

The Young and the Jobless

Youth Unemployment in Ontario

Sean Geobey





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Executive Summary

THE GLOBAL RECESSION of 2008–09 took a heavy toll on all Ontarians. The overall unemployment rate shot up and the number of employed Ontarians plummeted. As bad as it was, a separate story was unfolding for the province’s youngest workers.

As with previous recessions, Ontario’s youngest workers were dealt the toughest blow. They experienced higher levels of unemployment during the recession and their employment numbers were not only worse than adult employment numbers, they took a nosedive.

The big story is that five years after the Great Recession, youth remain largely shut out of Ontario’s slow economic recovery. The Help Wanted signs might have re-emerged, but Ontario’s young workers find themselves on the outside looking in – and the province’s current youth employment strategy isn’t fast enough nor robust enough to turn things around.

This report examines lingering post-recession youth joblessness in Ontario. It focuses on labour market trends that impact Ontarians aged 15–24. A detailed analysis of the Statistics Canada Labour Force Survey reveals Ontario’s youth continue to suffer from unemployment levels that are twice as high as the overall provincial unemployment level. In terms of unemployment, Ontario is competing with the Maritime provinces for being the toughest place in Canada for youth to land a job.

During the 2008–09 recession, young workers were twice as likely to be laid off than adult workers in Ontario and their unemployment rate has been more than 10 percentage points higher than the adult unemploy-

ment rate in Ontario. While the youth unemployment rate is usually higher than the adult unemployment rate, since 2008 the gap between youth and older workers in Ontario has been the biggest it's ever been. This gap is worse than the youth-adult unemployment gap in the 1981–82 and the early-1990s recessions.

So far in 2013, Ontario's youth unemployment rate has fluctuated between 16% and 17.1% — higher than the Canadian youth unemployment rate, which has ranged between 13.5–14.5%. Compared to last year, the data show youth unemployment and employment improved by only less than a percentage point. This is coupled with a slight fall in population as well, suggesting some youth are leaving the province.

In some Ontario cities, the job market for young workers is even bleaker. The Windsor, Oshawa, Brantford and London youth unemployment rates stand out because they are higher than 20% — putting them on par with high youth unemployment levels in the European Union. Youth unemployment in Toronto is also high — 18.1% — and might be driving some young workers out of the province.

To set the problem within a broader context, Ontario's youth unemployment performance is among the weakest of the Great Lakes jurisdictions. At 16.9%, Ontario's 2012 youth unemployment rate rivaled that of Michigan's and was higher than Indiana, Minnesota, Ohio, Pennsylvania and Wisconsin. Only Illinois, with a youth unemployment rate of 18.5%, and New York, with a youth unemployment rate of 18%, fare worse than Ontario. Across the Ottawa River, Quebec has also outperformed Ontario, with a considerably lower youth unemployment rate of 13.7% in 2012.

Ontario's youth employment rate, the measure that helps determine how many youth actually have jobs, is worse today than it was before the recession. Significantly worse: the monthly employment rates range from 50% to 52% in Ontario, meaning half of all youth don't have jobs.

The problem is accentuated in Toronto:

- Toronto's youth employment rate of 43.5% is the worst of any Ontario region;
- In Toronto, the youth joblessness problem is so bad, it's driving that city's overall unemployment and employment rates, both of which are tracking worse than the national rate;
- Toronto also holds the distinction of having the worst gap between youth and adult employment in the province, at 21.8%.

Many of Ontario's youth are doing everything they were told to do: get an education in order to get a decent job. But that promise is wearing thin in Ontario today. The data show young workers without postsecondary education face substantially higher unemployment rates and substantially lower employment rates than those who have completed a postsecondary certificate, diploma or degree. But Ontario youth with advanced degrees have a 17.1% higher unemployment rate than young workers who have completed high school or any other type of postsecondary education.

While Ontario's youth fared better than their counterparts in most OECD nations, the labour market trends reveal a troubling development — one that began even before the recession, around 2003. The recession just seems to have locked things in: youth joblessness isn't merely the result of a cyclical up-and-down caused by the 2008–09 global financial crisis: it's the byproduct of a strong structural component within the province's labour market. By structural, we mean the problem of youth unemployment in Ontario is turning out to be chronic, rather than a short-term result of a global economic crisis. It's why the problem merits urgent attention.

The findings in this paper show that young workers are subject to the negative consequences of the same macroeconomic forces that are affecting the rest of the population. However, young workers are the labour market's canary in the coalmine. When there are hiring freezes, they remain out of work. When older workers must work past their planned retirement dates, they are often competing with young workers for jobs. When there are layoffs, it is newer, younger workers who often feel the brunt of the job losses. These are the cyclical elements of the macroeconomy, where young workers feel the greatest impact. What we see is that structural elements have made the situation even worse for young workers in Ontario compared to elsewhere in the country. The data reveal that higher youth joblessness trends were at play even before the 2008–09 global recession. Post-recession, that structural problem has been accelerating with no sign of abating.

So, what to do? This report concludes with a review of the province's youth employment programs to date and recommends a more robust plan of action. It points to labour market dynamics in places like Sudbury, Waterloo Region and Hamilton — all of which boast youth unemployment rates that are below the Canadian rate — to demonstrate that a better labour market and a brighter future for the young and the jobless in Ontario is possible.

Introduction

WE KNOW FROM previous recessions that youth tend to experience greater levels of unemployment, but is this past recession different than the recession that hit Ontario in the 1980s and again in the early-1990s – and if so, how?

This report takes a provincial snapshot of youth employment and unemployment numbers and breaks it down by region to paint a clearer picture of where youth are still struggling to get a foothold in the labour market five years after the global economic meltdown. This report also examines youth employment and unemployment rates in other Canadian provinces, for comparative purposes.

Drawing on data from the Statistics Canada Labour Force Survey, this report analyzes the structure of the youth and adult labour force in Ontario.

Although national youth employment conditions are worse than those faced by adults, we see in Ontario an even greater divergence between adult and youth labour force conditions. By comparing both unemployment and employment rates in Canada and Ontario over time, and by looking at labour force conditions across the country as well as in different Ontario cities, a picture emerges. We can see that ongoing youth joblessness is not simply fallout from the 2008 global financial crisis. There is a strong structural component at play. This means that although adult employment conditions appear to be improving, the youth labour market remains weak despite the economic recovery. These long-term trends are occurring independent of economic boom-bust cycles. Worryingly, these structural changes to youth employment show no sign of abating – in some regions, the situation has worsened, even as the rest of the economy recovers.

Unemployment vs. Employment Rates

WHILE UNEMPLOYMENT RATES capture headlines, the employment rate is perhaps an even more revealing labour statistic.

The unemployment rate is calculated by taking the number of people who are actively in the labour force: they're looking for work and unable to find it. People who are not actively looking are not counted as unemployed. Those who simply give up looking for work disappear from the statistics, even if they would prefer to be working. Many people who are out of work may find alternatives such as unpaid household work, participating in the informal economy, taking unpaid labour, seeking further education, or becoming "discouraged workers" who have given up searching for employment.

The employment rate — formally an employment-to-population ratio — tells us the share of the entire population that is actually working. Overall, this means that unemployment rates tend to underestimate the number of people who would like to work but are unable to, especially during weak economic times when people are forced into alternatives to employment. For these reasons, this paper looks closely at both the unemployment and employment rates in order to gauge the true extent of youth joblessness in Ontario, and how the province compares to other jurisdictions.

Youth Unemployment in Ontario: Hitting New Heights

During the most recent recession, young workers were twice as likely to be laid off as adult workers. (Bernard, 2013) The youth unemployment rate has been more than 10 percentage points higher than the adult unemployment rate in Ontario. While youth unemployment rates are usually higher than adult unemployment rates, during the post-2008 period the gap in Ontario has been higher than ever: it exceeds the youth-to-adult unemployment gap of both the early-1990s and the 1981–82 recessions. Most significantly, the gap has not shrunk as the adult unemployment rate fell post-recession.

