at roughly the same level until at least 2016.<sup>1</sup>

Not only is this bad news for young people looking for work now; longitudinal studies of young people who have faced long spells of unemployment — or under-employment in precarious, low-wage, no-benefits jobs — have shown that they struggle to “catch up” with older workers and peers, and face persistently lower earnings.<sup>2</sup> On a broader level, with average wages and purchasing power stagnating in the long run, today’s young workers already constitute an entire cohort that will likely never afford the standard of living of their parents and even their grandparents.<sup>3</sup>



**FIGURE 1** Youth Unemployment in Perspective



Source OECD; Available at <http://www.oecd.org/els/employmentpoliciesanddata/keyemploymentstatistics.htm>

A look at recent Statistics Canada and Organization for Economic Cooperation and Development (OECD) data shed some light on where young workers in Canada fit in this grim overall picture.

## Youth Unemployment: Canada in Context

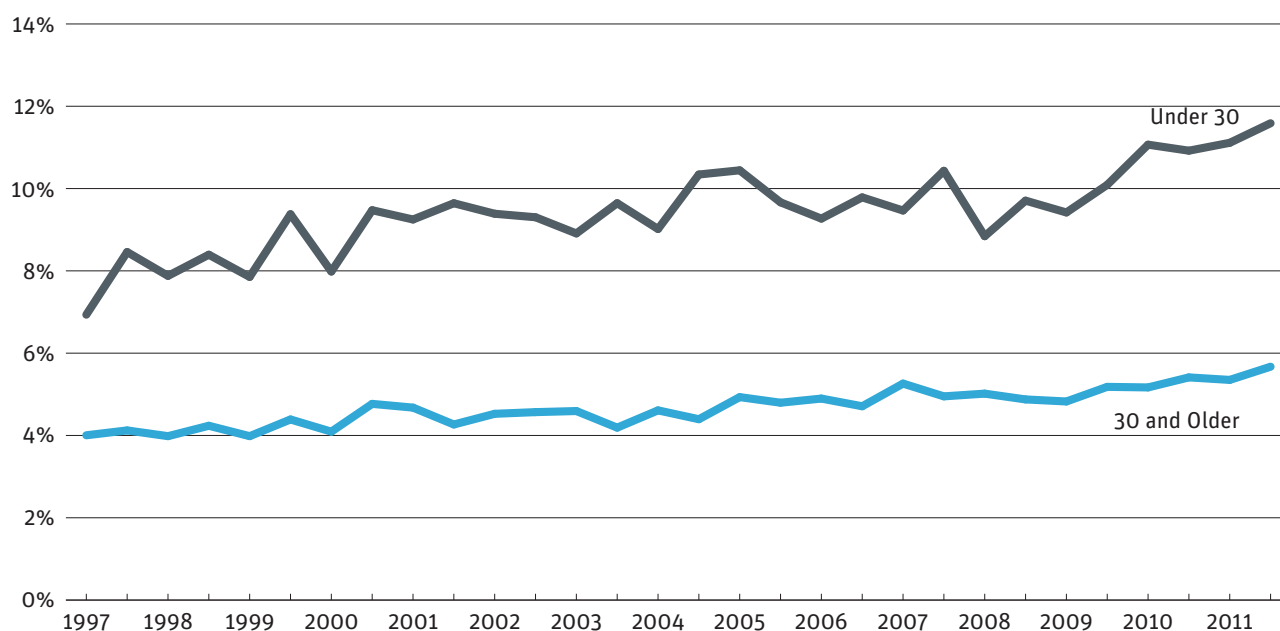
First, the good(ish) news: although worldwide youth unemployment has risen dramatically over the last decade, compared to other OECD countries Canada's rate of youth unemployment continues to be relatively low.

Still, the unemployment rate for Canadians aged 15–24 has grown — from 12.9% in 2001 to 14.1% in 2011.<sup>4</sup> Moreover, there are other troubling youth employment trends worth noting.

