

The Young and the Jobless

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Canada's recent recession has been especially hard on young workers, though a relative cakewalk for seniors. Students were likely eager to return to school in September after one of the worst summer job markets in decades. Their jobless rate averaged 19% from May to August, the second highest in at least 32 years. In contrast, senior workers continued to enjoy rising rates of employment and relatively low unemployment.

Since hitting a quarter-century high last September, employment among Canadians aged 15 to 24 shrank 9.3% to August. This compares with a moderate 2% decline for workers aged 25 to 54 and a 6% increase for workers aged 55 and over (Chart 1). The loss of a quarter million youth jobs accounted for almost two-thirds of the total. But it could have been worse. Youth employment shrank about 14% in the previous two recessions. And, because the recession was milder in Canada than in the U.S., the youth employment rate (the percentage of the population aged 15 to 24 that is working) fell a lesser 5 pts versus 8 pts stateside. Canada's youth employment rate stood at 54.4% in August, and is little changed from a decade ago, while the U.S. rate plunged 12 pts to 46.6% (Chart 2).

The surprising increase in senior employment in the recession reflects rapid population growth in this age group, a rising labour force participation rate, and, astonishingly, no net layoffs. The senior employment rate (the percentage of the population 55 and over that is working) rose 0.2 pts, a marked shift from the 2-to-3 percentage point declines in the past two downturns (Chart 3). American seniors also fared relatively well despite facing the worst economic slump in seven decades, with their employment rate dipping just 0.4 pts. In both nations, the senior employment rate has climbed since the mid-1990s, partly reflecting a shift towards service jobs. Canada's senior employment rate has climbed faster, and, at 40.3%, is 3 pts above the current U.S. rate.

The senior participation rate (the percentage of the population 55 and over that is in the labour force) has also climbed steadily in the recession and since the mid-90s in

CHART 1
YOUTH NO VIRTUE IN RECESSIONS

Canada (y/y % chng)

Employment

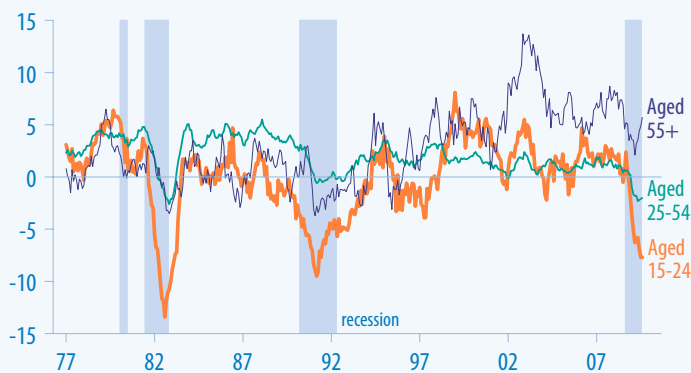


CHART 2
YOUNG CANADIANS ARE WORKAHOLICS VS. AMERICANS

(percent of population aged 15-24 years [Canada] or 16-24 years [U.S.]

Youth Employment Rate

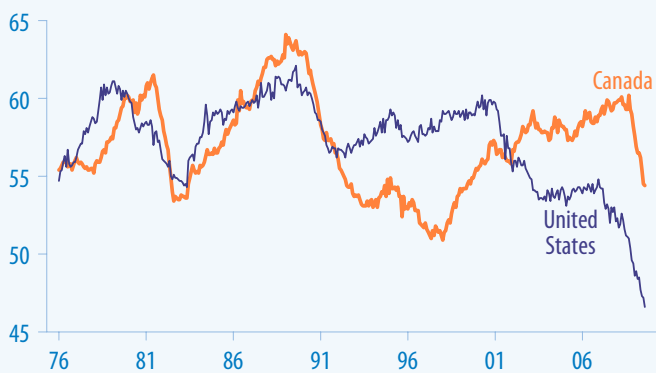


CHART 3
GREY-COLLAR WORKFORCE

(percent of population aged 55 and over)

Senior Employment Rate

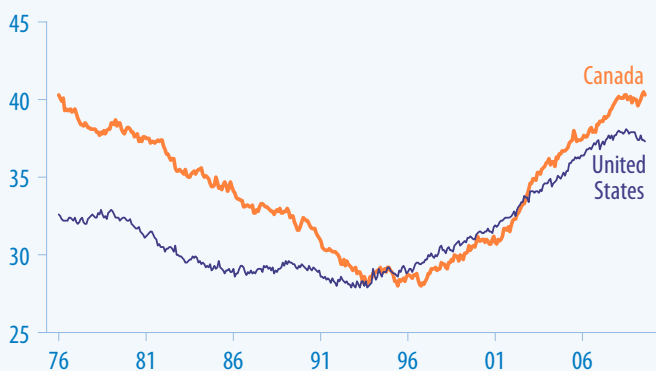


CHART 4
AMERICAN YOUTHS TUNING OUT

(percent of population aged 15-24 years [Canada] or 16-24 years [U.S.])