International Context

The 2008 global financial crisis triggered a recession that continues to drive high unemployment rates around the world. While Canada has been spared many of the worst effects, we have experienced an economic slowdown coupled with a rise in unemployment rates. Although rates for those aged over 25 have been recovering, there has not been a similar recovery of youth employment. The rise in youth unemployment rates in Ontario has been particularly pronounced, as has the lack of employment recovery.

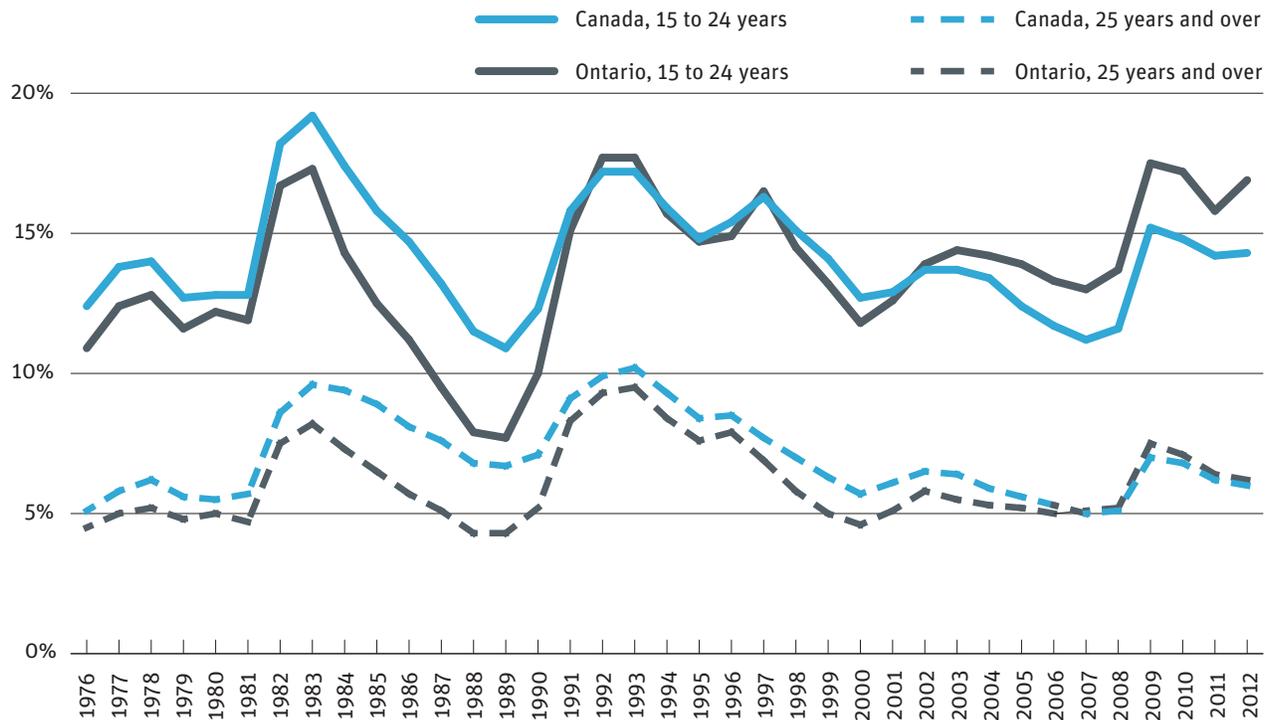
Compared to the rest of the OECD, Canada's performance on youth unemployment during this recession is not as dire. In 2011, Canada had a 15–24 year old youth unemployment rate of 14.1%, compared to the OECD average of 19% and the EU's 22.8% youth unemployment rates. While Canada did not have as strong a performance as Germany's 8.9% or Australia's 11.3% youth unemployment rate, we did fare better than other comparator countries including the U.S. at 17.3%, New Zealand at 17.3%, the UK at 20% and France at 22.1%.¹

But where does Ontario fit into a broader comparison?

Great Lakes Context

Regionally, Ontario's youth unemployment performance is among the weaker of the Great Lakes jurisdictions. At 16.9%, Ontario's 2012 youth unemployment rate was the same as that of Michigan and higher than Indiana, Minnesota, Ohio, Pennsylvania and Wisconsin. Only Illinois, with a youth unemployment rate of 18.5% and New York, with a youth unemployment rate of 18% fared worse. (Statistics Canada; U.S. Bureau of Labour Sta-

CHART 1 Canada and Ontario Adult and Youth Unemployment Rates, 1976–2012



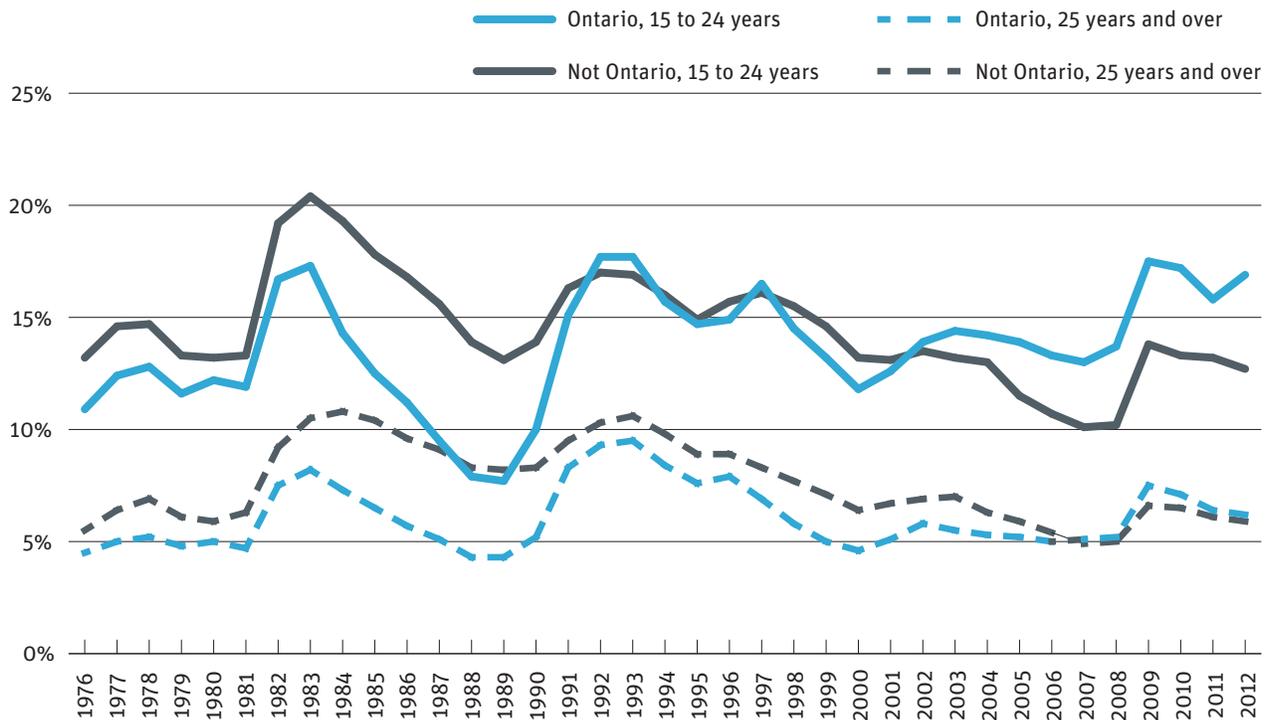
tistics). Across the Ottawa river, Quebec has also outperformed Ontario on youth unemployment, with a 15–24 unemployment rate of 13.7% in 2012.

The Stark Reality for Ontario’s Unemployed Youth

Though the 2008 global financial crisis hit much of the OECD quite hard, Ontario adults were spared the worst unemployment effects. Although rates have not returned to their pre-recession levels, the youth unemployment rate for Ontario adults are similar to where they were in the early-2000s, both provincially and nationally. Even when compared to previous recessions in the early-1990s and early-1980s, at both the provincial and national level, adult unemployment in Ontario never rose as high as previous recessions. Not so for younger workers.

Since the early-2000s, Ontario’s workers aged 15–24 experienced unemployment rates that have been higher than the national rate – and that gap has been widening over time. Chart 2 shows the structural weakness in youth unemployment in Ontario over time, beginning in the early-2000s.