## Youth Underemployment

One aspect of the economic downturn overshadowed by the staggering youth unemployment numbers is youth underemployment<sup>5</sup> — that is, young people employed

**FIGURE 2** Temporary, Contract or Term Employment, 1997–2011



**Source** Labour Force Survey Microdata. Two data points, April and October, are shown for each year.

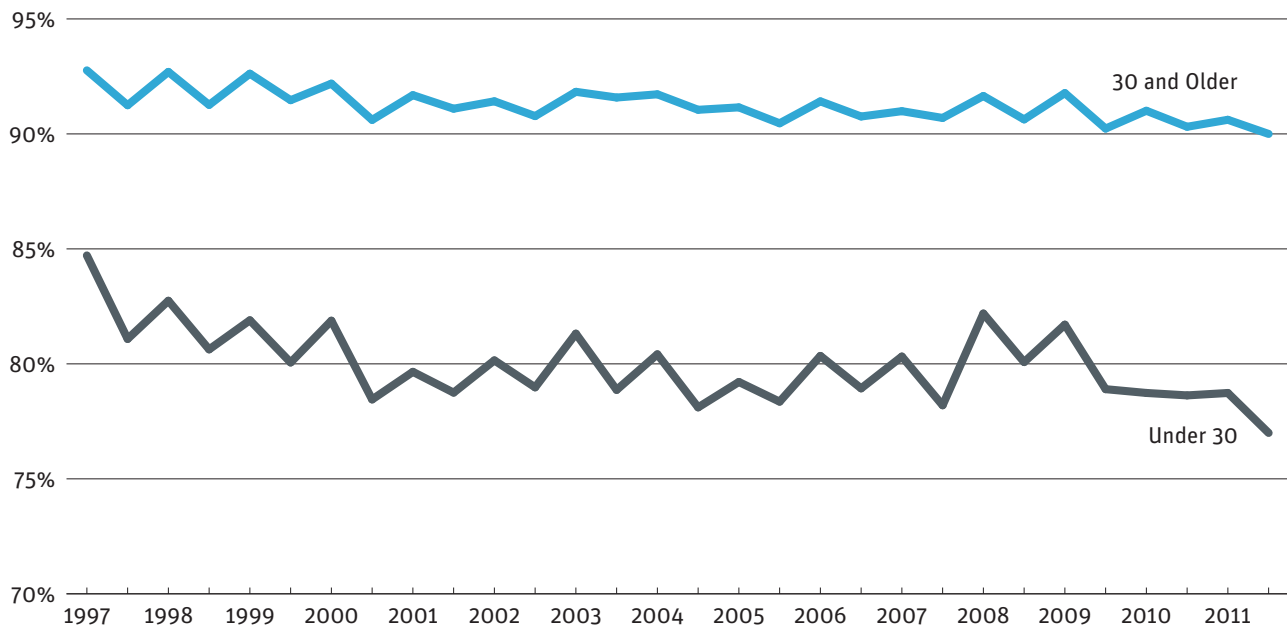
**Sample** Employed, Aged 15 or older

in jobs that are low-wage, non-unionized, temporary and/or part-time, which rarely offer additional benefits. It is perhaps not surprising that the quality of jobs for young people appears to be on the decline. In terms of job security or continuity, for example, Labour Force Survey data shows that the rate of temporary, contract and term employment is increasing at a faster pace among young workers than among older workers.

The proportion of young employees working non-permanent jobs has nearly doubled, from 6.9% in 1997 to 11.6% in 2011, while the proportion of older employees in these types of jobs has only grown from 4.0% to 5.7% during the same time period. This is important because permanent jobs are more likely to provide benefits, tend to be better paid, and offer a sense of psychological security: employees can rest assured that so long as they fulfill their end of their employment contract, they will continue to be employed in the future. Notably, these numbers do not even include casual employment or employment secured through temp agencies.

The rise in non-permanent employment is more or less matched by declines in permanent employment. Accordingly, the proportion of young workers in permanent jobs has fallen more steeply than among older workers.

**FIGURE 3** Permanent Employment, 1997–2011



**Source** Labour Force Survey Microdata. Two data points, April and October, are shown for each year.

**Sample** Employed, Aged 15 or older

## Education and Un(der)employment

There are important differences and inequalities among young workers as well. When we look at the employment situations of workers with and without post-secondary certification (including university degrees and college diplomas) in 2011, a number of patterns emerge.

