

# Fact Sheet #3

## Unemployment Stalled, Average Duration Increasing

It has been four years since the end of the recession and the unemployment rate is still stuck above pre-recession levels. Late-year gains in 2012 almost managed to bring unemployment below 7%. But progress was short-lived as the first quarter of 2013 saw an uptick in the unemployment rate. One step forward, one step back. There is also troubling evidence that the average duration of unemployment – and the number of long-term unemployed – is growing. This is part of a growing trend toward labour market polarization.

### Unemployment rate is stuck above 7%

- The unemployment rate has been trending down slowly since the end of the recession. In 2012, the annual unemployment rate was 7.2%, down from 8.3% in 2009. The monthly Labour Force Survey, however, reveals that progress has stalled over the past year.<sup>12</sup>
- In March 2013, 7.2% of the labour force was unemployed, representing 1.4 million Canadians. The number of unemployed is still 23% higher than the level recorded in October 2008, before the onset of the recession.

### Taking discouraged workers into account, one in ten is searching for work

- If discouraged searchers – those waiting to hear from potential employers or for a job to start in several weeks and those who are involuntarily working part-time – were included in the calculation, then the unemployment rate in 2012 would have been 10.3% instead of the official rate of 7.2%.<sup>13</sup>

### Unemployment is lower in the west, higher in the east

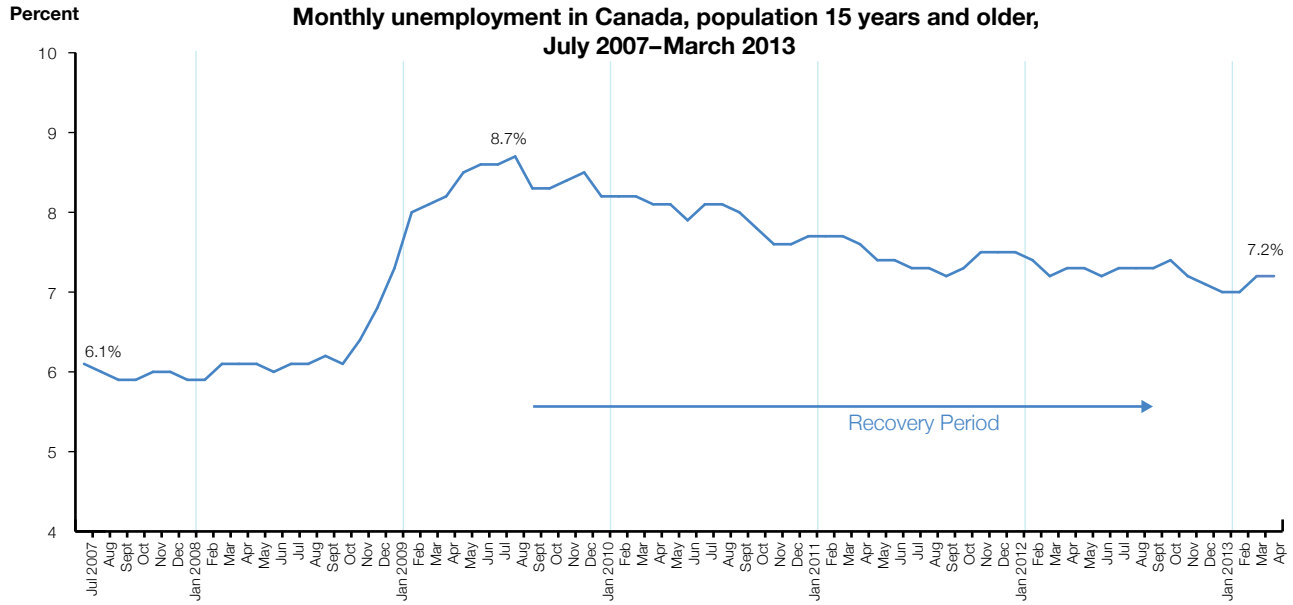
- There is a clear divide in Canada along the Ontario-Manitoba border with regard to unemployment. All of the western provinces have unemployment rates below the national average, while those east of Manitoba have rates above the national average.
- Only Newfoundland and Labrador has recouped the employment losses associated with the 2008–09 recession and experienced an increase in their rate of employment and a decrease in their rate of unemployment.<sup>14</sup>

- Unemployment rates have fallen in the other provinces since peaking after the recession but remain higher than pre-recession levels, notably in British Columbia (by 2.1 percentage points), New Brunswick (by 1.7 percentage points), and Nova Scotia and Ontario (by 1.3 percentage points each.)

### Long-term unemployment has been rising

- Another troubling sign has been the rise in long-term unemployment. The proportion of the unemployed who have been looking for work for over a year almost doubled between 2007 and 2011, rising from 7.1% to 13.0%. In 2012, the rate fell back to 11.9%, reflecting the more positive employment situation.<sup>15</sup>
- The average duration of unemployment is also much longer than it was before the recession, rising from 14.8 weeks in 2008 to 20.2 weeks in 2012, an increase of 36.5%.
- Long-term unemployment is strongly associated with social exclusion and growing income inequality. It is especially significant for vulnerable workers who are at high risk of losing marketable skills and dropping out of the labour market altogether.

## Unemployment has been slow to fall



Statistics Canada, Table 282-0087 – Labour force survey estimates (LFS), by sex and age group, seasonally adjusted and unadjusted, monthly

## Rates of long-term unemployment have risen



Statistics Canada Table 282-0048 – Labour force survey estimates (LFS), duration of unemployment by sex and age group, annual