CHART 2 Ontario and Canada Outside Ontario Adult and Youth Unemployment Rates, 1976–2012



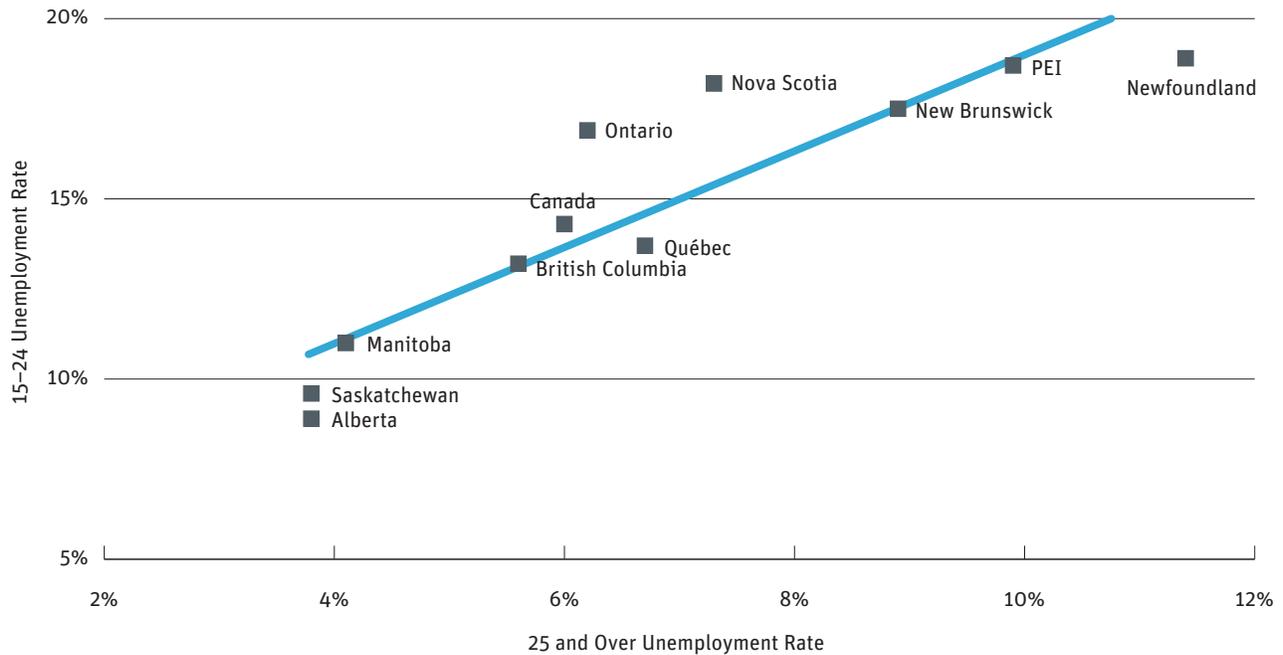
Before this early-2000s turning point, Ontario’s youth outperformed the rest of the country on unemployment indicators. But since 2008, the numbers have looked more like those in Atlantic Canada rather than those in the Prairies, British Columbia or Quebec. So far in 2013, Ontario’s youth unemployment rate has fluctuated between 16–17.1%, while the Canadian youth unemployment rate has ranged between 13.5–14.5%.

Chart 2 suggests that there is a glaring structural weakness in Ontario’s economy, as the adult unemployment performance is a good indicator of the current cyclical unemployment conditions in the province.

In effect, young and mature workers in this province appear to be divided into two different economies: The economic recovery or the young and the jobless. The unemployment rate for Ontario’s adult workers is similar to the Canadian rate and slightly outperforms that of Quebec. For young workers, only Ontario and the Atlantic provinces have unemployment rates greater than 14%.

If the problem of Ontario’s youth unemployment was simply a cyclical matter, the youth-adult unemployment gap would be similar to what we see in other provinces. However, the size of the gap is a strong indicator

CHART 3 2012 Youth and Adult Unemployment Rates by Province



that this high youth unemployment rate is a structural matter. It goes deeper than a cyclical adjustment.

Ontario's Divergent Youth Employment Rate: A Telltale Sign

Unemployment rates alone do not tell the whole story of the 2008–09 recession and recovery trends. The adult-youth divide in Ontario is even more striking: there is a 13.5 percentage point gap between the adult and youth employment rates in Ontario today. In other words, since the recession, Ontario's youth employment rate has declined so that barely one-in-two young people are employed (see Chart 4). The weak economic recovery has left Ontario's young workers behind and exposed a structural chasm in relation to youth employment. Not only are young workers having difficulty finding work, but this difficulty is driving many to withdraw from the workforce altogether. This is not simply a short-term trend tied to a tough recession; it flows out of economic restructuring that began in the early-1990s and accelerated in the early-2000s.

CHART 4 Canada and Ontario Adult and Youth Employment Rates, 1976–2012

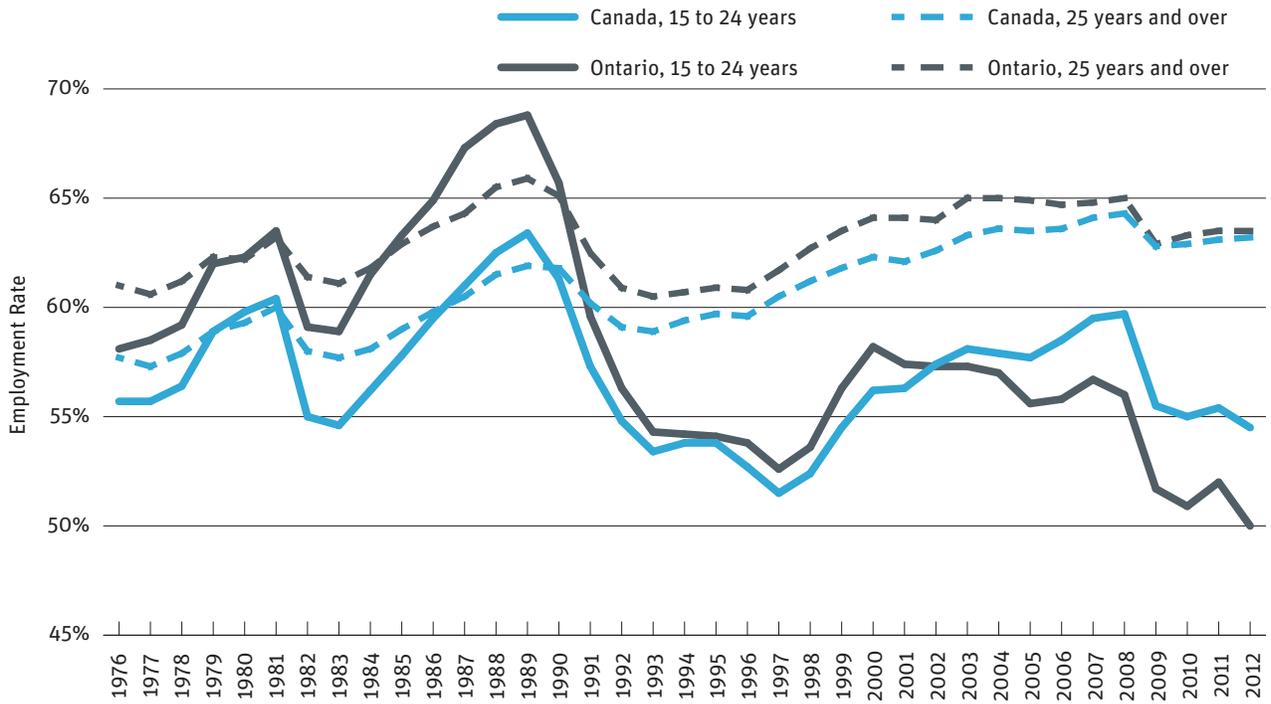
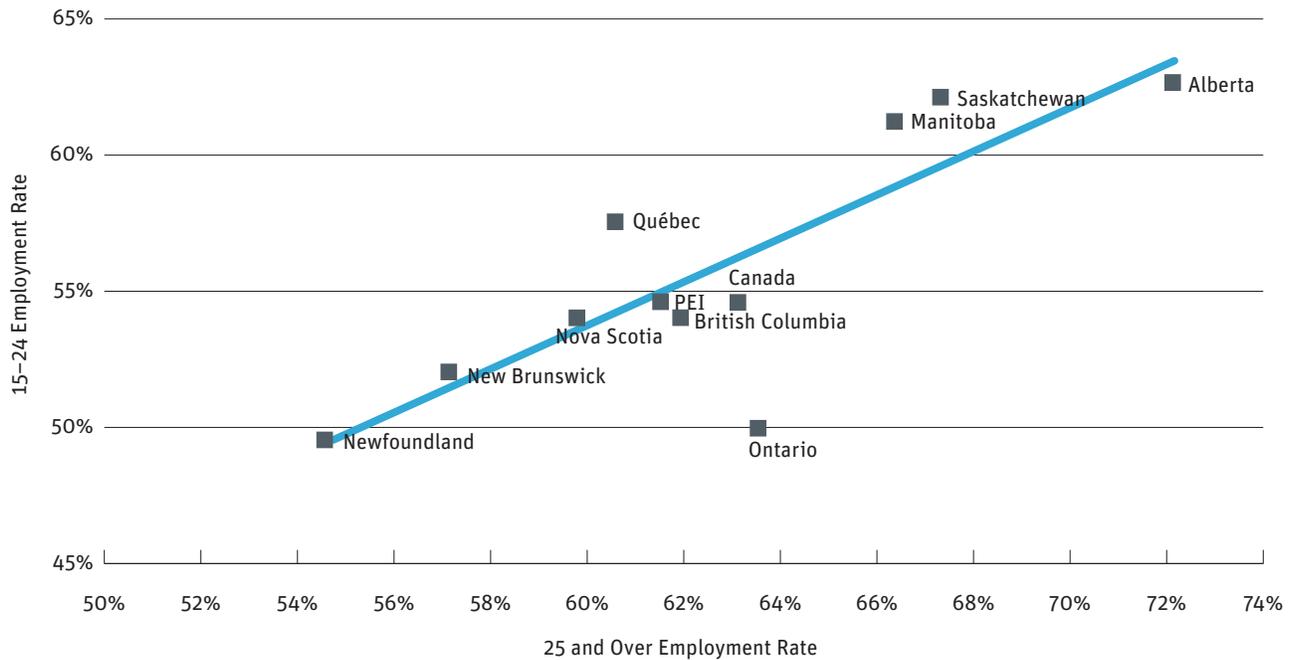


