

Study: Wages, youth employment and school enrollment, 2001 to 2008

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Strong growth in real wages in oil-producing provinces through the 2000s had a dual impact on the employment decisions of young men. A new study has found that in these provinces, increased wages reduced the share of young men enrolled in university on a full-time basis and also reduced the share of young men who were neither enrolled in school nor employed.

From 2001 to 2008, average real hourly wages of men aged 17 to 24 living in the oil-producing provinces of Alberta, Saskatchewan and Newfoundland and Labrador increased by 21%, more than five times the 4% increase observed in other provinces.

Wage growth in oil-producing provinces also led to increases in the employment rates of young men. In Alberta, Saskatchewan and Newfoundland and Labrador, employment rates of men aged 17 to 24 increased by five to six percentage points between 2001 and 2008, while in non-oil-producing provinces, the employment rate of this group increased by two percentage points.

As wages for youth rose in the oil-producing provinces, young men's school enrollment tended to fall. For example, in Alberta, the percentage of young men enrolled in secondary or postsecondary education fell from 44% to 37% between 2001 and 2008, and the share attending university on a full-time basis fell from 17% to 16%. In contrast, in non-oil-producing provinces, the percentage of young men enrolled in secondary or postsecondary school increased from 52% to 53% over this period and the share attending university full-time increased from 20% to 24%.

Declines in the proportions of young men who were neither enrolled in school nor employed were also observed in oil-producing provinces over the 2001 to 2008 period. In Alberta, for example, the share of young men who were neither in school nor at work declined by three percentage points, while in non-oil-producing provinces, the share declined by one percentage point.

These differential movements in employment rates, full-time university enrollment rates, and rates of youth neither in school nor at work remain when other factors, such as changes in minimum wage rates, labour market conditions and tuition fees are taken into account. As a result of data limitations, the study did not track whether those who chose employment over postsecondary education planned to pursue postsecondary education in the future.

Note to readers

This release is based on the research paper "Wages, Youth Employment, and School Enrollment: Recent Evidence from Increases in World Oil Prices," available today.

The study uses data from the Labour Force Survey and examines how employment rates and school enrollment rates of young men responded to the sharp growth in youth wages that was observed during the 2001-to-2008 expansionary period.

It focuses on unmarried men aged 17 to 24, who have no children, are not members of the Armed Forces, are not permanently unable to work, live in a Canadian province, and are either employed as paid workers or not employed.

The study also uses data from the Longitudinal Administrative Databank to assess the degree to which province-specific movements in employment rates and full-time university enrollment rates for young men are attributable to selective (or non-random) inter-provincial migration.



Definitions, data sources and methods: survey number 3701.

The research paper "Wages, Youth Employment, and School Enrollment: Recent Evidence from Increases in World Oil Prices," part of *Analytical Studies Research Paper Series* (11F0019M), is now available from the *Browse by key resource* module of our website under *Publications*.

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