

# Then and now: The changing face of unemployment

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They number more than one million. They live in every city, town and neighbourhood in Canada, and are members of every social, economic and demographic group. They are the unemployed.

In economic terms, the 1980s were quite diverse for Canada. The unemployment rate in 1980 was 7.5% and 865,000 people were unemployed. The overall economic picture that year was mixed as employment growth averaged 3% while inflation exceeded 10%. In 1981-82, the economy weathered its most severe recession in half a century. This period was followed by seven years of steady growth. As the decade closed, however, the economic indicators were again mixed: inflation was down to the 4% range, but employment growth averaged just 2%; there were 1,018,000 unemployed and the unemployment rate was again 7.5%.

This article compares the characteristics of the unemployed of 1989 and 1980 in order to show how the face of unemployment has changed over the decade.

## Fewer youths are unemployed

Although the average unemployment rate in 1989 exactly matched the rate in 1980, the number of unemployed was up 18% as the labour force had expanded rapidly over the decade.

The age structure of unemployment shifted considerably during the 1980s. At the beginning of the decade, nearly one-half of the unemployed were youths (15 to 24 years), whereas in 1989 youth unemployment made up less than one-third of the total.

In part, this drop was the result of the reduced incidence of unemployment among 15 to 24 year-olds. Specifically, the youth unemployment rate fell from 13.2% in 1980 to 11.3% in 1989, likely because of rising school attendance and the increased availability of part-time employment. In addition, however,

the decline in youth unemployment also reflected the rapid shrinking of the youth population C from 4.6 million in 1980 to 3.8 million in 1989 C as the last of the baby boomers moved into the older age groups.

At the same time that unemployment was declining for youths, it was increasing among persons aged 25 to 44: their unemployment rate rose from 5.9% in 1980 to 7.2% in 1989, while their population expanded from 6.8 million to 8.6 million. The number of unemployed 25 to 44 year-olds rose by more than 60% over the decade and their share of total unemployment climbed from 37% to 52%.

## Male-female differences have narrowed

Throughout most of the 1970s and the early 1980s, unemployment rates for women were much higher than for men. The average difference in these rates, from 1972 to 1981, was 1.8 percentage points. This gap disappeared, however, from 1982 to 1984 as the recession hit men harder than women. The gap returned in 1985, but since then the difference has been much smaller (an average of just 0.6 percentage points).

The explanation for this phenomenon is as follows. The number of unemployed women increased more rapidly than the number of unemployed men during the 1980s (21% compared with 15%). But, proportionally, the rise in female unemployment was a lot smaller than the rise in the female labour force (the sum of the employed and the unemployed). Thus, the unemployment rate for women fell from 8.4% in 1980 to 7.9% in 1989. In contrast, the percentage increase in the number of unemployed men was larger than the rise in the male labour force, so their unemployment rate rose from 6.9% to 7.3%.

## Unemployment soared in Western Canada; Central Canada's share declined

At the start of the 1980s, unemployment in Canada could be divided into three roughly equal portions: one-third in Ontario and another in Quebec, with the remainder of the country making up the final third. This pattern shifted substantially over the decade.



### Chart A Unemployment by age and sex.

*Source: Labour Force Survey*



## Table 1 Unemployment by sex and age, 1980 and 1989

*Source: Labour Force Survey*

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Unemployment rates in Ontario and Quebec dropped. All other provinces recorded increases. The smallest rise (less than 0.5 percentage points) took place in Nova Scotia; the largest (3.5 percentage points) occurred in Prince Edward Island and Alberta.

During this period, the number of unemployed in Ontario declined by more than 10% (the only province to record a decrease), while Quebec showed only a small rise. The four eastern provinces sustained a 30% increase. At the same time, the number of unemployed in the four western provinces jumped by almost 80% (led by a rise of more than 120% in Alberta).

As a consequence, by 1989, Western Canada's share of unemployment accounted for nearly one-third of the national total (up from 20% in 1980), while that of Central Canada (Ontario and Quebec) made up just 57% (down from 70% in 1980).

Expressed in other terms, the 18% national rise in the number of unemployed from 1980 to 1989 consisted of a 3% fall in unemployment in the two central provinces, coupled with a rise of more than 60% in the remaining eight provinces.