CHART 5 2012 Youth and Adult Employment Rates by Province



During the late-1980s, young workers in Ontario saw employment levels that actually exceeded adult employment rates. Those levels fell sharply in the 1990s and never fully recovered. Here is where the divergence between the national and Ontario rates began: in the 1990s, the national youth employment low point occurred in 1997. The Canadian youth employment rate steadily increased up until the 2008 crisis. In Ontario, however, youth employment rose until 2003 and then started a slow decline before falling dramatically after the 2008 crisis. Ontario youth employment rates remain perilously low today, dipping to 50.1% in 2012. (The monthly rates in 2013 have ranged 50.1–52.1% up until August.)

The gap between youth and adult employment rates in Ontario is startlingly high: it sits at 13.5%. It's important to note that no other Canadian jurisdiction has a double-digit gap. Indeed, while Ontario's youth employment rate is the second lowest in the country — only beating out Newfoundland — Ontario's adult rate sits above the national one,

It's a signal that Ontario's young and adult workers are experiencing two different economic realities. While the business cycle has moved into a recovery phase for adult workers, the structural problem of low youth employment remains.

Education and Unemployment

Although youth unemployment is high throughout Ontario, the longstanding trend that education improves employment rates remains true, with one significant exception. Young workers without postsecondary education face substantially higher unemployment rates and substantially lower employment rates than those who have completed a postsecondary certificate, diploma or degree. The significant and troubling exception seems to be adults workers with advanced degrees whose 17.1% unemployment rate is higher than other young workers who have completed high school or any postsecondary education (see *Table 1*). Their employment rates are similar, however, to young workers with other postsecondary education, implying that they also have a relatively high labour force participation rate. Furthermore, these employment statistics overlook that even among those young workers who are employed, they are often underemployed in non-permanent positions (Foster, 2012). There is evidence that when they are employed, younger workers are more likely to be precariously employed in insecure, unstable positions — although positions that require more educa-

TABLE 1 15–24 Unemployment and Employment Rates by Education Level, 2012

Education Level	Unemployment Rate	Employment Rate
Some high school	28.0%	31.0%
High school graduate	16.0%	56.5%
Some postsecondary	14.4%	52.6%
Postsecondary certificate or diploma	9.5%	73.1%
Bachelor's degree	11.2%	69.3%
Above bachelor's degree	17.1%	67.8%

tion tend to provide greater stability than those that do not, more than one in five people in the GTA-Hamilton with university degrees are precariously employed (Lewchuk et al, 2013).

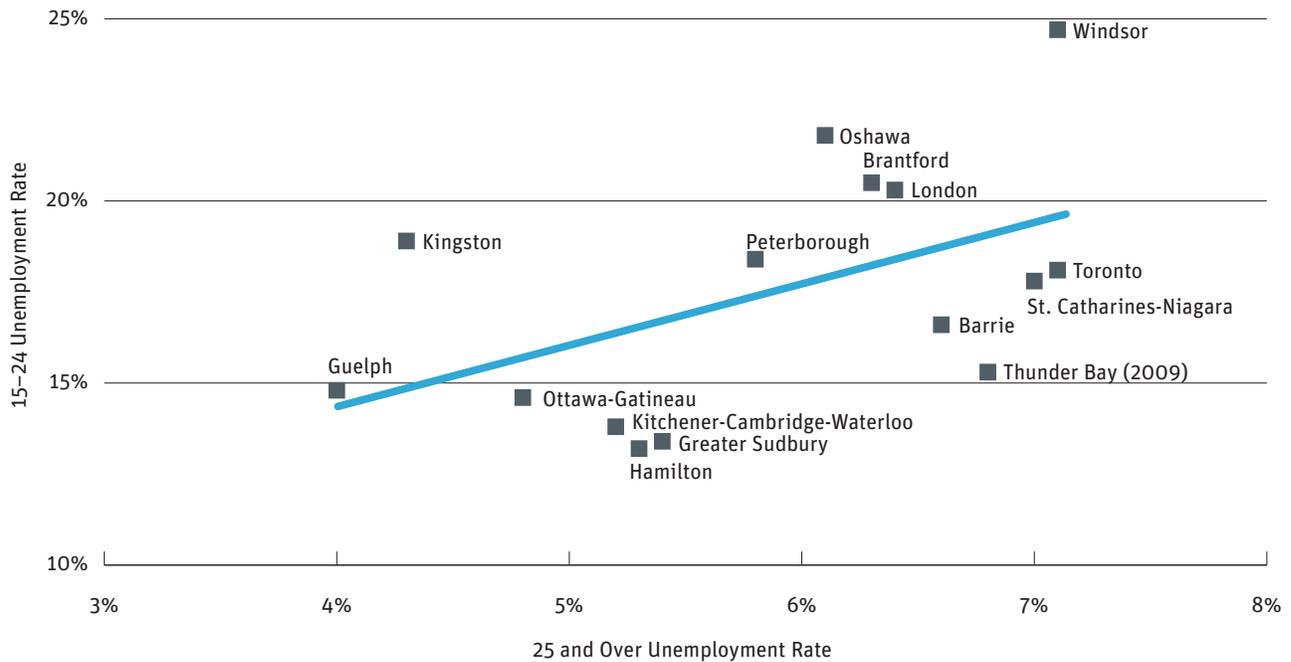
Why Do Ontario Youth Fare so Poorly?

Two related economic changes over the past decade – one national and one provincial – may help explain why Ontario's youth employment has performed so poorly compared to elsewhere in the country, and compared to adults within the province.

