

Fact Sheet #2

Employment Rate Still below Pre-Recession Levels

Despite positive job reports through 2012, Canadians continue to report high levels of uncertainty about the economic future. This reflects the fact that while the number of jobs has increased, the rate of employment creation has not kept pace with population growth. Looking at Canada's rate of employment (the proportion of working-age Canadians engaged in paid employment) is a very important indicator of the strength of the labour market, and by this measure, Canada has yet to recoup the damage done during the recession.

Job growth is not keeping pace with population growth

- The employment rate peaked at 63.8% of the working-age population in February 2008. During the next 17 months, the employment rate fell by 2.5 percentage points, reaching a trough of 61.3% in July 2009.⁷
- Between July 2009 and May 2010, the employment rate increased to 61.7%. Since that time, however, it has stagnated, moving up and down by a fraction of a percentage point with the ups and downs of the economy.
- According to recent data, the rate of employment was 61.8% in March 2013 – two full percentage points below pre-recession levels. This represents an employment deficit of 500,000 jobs. That is to say, we would need 500,000 new jobs to have the same employment rate as before the recession.

Young workers and Aboriginal workers were hard hit by the recession

- The economic downturn was particularly hard on Aboriginal people.⁸ From 2008 to 2010, their rate of employment fell by 5.6 percentage points, from 60.0% to 54.4%, widening the gap with the non-Aboriginal population. In 2011, employment rates finally started to increase again, reaching 57.1%.
- Young workers aged 15 to 24 also continue to struggle. Their rate of employment fell further behind in 2012, reaching 54.5%, five percentage points below pre-recession levels (see Fact Sheet #6).⁹

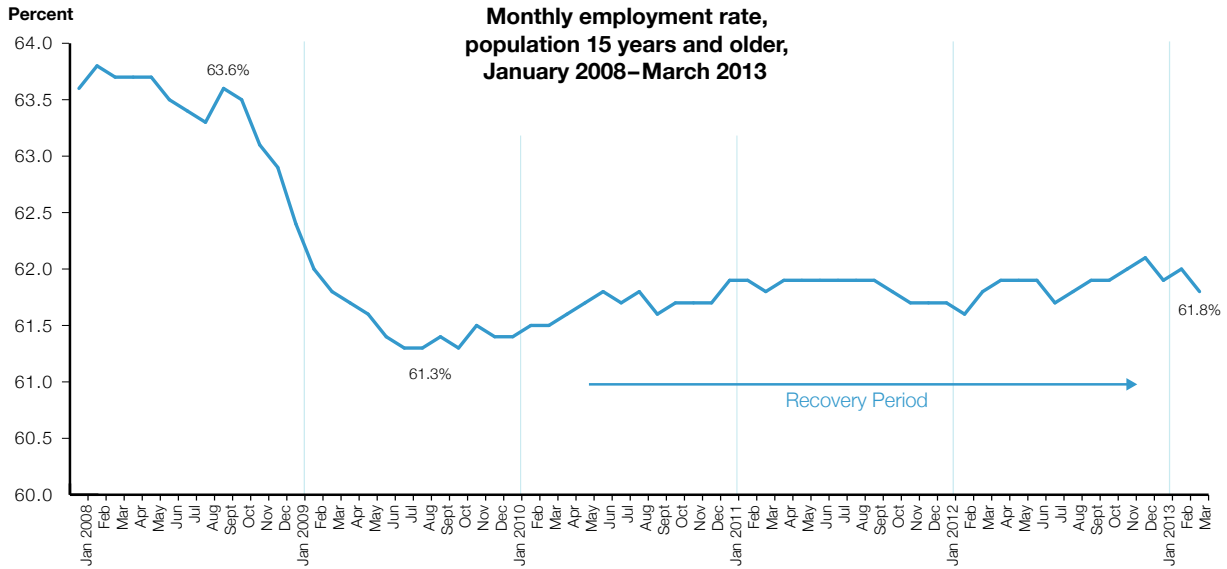
Immigrants are making some economic progress

- There is a significant gap between the employment rates of immigrants and Canadian-born workers. In 2012, 57.5% of immigrants over age 15 were engaged in the paid labour force, compared to 63.3% of Canadian-born.¹⁰
- The employment gap has begun to narrow, notably in the past year, as employment levels among immigrant workers have improved, and those of Canadian-born have stagnated.
- New immigrants, in particular, posted positive employment gains, with their rate of employment rising from 56.9% in 2009 to 58.2% in 2012. Their rate of unemployment, however, is still almost twice the average for Canadian-born people.