## Today's unemployed are more highly educated

In 1980, more than three-fifths of the unemployed had a partial or complete high school education only; about one in five had primary schooling only (less than Grade 9) and a similar number had achieved at least some postsecondary education. [\(1\)](#)



## Chart B Changing regional patterns from 1980 to 1989.

*Source: Labour Force Survey*

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## Chart C Unemployment rate by education.

*Source: Labour Force Survey*



## Table 2 Unemployment by province, 1980 and 1989

*Source: Labour Force Survey*

During the 1980s, education boomed in Canada. The number of persons with at least some postsecondary education rose from 4.5 million to 7 million. (The number with university degrees jumped from 1.5 million to 2.4 million.) Not surprisingly, the educational characteristics of the unemployed also changed during this period.

In 1989, twice as many of the unemployed had at least some postsecondary education (29%) as had a primary education only (14%). In fact, fully 7% of the unemployed in 1989 (75,000 persons) had a university degree.

This huge shift in the distribution of unemployment by education level should have resulted in a reduction in the overall unemployment rate, as rates of unemployment are substantially lower for more-highly educated persons. But, the overall unemployment rate did not fall because the shift to a more highly educated populace was balanced by increases in the unemployment rate at each level of education. For example, the rate for persons with primary schooling only climbed from 9% to more than 11%, while that for persons with university degrees rose from 3.1% to 3.7% (see [Statistics can be misinterpreted](#)).



## Table 3 Unemployment by educational attainment, 1980 and 1989

*Source: Labour Force Survey*

# Unemployment now lasts much longer

In general, it seems reasonable to assume that the burden imposed by unemployment increases as the duration of unemployment rises. In 1989 the duration of unemployment was much greater than in 1980. [\(2\)](#)

In 1989, the average duration of unemployment was 18 weeks compared with just under 15 weeks in 1980 (a rise of more than 20%). Among unemployed men, duration rose from 15 to 19 weeks, while for women, it rose from 14 to nearly 17 weeks. [\(3\)](#)



## Table 4 **Duration of unemployment by age and sex, 1980 and 1989**

*Source: Labour Force Survey*

Increases in the duration of unemployment were reported by all age groups except those 15 to 24, where duration dropped from 12 to 11 weeks. For the unemployed aged 35 years and over, and especially for those aged 55 and over, the duration of unemployment rose greatly over the decade.

An alternative way to look at the duration of unemployment is by measuring the incidence of long-term unemployment, that is, the proportion of total unemployment accounted for by persons who have been unemployed more than six months. This proportion rose from 15% in 1980 to 20% in 1989.

*Includes "future starts", that is, persons having a new job to start within four weeks, who did not recently search for work and for whom no duration data are available.*

The incidence of long-term unemployment rose for both men and women and for all age groups, except those 15 to 24. This change was particularly apparent among the unemployed aged 55 and over, 35% of whom were unemployed for more than six months in 1989 compared with 24% at the beginning of the decade. As there is no ready explanation available for the shift towards longer-term unemployment, this subject likely merits further research.

## **Most unemployed continue to want full-time work**

In both 1980 and 1989, the vast majority of the unemployed (almost 80%) sought full-time work (30 hours or more per week). About 14% looked for part-time employment. (The remainder were not searching for work either because they were waiting to be recalled to their previous jobs or because they were waiting to start new jobs within four weeks.)

There were few changes over the decade in the type of work wanted. However, young people in 1989 were more likely to be seeking part-time employment than in 1980 (27% compared with 17%). This probably reflects the increasing proportion of young people attending school, as well as the considerable rise in part-time employment opportunities over the last 10 years.

## **Most unemployed are job losers**

For the most part, patterns of pre-unemployment activity did not change much during the 1980s: in both 1980 and 1989, two of every three unemployed persons had previously been working; the remainder had not been in the labour force.

About one-half of the unemployed in 1989 were job losers, that is, persons who had been working and had either lost their jobs or been laid off temporarily. The incidence of "job-losing" tended to increase with age, and it was higher for men (60%) than for women (41%). Over the decade, job-losing became somewhat more prevalent for women as more of them obtained jobs.

Approximately 20% of the unemployed were job leavers C persons who had been working and had quit their last job (for any of a variety of reasons). This proportion was similar for all age groups, for both men and women.

As well, some 10% of the unemployed, mainly youths, were previously attending school. And a further 10%, virtually all of whom were women, had been keeping house before seeking employment.