The first economic change relates to the national economic shift away from manufacturing towards resource extraction. Though at the national political level there is contentious debate, evidence of 'Dutch Disease' (where resource exports push up the Canadian dollar and consequently make manufacturing exports more expensive on the world market) abounds (Clarke, Gibson, Haley and Stanford, 2013; Spiro, 2013). Ontario has Canada's largest manufacturing sector, so the hollowing out of Canadian manufacturing most severely impacts both youth and adult employment in Ontario.

The second economic change is reflected in Ontario's post-recession austerity measures. This indicator shows the power a provincial government can have over market forces. Quebec has faced similar challenges to its manufacturing sector, yet that province has the lowest gap between adult and youth employment rates. Although Quebec has undertaken some policy shifts after the 2008 recession towards austerity, it has not been as severe as cuts implemented in Ontario. Nor did Quebec mimic the decade of aggressive service cuts ushered in by the Harris government starting in 1995. In effect, Quebec has implemented policies that led to a shared burden of

CHART 6 Ontario 2012 Youth and Adult Unemployment Rates by Census Metropolitan Area



this past recession. Ontario has chosen to allow the impact of the recession to rest squarely at the feet of Ontario's youth.

Variations Within Ontario

Of course, Ontario itself is not uniform in its adult and youth employment patterns. A few of Ontario's census metropolitan areas — namely Windsor, Oshawa, Brantford and London — have youth unemployment rates over 20%, putting them in territory similar to the youth unemployment rates found in the European Union. At the same time Waterloo Region and Hamilton all have youth unemployment rates that are below the Canadian rate, and which potentially provide positive examples from which lessons can be drawn.

These few exceptions aside, the situation for young workers in Ontario is even worse than it first appears. Among Ontario cities reporting under CMAs, only one appears to have a 15–24-year-old employment rate that's higher than the national rate. But the Thunder Bay data hasn't been updated since 2009, and so it's difficult to know whether that reflected reality in 2012. For example, while Thunder Bay and Sudbury have the strong-

est youth employment rates in Ontario, their adult employment rates are similar to Windsor.

The Trouble With Toronto

Of particular concern is Toronto. The city's adult employment rate is higher than its national equivalent. Yet it claims the lowest youth employment rate in the province. While there are cyclical explanations for regional unemployment differences within the province, differences in employment levels are almost entirely due to structural differences within Ontario regions. This means that recovery from the 2008 recession will be insufficient to improve youth employment and, instead, differences are being driven by local conditions. Regional differences in public policy, demographics, infrastructure and economic composition are primarily responsible for differences in youth employment. Because of this, it is unlikely that a one-size-fits-all youth employment strategy will meet the needs of each of Ontario's regions.

Due to its population, it should not be surprising that Toronto's employment rates weigh heavily on the provincial rate.² What is surprising is that the 21.8% gap between Toronto's youth and adult employment rates is by far the greatest in the province. At 43.5%, Toronto's 15–24 employment rate is the lowest of any Ontario CMA, although its 25 and over employment rate is above the overall provincial rate.

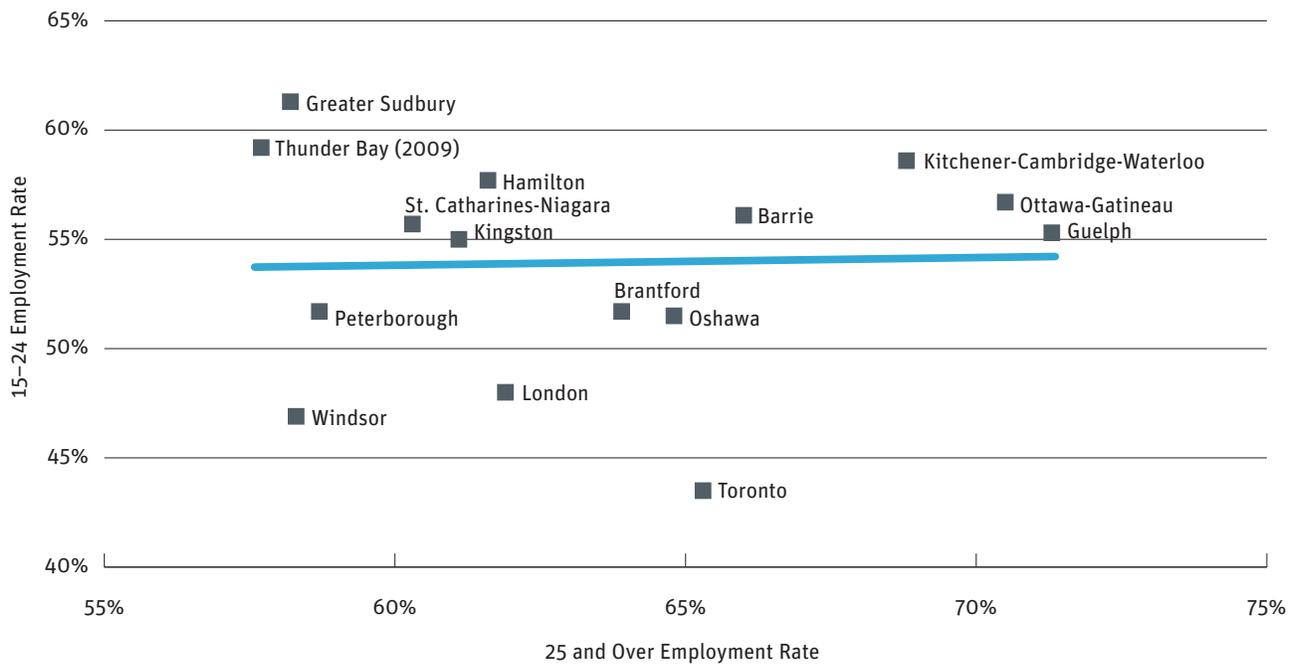
While youth unemployment is high at 18.1%, in Toronto, the low employment rate is not driven by high unemployment per se. Instead, Toronto's low employment rate comes from the withdrawal of 15–24 year olds from the labour force (see Chart 7).

What's Behind These Regional Variations?

What we see when we look at regional differences are four broad trends. First, there is a strong decline in manufacturing employment in certain regions. Second, there is the return of natural resource exports as an economic driver in certain regions. Third, there is the rise of 'new economy' industries, though the overlap between this and manufacturing employment is more complex than often portrayed. Finally, the structure of youth employment in Toronto is markedly different than the rest of the province.³

Both manufacturing and resource extraction are export-oriented industries. However, when resource extraction activity increases in proportion to

CHART 7 Ontario 2012 Youth and Adult Employment Rates by Census Metropolitan Area



other economic activity, it tends to push up the value of the Canadian dollar, hurting manufacturing. In Sudbury and Thunder Bay, we see youth employment benefiting from this trend. In both northern/northwestern cities, youth employment actually exceeds adult employment. On the other hand, manufacturing is decreasing as a proportion of economic activity – a decline that is most visible in Windsor, but also apparent in Oshawa, Brantford, London and Peterborough.

The story of manufacturing decline is not a straightforward one, however, as newer manufacturing facilities employ workers with more advanced training than was the case a generation or two ago. But while this shift has led to an increase in productivity among manufacturers, higher productivity has not led to significant job creation, and the slow pace of this transition has hit young workers particularly hard.

The growth in research-intensive industries, such as information technology, finance and biotech has shifted the economic structure of a number of Ontario's cities. Much like the rise of advanced manufacturing, this process does not necessarily lead to large numbers of direct jobs, but it can spur the development of supporting service jobs. The Waterloo Region is the most striking example of this shift, as are Ottawa-Gatineau, Barrie, Hamilton and Guelph.

Other than the regions relying on natural resource exports, these geographic areas are experiencing the highest post-recession youth employment levels.

It's worth mentioning just how different the structure of youth employment in Toronto is compared to the rest of the province: Toronto is subject to the same trends as elsewhere, as well as a number of others that are unique to a city that is distinguished as being the country's financial hub — an international financial centre and North America's most active real estate development market.

Toronto is experiencing the same decline in manufacturing jobs and the same increase in research-intensive jobs that the rest of the province is experiencing. But while the adult employment rate in Toronto is higher than the provincial rate, the youth employment rate is 43.5% — that's not only the lowest in the province, it is almost entirely responsible for Ontario's employment rate falling below the national rate.