Difficult economic conditions are driving many from the labour market

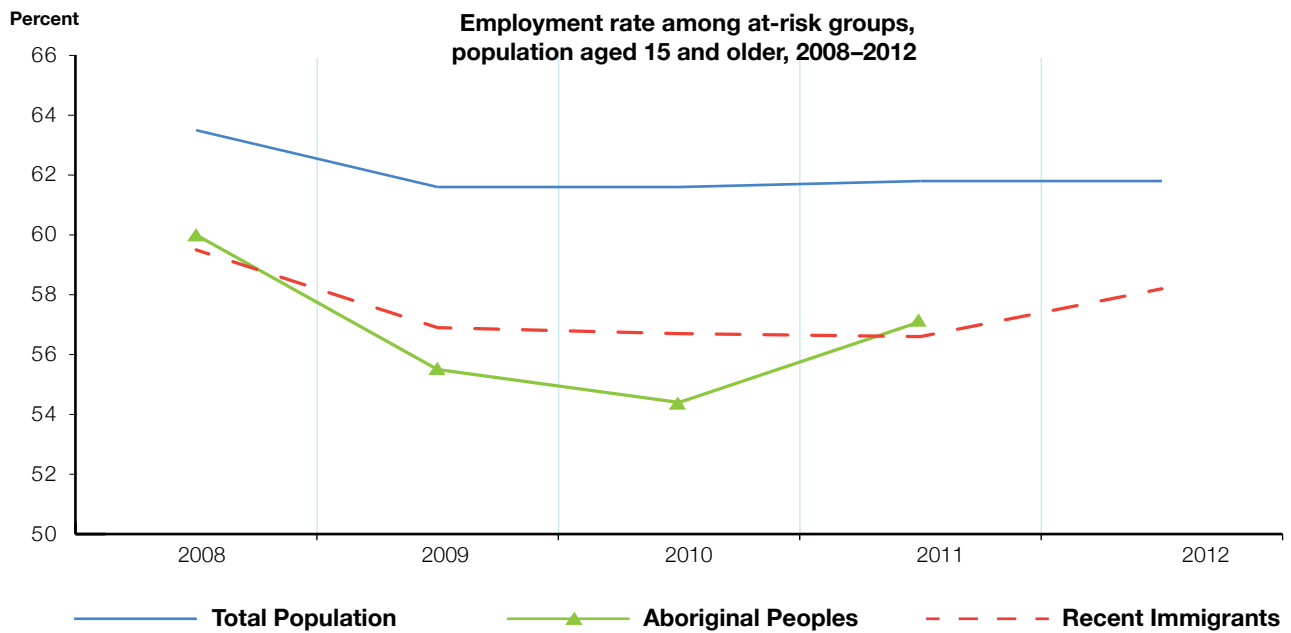
- We are also seeing a decline in the overall labour force participation rate. The pre-recession peak was 67.8% (in spring 2008), and has since fallen to 66.6% in March 2013. This represents the exit of almost 330,000 workers from Canada's labour force.¹¹

Employment rate still below pre-recession levels



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

The employment gap persists among at-risk groups



Statistics Canada Table 282-0104 – Labour force survey estimates (LFS), by immigrant status, sex and detailed age group, Canada, annual; Statistics Canada, Labour Force Survey. Wannell and Usalcas (2012), “Labour Force Survey: 2011 Year-End Review,” *Perspectives on Labour and Income*, Catalogue no. 75-001-X.