

Fact Sheet #6

Younger Workers Continue to Struggle

This give and take in the economic data reveals that the recovery has yet to firmly take hold in many sectors of the economy. Groups such young people have been particularly hard hit. While young people have always struggled to establish themselves, times may well be harder now. Diminished job security, growth of temporary work, rising costs for the basics (education in particular), and record debt levels are threatening the economic security of a generation and could leave a permanent gouge in the national economy.

Employment situation continues to deteriorate

- Young people have yet to recover from the recession's job losses – and the situation is getting worse. They accounted for more than half of all net job losses during the recession and employment still stands some 212,000 below its pre-recession peak.³²
- In 2012, employment rates for youth slipped to 54.5%, the lowest rate since 2000. Unemployment is still over 14%, where it has been since the beginning of 2009.³³ The unemployment figure rises to 19.8% if we take into account “discouraged” workers and part-time workers who would prefer full-time employment.³⁴

There is a high level of churn in the youth labour market

- Overall, there is a great deal of turnover in the youth labour market as evidenced by high rates of temporary employment and the movement of young people in and out of the labour market.
- The proportion of 20- to 24-year-olds in temporary positions, for example, has risen by 6.6 percentage points since 1997, reaching 29.8% in 2012.³⁵
- As well, the unemployment “inflow” rate and “outflow” rate are both higher among young people than workers 25 years and older, and as a consequence, spells of unemployment tend to be shorter.³⁶

Many young people are in school, others are waiting on the sidelines

- Students, who represented just 16% of the “not-in-the-labour-force” population at the beginning of the recession, accounted for more than half of the growth of this group between October 2008 and October 2010.³⁷

- The uptick in post-secondary attendance and the increase in the number of discouraged workers are driving down the labour force participation rate among youth. The rate has fallen from 67.7% in October 2008 to 64.0% in March 2013. In total, roughly 160,000 young people have left the labour market since the recession began.³⁸

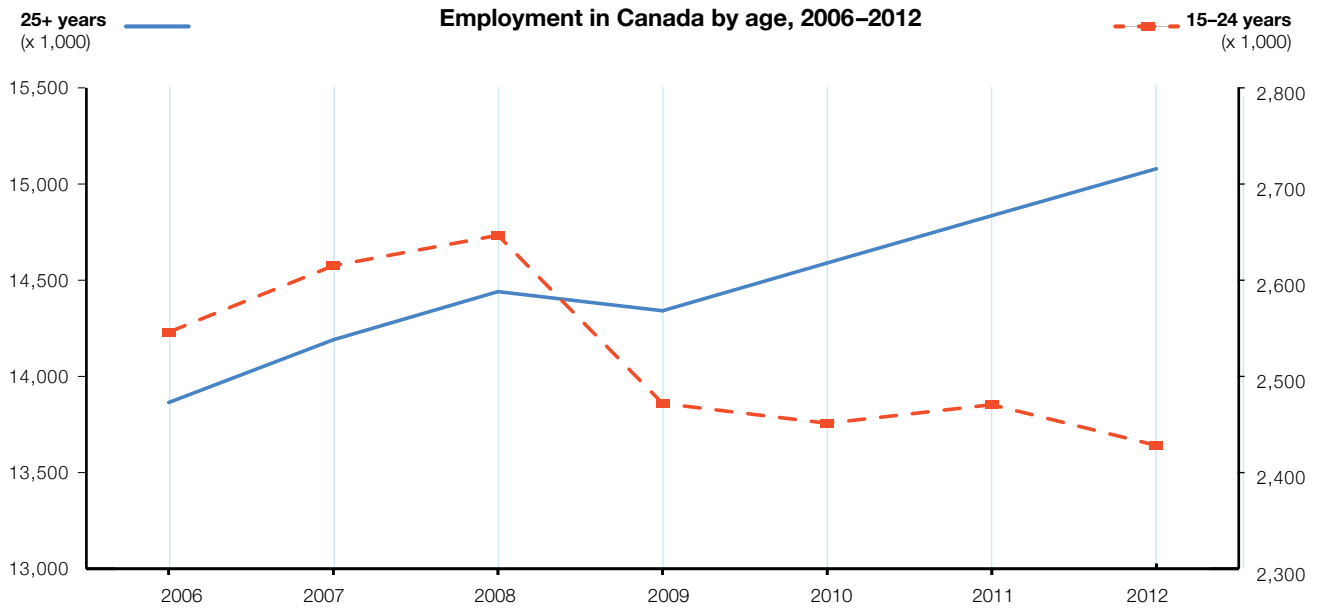
Disengaged from education and the labour market