Despite this, Toronto's youth unemployment rate, although relatively high, is not as high as Windsor or London, which also have low employment rates.

Looking at both the unemployment and employment rates side by side, what we see is that more of Toronto's youth have withdrawn from the labour force than anywhere else in the province. It is unclear, however, what is behind this young worker withdrawal.

Voluntary withdrawal from the labour force is not necessarily negative (a large population enrolled in education or training can improve labour productivity over time). The employment rate in Toronto, however, is too low for this to be the only driver. More localized data on the reasons for youth withdrawal from the labour force is needed to fully understand the problem.

Some tempting explanations don't necessarily hold water. First, almost half of Toronto's population is foreign-born. Young landed immigrants have lower employment rates than Canadian-born young workers. Yet the share of Toronto's population that is foreign-born has not changed substantially between the 2006 and the 2011 census, meaning that this is not a sufficient explanation.

A second explanation, similar to the first, is that Toronto has become a 'sink' for internal migration from other parts of Canada. They may face similar barriers to foreign-born young workers and may increase the size of the youth cohort not in the labour force. Internal migration statistics are hard to come by, however, and it is unclear if there has been any substantial change in its patterns since 2008. But it is vitally important to understand if it is, or isn't, impacting the numbers.

Third, anecdotal evidence points to a rise in unpaid internships and similar unpaid labour. These workers would not be counted as employed in the Labour Force Survey, so they would appear to have withdrawn from the labour force.⁴ While it is likely that these positions would be concentrated in Toronto and are more likely to be filled by young workers, whether they exist on a scale large enough to make up a major component of this decline in employment is unclear.

Policy Implications

Youth unemployment represents an immediate cost to society that the TD Bank estimates at 0.6% of GDP in Canada, with a long-term effect over the next 18 years estimated at 0.7% of GDP as time spent outside of work has a “scarring” effect on the future earnings of currently unemployed youth (Schwerdtfeger, 2013).

In response to youth joblessness, the Ontario government announced in its 2013 budget a \$295 million strategy. Its goal is to create 30,000 jobs for young workers. This section will evaluate these initiatives along with existing provincial and federal youth employment programs. Finally, other measures will be explored that suggest deeper solutions are still required to address the long-term structural issues causing low youth employment.

Existing Federal and Provincial Youth Employment Programs

There are a number of programs, provided by both the provincial and federal governments, that seek to increase youth employment opportunities.

In Ontario, these programs focus on the creation of summer employment for students. These programs fall under a number of different ministries: The Ministry of Training, Colleges and Universities Summer Employment Strategy provides a \$2-an-hour wage subsidy to employers for 15–24 year-olds; the Ministry of Natural Resources’ Aboriginal Youth Work Exchange Program provides aboriginal youth with summer placements in forestry and natural resources; the Ministry of Economic Development and Innovation’s Summer Company program provides \$3,000 training grants for young entrepreneurs who want to start a business over the course of a summer. All of these programs provide work opportunities, though decidedly short-term, with the primary benefit being income to support full-time education.

At the same time, the province recently cut support to the Ontario Student Work Experience Program, which creates part-time campus employ-

ment opportunities for students in financial need. The government has, instead, rolled this support into the Ontario Tuition Grant. Although some campuses have provided continued support for these programs internally, the reduction in support will certainly mean fewer student job opportunities.

Federal programs are similarly focused on employment for students. The Canada Summer Jobs Program provides employer subsidies for students aged 15–30 who are in school full-time in the years before and after the summer position. Under this program, non-profits receive reimbursements of wages and mandatory employment costs at minimum wage, while the public sector and small businesses receive 50% wage coverage up to the minimum wage. The Canada Career Focus Program provides up to \$15,000 per year, per graduate to employers who provide career-related work experiences that are expected to lead to full-time employment. Overall, federal programs provide more individual support than existing provincial programs, though they remain rigidly focused on post-secondary students and recent graduates.

Ontario's 2013 Budget Measures

In the 2013 provincial budget, the Ontario government announced four major initiatives to tackle the challenge of youth unemployment. These will be in addition to already existing programs being offered at the federal and provincial level.

Given that these programs were announced as part of May's 2013 Ontario budget, the shape and impact of these programs remains to be seen. The province has committed \$295 million over two years, and intends to produce 30,000 new jobs. In 2012, there were 182,000 unemployed Ontarians between the ages of 15 and 24. If the government's response hits its target, the 15–24 age group's unemployment rate would drop by about one-sixth, bringing it to 14.2%—close to the Canada's national 15–24 unemployment rate.

The largest of the proposed provincial initiatives is the \$195 million Youth Employment Fund. With a launch date of September 2013, this fund targets new hires, starting with job placements of four to six months in duration. The fund is accessible by both employers and prospective employees. Up to \$6,800 is available to offset wages and job training costs, and up to \$1,000 is available to employees to offset costs such as tools and transportation. The fund is available for people under the age of 30 who are not full-time students. While this program is not intended to displace current or laid-off employees, it is intended to lead to permanent positions. Care must be

taken, however, to ensure that these subsidized positions do not displace future permanent positions and that the program doesn't simply encourage the phenomenon of precarious employment in Ontario. The government has expressed its intent to monitor the quality of employer job placements. Enforcement and monitoring will be critical to the integrity of the intention of this program.

The second component of the provincial government strategy, a \$45 million Ontario Youth Entrepreneurship Fund, is intended to support young entrepreneurs by providing mentorship opportunities and seed-stage capital. The goal of this program is the creation of 6,000 mentorship and job opportunities, though the split between mentorship and job creation is unclear. There is specific funding for high school entrepreneurial outreach. This program will push back the commencement of participants' repayment of OSAP loans to one year rather than the standard six-month repayment start-up. This strategy of delaying loan repayment could prove effective for job creation, as youth entrepreneurship-based job creation strategies in Ontario and elsewhere have seen successful results. The programs respond directly to the lack of access to capital that young entrepreneurs face. But it remains unclear how large these loans will be. Currently, Ontario's Summary Company program provides grants of up to \$3,000 for training and mentoring — only adequate for very small-scale and usually seasonal enterprises. This is not enough to provide seed funding for new businesses that have long-term growth potential, and the new Ontario Youth Entrepreneurship Fund should be structured in a way that addresses the gap in seed funding for youth start-ups. Furthermore, the extension of the OSAP grace period, while preferable to no extension, may not be enough to help a new business gaining its footing during the critical early years when cash flow is critical. Finally, there remains the bigger question of whether the encouragement of self-employment is the answer to chronic youth joblessness or whether it merely contributes to the problem of precarious and insecure work in Ontario.

Similarly, the \$30 million Ontario Youth Innovation Fund is intended to leverage the post-secondary education system and its partnerships with industry to encourage knowledge-based job creation. This includes \$10 million over two years to train post-doctoral fellows in the commercialization of industrial research. The program is rooted in the previous work of Mitacs and the Ontario Centres of Excellence. The Ontario government is hoping this investment will leverage a further \$40 million in capital from industry. The remaining \$20 million will be invested in the creation of On Campus Accel-

erator centres, modeled on the successes of existing centres like Ryerson's Digital Media Zone, Experience Entrepreneurship at Conestoga College and the University of Waterloo's VeloCity program. Part of the fund's plan will be an additional investment in a provincewide Social Impact Academy intended to provide skills training for new social enterprises. Much like the Ontario Youth Entrepreneurship Fund, care must be taken to ensure that the resources find their way to communities where youth unemployment is high and where the existing youth entrepreneurial infrastructure is relatively weak, such as Windsor or Oshawa.

Finally the Ontario government proposed \$25 million over two years for a Business-Labour Connectivity Training Fund. It is unclear at this point what this funding is intending to accomplish, and what infrastructure it will leverage, but the intent is to bring together business, labour and educational institutions to overcome the mismatch between employers requiring specific skills and the qualifications of young people seeking employment. Given its anticipated mandate, the fund could reasonably be expected to build upon existing programs such co-operative education and trade apprenticeships but much remains to be seen.