Although young workers with post-secondary degrees are more likely to be in the labour force (83.8%) than older workers with college or university degrees (71.5%), they are also more likely to be unemployed (6.2% vs. 4.3%) or precariously employed in non-permanent jobs (6% part-time and 10% full-time, versus 2.1% part-time and 4.3% full-time among older workers). Young workers without post-secondary degrees are even worse off. Less than one-quarter have full-time permanent jobs, compared to a third of older workers with comparable educational qualifications. These are the workers whose earnings will lag behind those of their peers. Regardless of whether they have post-secondary qualifications, the young workers who are over-represented in the unemployed, part-time and non-permanent workforce will likely endure the negative effects of un- and underemployment for years to come.

**FIGURE 4** Age, Education and Employment Status, 2011

	Full-time Permanent	Full-time Temporary	Part-time Permanent	Part-Time Temporary	Unemployed	Not in Labour Force
<b>With PSE</b>						
Under 30	51.4%	10.0%	10.2%	6.0%	6.2%	16.2%
30 and Older	54.7%	4.3%	6.0%	2.1%	4.3%	28.5%
<b>Without PSE</b>						
Under 30	21.5%	4.1%	16.8%	7.7%	9.5%	40.4%
30 and Older	33.6%	2.9%	4.9%	1.3%	4.4%	52.8%

**Source** Labour Force Survey Microdata from April and October 2011. Includes all respondents aged 15 and older.

**FIGURE 5** Age, Education and Union Coverage, 2011

	<i>Union Member or Collective Agreement</i>		<i>Non-Union and No Collective Agreement</i>	
	1997	2011	1997	2011
<b>With PSE</b>				
Under 30	14.9%	15.1%	85.1%	84.9%
30 and Older	36.2%	29.9%	63.8%	70.1%
<b>Without PSE</b>				
Under 30	23.5%	28.2%	76.5%	71.8%
30 and Older	42.9%	38.0%	57.1%	62.0%

**Source** Labour Force Survey Microdata from April and October 2011. Includes all employed respondents aged 15 and older.

## Union Coverage

Amid the mostly negative trends around youth un- and under-employment, there is one positive note. Somewhat contrary to dominant narratives about unions failing to connect with younger workers, comparing 2011 to 1997, we actually see a slight increase in union coverage among young workers, particularly those without post-secondary degrees or diplomas. This is in marked contrast to the steep declines in unionization among older workers.

## Looking Ahead

Many challenges lie ahead, both in the short- and long-term, for young workers and those who care about their well-being. At a time of government public spending cut-backs — many of which, in Canada, will not be revealed until the cuts have already

been implemented or until it is too late to challenge them — the individual’s struggle to find decent work will be all the more difficult. Yet, clearly, it is not just an individual struggle: this is an entire cohort of young workers whose access to stable, well-paid and meaningful work is increasingly under threat. However, it is in recognizing the social and structural character of unemployment and underemployment that we can find and advocate for collective, progressive ways to better the lives of young workers.

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## Notes

- 1 International Labour Organization, 2012. Global Employment Trends for Youth. Available at [http://www.ilo.org/global/research/global-reports/global-employment-trends/youth/2012/WCMS\\_180976/lang--en/index.htm](http://www.ilo.org/global/research/global-reports/global-employment-trends/youth/2012/WCMS_180976/lang--en/index.htm)
- 2 See, e.g.: Mroz, Thomas and Savage, Timothy (2006) ‘The Long-Term Effects of Youth Unemployment’, *The Journal of Human Resources* 41(2); Gregg, Paul and Tominey, Emma (2004) ‘The Wage Scar from Youth Unemployment’, *CMPO Working Paper Series No. 04/097*.
- 3 Russell, Ellen and Dufour, Mathieu (2007) ‘Rising Profit Shares, Falling Wages’, a CCPA Growing Gap Paper.
- 4 OECD data, available at <http://www.oecd.org/els/employmentpoliciesanddata/keyemploymentstatistics.htm>
- 5 An additional meaning of “underemployed” concerns the fit between a worker’s education and experience and their current job, which is unexplored in this paper.



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