- One group of particular concern is young people who are Not in Education, Employment, or Training (NEET). Canada's NEET rate is relatively low compared with many European countries, ranging between 12% and 14% over the past decade.
- In 2011, 13.3% of youth were NEET – 5.7% unemployed and 7.5% not in the labour force – with the remainder students (43.7%) or employed (43.0%). However, the NEET rate has increased, by two percentage points since 2008.³⁹

Significant long-term consequences for young people and economy

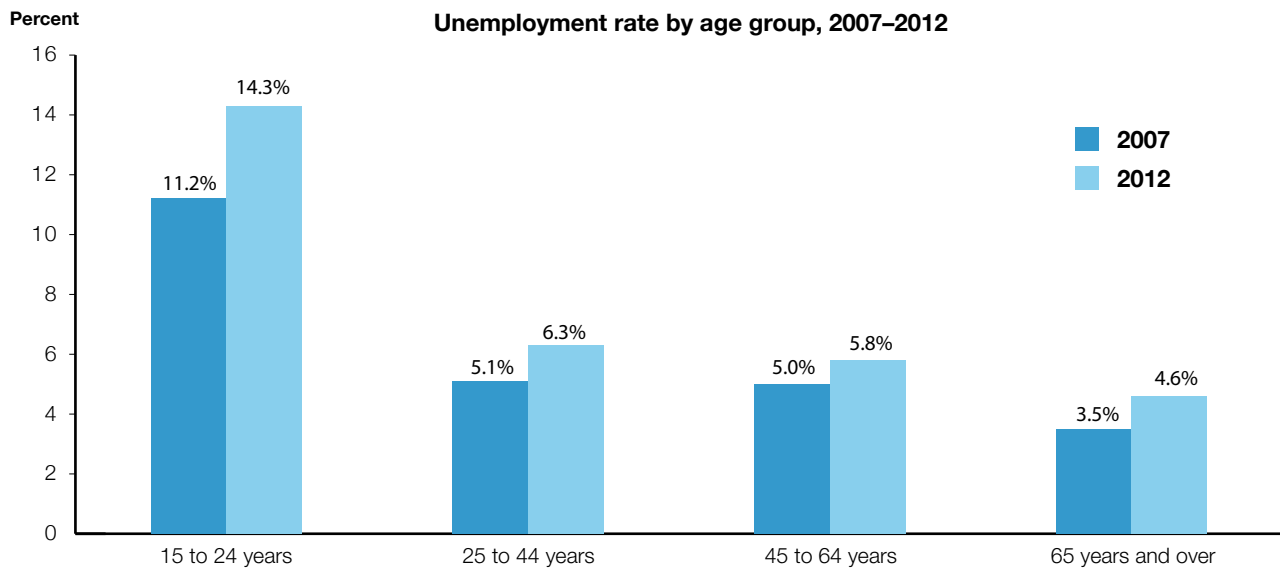
- The impact of today's economic situation will be uneven. Young people with higher levels of education and skill working in growth sectors of the economy will likely do well. Others will struggle in Canada's polarized job market with unemployment and underemployment.
- Today's graduates will likely experience a significant reduction in income over their lifetimes. Known as “wage scarring,” graduates receive fewer job opportunities during the first critical years of their careers, opening up a wage gap that can take years to close – if ever.⁴⁰
- TD Bank has estimated that the rise in youth unemployment in Canada during the recession will cost Canadian youth in excess of \$23.1 billion in lost wages over the 2008–2026 period.⁴¹

Employment is still depressed among Canadian youth



Statistics Canada, Table 282-0080 Labour force survey estimates (LFS), employees by job permanency, North American Industry Classification System (NAICS), sex and age group, annual (persons x 1,000)

Youth unemployment rate remains very high



Statistics Canada, Table 282-0002 – Labour force survey estimates (LFS), by sex and detailed age group, annual