Conclusion

THIS REPORT EXAMINES the stubborn phenomenon of youth joblessness in Ontario and finds several disturbing developments in the province's labour market. Young workers were not only hardest hit by the 2008–09 recession. They are not only experiencing unemployment levels that are twice as high as the overall unemployment level. They are not only experiencing one of the worst employment rates in the country, with only half of all youth aged 15–24 working. They are not only being shut out of the province's slow economic recovery post-recession. They are experiencing a long-term, structural – not cyclical – shift in Ontario's labour market that is making it harder for youth to land a job.

The drop in Ontario youth employment relative to adult employment is a decade-long phenomenon that the 2008 global financial crisis exacerbated. It's hardest on youth without postsecondary education, but even youth with advanced degrees are experiencing higher than normal levels of joblessness. This paper reviews the plan in place by the provincial government to address youth unemployment and recommends swifter, more robust measures to counter the structural barrier to youth employment that exists in this province today. The private sector isn't doing it – it's up to the provincial government. And without delay. The greatest danger of leaving a generation of young workers behind is not that they will be unable to participate in today's economy, but that they will be left out of shaping tomorrow's.

Although the commitment of \$295 million over a two-year period by the province is a welcome initiative, the target of creating 30,000 new jobs

will only be effective beyond the short-term if the programs can both turn around long-term youth employment declines and reduce the scarring effects on currently unemployed youth.

By far the largest of these new initiatives, the \$195 million Youth Employment Fund, is aimed squarely at the currently unemployed. By providing wage and other subsidies, this program will reduce the cost of hiring young workers for some employers and may, in turn, reduce the negative impact of scarring on their lifetime earnings. But other initiatives should be introduced to reverse the trend toward precarious work in Ontario that would adversely affect young workers in an already troubled labour market. Care must be taken to ensure this program is not used to subsidize temporary, casual labour devoid of security and worker protections. Although there are some workers who prefer temporary work to a permanent position, many would prefer job stability and have found themselves at the mercy of both employers seeking to avoid the legal protections afforded to permanent workers and the temporary employment agencies that support this business model.

Overall, the Youth Employment Fund would prove to be an effective public investment only if it can pull young workers up from unemployment and underemployment to permanent, meaningful jobs. The risk inherent in the current provincial youth employment strategies is that they are not robust enough to counter trends toward casual employment and labour marginalization.

Internationally, when we look to countries with low youth unemployment rates, coordination between employers, organized labour and educational institutions is ubiquitous. The OECD countries with the lowest youth unemployment rates — Austria, the Netherlands, Japan, Germany and Switzerland — all have strong apprenticeship and work placement systems. Ontario has some similar elements in place, such as apprenticeship programs, but should make much greater use of them.

At the secondary and postsecondary levels, Ontario has a history of innovation that includes the world's largest co-operative education program via the University of Waterloo and the adoption of community service learning programs on a number of postsecondary campuses. Greater investment in programming along these lines can increase the responsiveness of both the labour market and the education system to economic needs, while at the same time providing more meaningful educational experiences.

The two entrepreneurial initiatives hold the potential to prove beneficial for long-term youth job creation, though they are unlikely to have as strong an immediate impact as the other two funds — the Ontario Youth Entrepre-

neurship Fund and the Ontario Youth Innovation Fund. In the short-term, these investments are likely to have a weak effect on unemployment because the young workers most likely to directly benefit from them are also the young workers least at risk of unemployment. Furthermore, since these investments will build off of Ontario's existing entrepreneurial infrastructure, they are most likely to go to areas that are already producing companies led by young entrepreneurs, such as Waterloo Region, Ottawa-Gatineau and Toronto.

The key reason these investments could prove fruitful is that they directly address lack of access young people have to capital. Unlike entrepreneurs with long work histories, credit histories and accumulated capital, young entrepreneurs who cannot rely on the support of parental wealth have little access to the seed and pre-seed levels of capital needed to test new ideas and bring them to market. If structured well, these funds could nurture young entrepreneurs who will generate employment for both themselves and future employees. But how much of an impact this fund will have depends on the degree to which it can leverage private capital. The Ontario Youth Innovation Fund currently is anticipating that its \$10 million investment will be able to leverage a further \$40 million in investments from private industry, though there are few details on how this will occur. With the larger \$45 million Ontario Youth Entrepreneurship Fund, the way that the funding will be disbursed is much less clear. If the funds are distributed as grants, then the number of companies funded will be relatively few. If the funds are loaned to young entrepreneurs, then more companies can be supported and, once repayments start coming in, those funds can be recycled into further entrepreneurial funding.

Taken altogether, it's questionable whether the current set of initiatives is sufficient to counter the problem.

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Appendices

APPENDIX A Canada and Ontario Adult and Youth Unemployment Rates, 1976–2012.
CANSIM 282-0002

Year	Canada, 15 to 24 Years	Canada, 25 Years and Over	Gap	Ontario, 15 to 24 Years	Ontario, 25 Years and Over	Gap
1976	12.4	5.1	7.3	10.9	4.5	6.4
1977	13.8	5.8	8	12.4	5	7.4
1978	14	6.2	7.8	12.8	5.2	7.6
1979	12.7	5.6	7.1	11.6	4.8	6.8
1980	12.8	5.5	7.3	12.2	5	7.2
1981	12.8	5.7	7.1	11.9	4.7	7.2
1982	18.2	8.6	9.6	16.7	7.5	9.2
1983	19.2	9.6	9.6	17.3	8.2	9.1
1984	17.4	9.4	8	14.3	7.3	7
1985	15.8	8.9	6.9	12.5	6.5	6
1986	14.7	8.1	6.6	11.2	5.7	5.5
1987	13.2	7.6	5.6	9.5	5.1	4.4
1988	11.5	6.8	4.7	7.9	4.3	3.6
1989	10.9	6.7	4.2	7.7	4.3	3.4
1990	12.3	7.1	5.2	10	5.2	4.8
1991	15.8	9.1	6.7	15.1	8.3	6.8
1992	17.2	9.9	7.3	17.7	9.3	8.4
1993	17.2	10.2	7	17.7	9.5	8.2
1994	15.9	9.3	6.6	15.7	8.4	7.3
1995	14.8	8.4	6.4	14.7	7.6	7.1
1996	15.4	8.5	6.9	14.9	7.9	7
1997	16.3	7.7	8.6	16.5	6.9	9.6
1998	15.1	7	8.1	14.5	5.8	8.7
1999	14.1	6.3	7.8	13.2	5	8.2
2000	12.7	5.7	7	11.8	4.6	7.2
2001	12.9	6.1	6.8	12.6	5.1	7.5
2002	13.7	6.5	7.2	13.9	5.8	8.1
2003	13.7	6.4	7.3	14.4	5.5	8.9
2004	13.4	5.9	7.5	14.2	5.3	8.9
2005	12.4	5.6	6.8	13.9	5.2	8.7
2006	11.7	5.3	6.4	13.3	5	8.3
2007	11.2	5	6.2	13	5.1	7.9
2008	11.6	5.1	6.5	13.7	5.2	8.5
2009	15.2	7	8.2	17.5	7.5	10
2010	14.8	6.8	8	17.2	7.1	10.1
2011	14.2	6.2	8	15.8	6.4	9.4
2012	14.3	6	8.3	16.9	6.2	10.7

APPENDIX B Ontario and Canada Outside Ontario Adult and Youth Unemployment Rates, 1976–2012. CANSIM 282-0002