Youth Labour Force Participation Rate

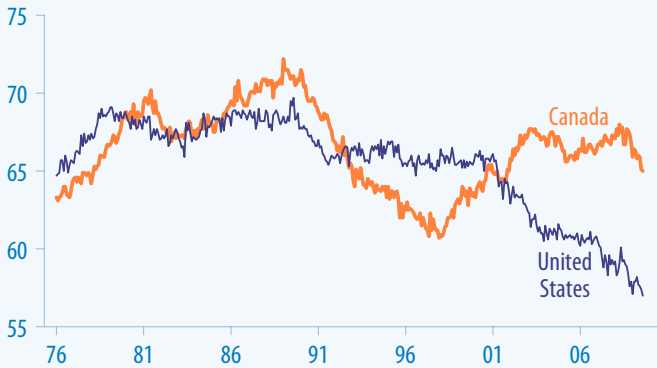


CHART 5
SENIORS' JOB PROSPECTS NOW SIMILAR ACROSS BORDERS

(percent of population aged 55 and over)

Senior Unemployment Rate

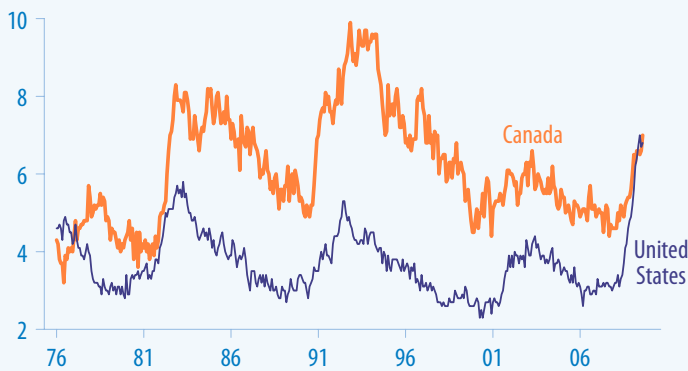


TABLE 1
RECESSIONS ARE NOT EQUAL-OPPORTUNITY JOB KILLERS

Change in Employment (percent)

	Cyclical, Lower-Skilled Industries *	Less Cyclical, Higher-Skilled Industries **
July '81 to October '82	-10.1	-0.9
April '90 to April '92	-8.2	2.2
September '08 to August '09	-8.6	0.7

* Accommodation and Food Services, Manufacturing, Agriculture and Forestry, Fishing, Mining & Oil Gas

** Professional, Scientific & Technical Services, Financial Services, Educational Services, Health Care and Social Assistance

both countries. Senior Canadian workers are somewhat more likely to participate than American workers (43.4% versus 40.0%). In contrast, the youth participation rate has fallen about 2 ppts in the recession in both countries, as inexperienced young job seekers are more likely to become discouraged or return to school. Still, Canada's youth participation rate is actually higher than it was a decade ago and, at 65%, remains well above the U.S. rate, which has fallen 8 ppts to 57% (Chart 4). This likely reflects the relatively better job prospects for Canadian youths.

Canada's youth jobless rate has climbed 4 ppts in the recession to an 11-year high of 16.3%, almost twice as high as the overall rate of 8.7%. However, for the first time since the early 1980s, it is significantly below the U.S. youth jobless rate, which jumped 7 ppts in the recession to a 26-year high of 18.2%. In contrast, Canada's senior jobless rate has risen a lesser 2 ppts in the recession to a 12-year high of 7.0%, and the increase is due wholly to the expanded labour force. It is slightly above the U.S. rate, which has vaulted nearly 4 ppts to a record-high 6.8%. For the first time since the early 1980s, Canada's senior jobless rate is similar to the U.S. rate, a major shift from the average 2-ppts gap of the past decade (Chart 5).

As in past recessions, younger workers have suffered more than older workers in the recent downturn because job losses have been concentrated in a few sectors—tourism, manufacturing and resources—that tend to be highly cyclical and generally hire lesser skilled workers (Table 1). In contrast, a number of industries that are less cyclical and lean towards higher skilled help—professional, technical and financial services, education and health care—have held up relatively well.

Bottom Line: Youth job prospects should improve as the economic recovery gains traction, but will likely lag the progress in the overall labour market, as tourism and manufacturing will remain challenged by a strong currency and modest U.S. demand. Further, young people will need to compete with a growing number of seniors who are staying in the workforce longer. Perhaps never before has an advanced degree or a specialized skill in a growing field (health care or high tech) been more important for young job seekers.

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