Year	Ontario, 15 to 24 Years	Ontario, 25 Years and Over	Ontario Gap	Canada Outside Ontario, 15 to 24 Years	Canada Outside Ontario, 25 Years and Over	Canada Gap	Ontario vs Canada, 15 to 24 Years	Ontario vs Canada, 25 Years and Over
1976	10.9	4.5	6.4	13.2	5.5	7.8	2.3	1
1977	12.4	5.0	7.4	14.6	6.4	8.2	2.2	1.4
1978	12.8	5.2	7.6	14.7	6.9	7.9	1.9	1.7
1979	11.6	4.8	6.8	13.3	6.1	7.3	1.7	1.3
1980	12.2	5.0	7.2	13.2	5.9	7.3	1	0.9
1981	11.9	4.7	7.1	13.3	6.3	7.0	1.4	1.6
1982	16.7	7.5	9.2	19.2	9.2	10.0	2.5	1.7
1983	17.3	8.2	9.1	20.4	10.5	9.9	3.1	2.3
1984	14.3	7.3	7.1	19.3	10.8	8.5	5	3.5
1985	12.5	6.5	6.0	17.8	10.4	7.5	5.3	3.9
1986	11.2	5.7	5.5	16.8	9.6	7.2	5.6	3.9
1987	9.5	5.1	4.4	15.6	9.1	6.5	6.1	4
1988	7.9	4.3	3.6	13.9	8.3	5.5	6	4
1989	7.7	4.3	3.4	13.1	8.2	4.9	5.4	3.9
1990	10.0	5.2	4.8	13.9	8.3	5.6	3.9	3.1
1991	15.1	8.3	6.8	16.3	9.5	6.8	1.2	1.2
1992	17.7	9.3	8.4	17.0	10.3	6.7	-0.7	1
1993	17.7	9.5	8.2	16.9	10.6	6.3	-0.8	1.1
1994	15.7	8.4	7.3	16.0	9.8	6.2	0.3	1.4
1995	14.7	7.6	7.1	14.9	8.9	6.0	0.2	1.3
1996	14.9	7.9	7.0	15.7	8.9	6.8	0.8	1
1997	16.5	6.9	9.6	16.1	8.3	7.8	-0.4	1.4
1998	14.5	5.8	8.6	15.5	7.7	7.9	1	1.9
1999	13.2	5.0	8.2	14.6	7.1	7.4	1.4	2.1
2000	11.8	4.6	7.3	13.2	6.4	6.8	1.4	1.8
2001	12.6	5.1	7.4	13.1	6.7	6.4	0.5	1.6
2002	13.9	5.8	8.1	13.5	6.9	6.6	-0.4	1.1
2003	14.4	5.5	9.0	13.2	7.0	6.2	-1.2	1.5
2004	14.2	5.3	8.8	13.0	6.3	6.6	-1.2	1
2005	13.9	5.2	8.7	11.5	5.9	5.6	-2.4	0.7
2006	13.3	5.0	8.3	10.7	5.4	5.3	-2.6	0.4
2007	13.0	5.1	7.8	10.1	4.9	5.1	-2.9	-0.2
2008	13.7	5.2	8.6	10.2	5.0	5.2	-3.5	-0.2
2009	17.5	7.5	10.0	13.8	6.6	7.2	-3.7	-0.9
2010	17.2	7.1	10.0	13.3	6.5	6.8	-3.9	-0.6
2011	15.8	6.4	9.4	13.2	6.1	7.0	-2.6	-0.3
2012	16.9	6.2	10.7	12.7	5.9	6.8	-4.2	-0.3

APPENDIX C 2012 Provincial Adult and Youth Unemployment Rates. CANSIM 282-0002

Province	15 to 24 Years	25 Years and Over	Gap
All Canada	14.3	6	8.3
Newfoundland	18.9	11.4	7.5
PEI	18.7	9.9	8.8
Nova Scotia	18.2	7.3	10.9
New Brunswick	17.5	8.9	8.6
Quebec	13.7	6.7	7
Ontario	16.9	6.2	10.7
Manitoba	11	4.1	6.9
Saskatchewan	9.6	3.8	5.8
Alberta	8.9	3.8	5.1
British Columbia	13.2	5.6	7.6

APPENDIX D Canada and Ontario Adult and Youth Employment Rates, 1976–2012.
CANSIM 282-0002

Year	Canada, 15 to 24 Years	Canada, 25 Years and Over	Gap	Ontario, 15 to 24 Years	Ontario, 25 Years and Over	Gap
1976	55.7	57.7	2	58.1	61	2.9
1977	55.7	57.3	1.6	58.5	60.6	2.1
1978	56.4	57.9	1.5	59.2	61.2	2
1979	58.9	58.9	0	62	62.3	0.3
1980	59.8	59.3	-0.5	62.3	62.2	-0.1
1981	60.4	60	-0.4	63.5	63.2	-0.3
1982	55	58	3	59.1	61.4	2.3
1983	54.6	57.7	3.1	58.9	61.1	2.2
1984	56.2	58.1	1.9	61.5	61.8	0.3
1985	57.8	59	1.2	63.3	62.9	-0.4
1986	59.5	59.8	0.3	64.9	63.7	-1.2
1987	61	60.5	-0.5	67.3	64.3	-3
1988	62.5	61.5	-1	68.4	65.5	-2.9
1989	63.4	61.9	-1.5	68.8	65.9	-2.9
1990	61.3	61.8	0.5	65.7	65.1	-0.6
1991	57.3	60.2	2.9	59.6	62.5	2.9
1992	54.8	59.1	4.3	56.3	60.9	4.6
1993	53.4	58.9	5.5	54.3	60.5	6.2
1994	53.8	59.4	5.6	54.2	60.7	6.5
1995	53.8	59.7	5.9	54.1	60.9	6.8
1996	52.7	59.6	6.9	53.8	60.8	7
1997	51.5	60.5	9	52.6	61.7	9.1
1998	52.4	61.2	8.8	53.6	62.7	9.1
1999	54.5	61.8	7.3	56.3	63.5	7.2
2000	56.2	62.3	6.1	58.2	64.1	5.9
2001	56.3	62.1	5.8	57.4	64.1	6.7
2002	57.4	62.6	5.2	57.3	64	6.7
2003	58.1	63.3	5.2	57.3	65	7.7
2004	57.9	63.6	5.7	57	65	8
2005	57.7	63.5	5.8	55.6	64.9	9.3
2006	58.5	63.6	5.1	55.8	64.7	8.9
2007	59.5	64.1	4.6	56.7	64.8	8.1
2008	59.7	64.3	4.6	56	65	9
2009	55.5	62.8	7.3	51.7	62.9	11.2
2010	55	62.9	7.9	50.9	63.3	12.4
2011	55.4	63.1	7.7	52	63.5	11.5
2012	54.5	63.2	8.7	50	63.5	13.5

APPENDIX E 2012 Provincial Adult and Youth Employment Rates. CANSIM 282-0002

Province	25 Years and Over	15-24 Years	Gap
All Canada	63.2	54.5	-8.7
Newfoundland	54.6	49.7	-4.9
PEI	61.6	54.5	-7.1
Nova Scotia	59.3	53.4	-5.9
New Brunswick	57.4	52	-5.4
Quebec	60.5	57.5	-3
Ontario	63.5	50	-13.5
Manitoba	66.2	61.5	-4.7
Saskatchewan	67	62.4	-4.6
Alberta	71.6	62.3	-9.3
British Columbia	61.9	53.8	-8.1

APPENDIX F 2012 Ontario Youth Unemployment by Census Metropolitan Area (CANSIM 282-0110)

Census Metropolitan area	15-24 Years Unemployment Rate %	25 and Over Unemployment Rate %	Gap
Ottawa-Gatineau (Ontario)	14.6	4.8	9.8
Kingston	18.9	4.3	14.6
Peterborough	18.4	5.8	12.6
Oshawa	21.8	6.1	15.7
Toronto	18.1	7.1	11
Hamilton	13.2	5.3	7.9
St. Catharines-Niagara	17.8	7	11.8
Kitchener-Cambridge-Waterloo	13.8	5.2	8.6
Brantford	20.5	6.3	14.2
Guelph	14.8	4	10.8
London	20.3	6.4	13.9
Windsor	24.7	7.1	17.6
Barrie	16.6	6.6	10
Greater Sudbury	13.4	5.4	8
Thunder Bay (2009)	15.3	6.8	8.5

Notes

- 1** Scarpetta, Sonnet & Manfredi, 2010.
- 2** It is important to note that The Toronto census metropolitan area includes both the City of Toronto, and the much larger Greater Toronto Area. In total the Toronto census metropolitan areas contains almost 6 million people.
- 3** Although Toronto's population size means employment trends are often obscured because they so heavily drive provincial labour statistics.
- 4** Statistics Canada does not specifically track unpaid internships.



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