## Conclusion

Over the last decade, the face of unemployment in Canada altered considerably. The incidence and magnitude of youth unemployment diminished substantially, and the differential in unemployment rates between men and women narrowed.

As well, a tremendous shift took place in the regional dimension of unemployment: conditions in Ontario and Quebec improved, whereas the situation in the western provinces worsened substantially.

Overall, unemployment in 1989 was a more severe problem for the Canadian economy than in 1980. The actual number of unemployed was much greater, the burden of unemployment affected prime-age workers more heavily, and the duration of unemployment rose substantially. Moreover, the unemployment rate rose for all levels of education between 1980 and 1989, and many well-educated persons seemed to be encountering difficulties finding suitable employment opportunities.

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## Statistics can be misinterpreted

At first glance, the fact that the unemployment rates for 1980 and 1989 were the same (7.5%) suggests that the degree of labour market tightness was broadly similar in both years. But, statistics aren't always exactly what they appear to be, so they should be interpreted with care.

There is, for instance, a phenomenon called compositional change. This occurs when the characteristics of the various components of some aggregated grouping are quite different and there are pronounced differences in the rate of growth of each component.

For example, as noted in the text, the rate of unemployment rose between 1980 and 1989 at all levels of education. But, the overall unemployment rate did not change because of the relatively large increase in the proportion of the unemployed who were more highly educated.

If the labour force of 1989 had been distributed among the various educational levels in the same proportions as in 1980 (and assuming the same 1989 unemployment rate for each educational group), then the overall 1989 rate of unemployment would have been about 8% rather than the 7.5% that was actually recorded.

The effect of compositional change on aggregate values can be seen with other characteristics as well. For example, the sharply declining youth population during the 1980s also had the effect of holding down the overall rate of unemployment, as young people, both in 1980 and 1989, experienced much higher than average rates of unemployment.

Therefore, it is important to be careful when using statistics, and particularly to be aware that, when comparing two periods, compositional shifts can have a significant impact on the amount of change that is apparently being measured.

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## Unemployment and the family

Most people live with one or more family members<sup>(4)</sup>, so too the unemployed. Nearly 85% (857,000) of the 1,018,000 unemployed persons in Canada in 1989 were members of families; the remainder lived alone.

The majority of the unemployed living in families were members of two-parent families with children (502,000); slightly more than 100,000 were in single-parent families with children and one-quarter million were in other families (families without children). <sup>(5)</sup>

If we assume that the burden of unemployment on families should be defined in terms of its economic impact, then the family employment situation should provide a rough indicator of this burden. To illustrate, the characteristics of families experiencing unemployment in 1989 are shown in the following table.



## Table **Family status of the unemployed, 1989**

*Source: Labour Force Survey*

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The majority of unemployed persons who were part of single-parent families did not have any employed family members; this was particularly apparent among single-parent families with young children (less than 6 years old). In contrast, nearly 80% of the unemployed who were members of two-parent families had at least one employed person in their family.

Thus, the burden of unemployment among families, as so defined, would appear to be most severe for the unemployed who were members of single-parent families, especially for those with pre-school age children.

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## **An alternative measure of unemployment**

Another method of measuring the magnitude of unemployment would be to derive a new statistic, by multiplying the average number of unemployed persons by their average duration of unemployment. Using this technique, in 1980, there were 865,000 unemployed persons averaging 14.7 weeks of unemployment each for a total of 12.7 million person-weeks of unemployment. In 1989, there were 1,018,000 unemployed averaging 17.9 weeks for a total of 18.2 million person-weeks of unemployment. Measured in this manner, the "volume" of unemployment rose by more than 40% from 1980 to 1989.

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## **Notes**

### ***Note 1***

Educational attainment refers to the highest level of completed schooling.

### ***Note 2***

Duration of unemployment, as measured by the Labour Force Survey, refers to a continuous period of



unemployment for those persons currently unemployed. It is not a measure of the duration of joblessness (which includes periods spent outside the labour force). And, because it only measures unemployment that is still in progress, it does not measure the duration of completed spells of unemployment. Thus it understates, to an unknown extent, the actual length of time persons are unemployed.

### **Note 3**

The average duration of unemployment jumped dramatically during the 1981-82 recession, peaking at nearly 22 weeks in 1983. Since then, the level has decreased very gradually.

### **Note 4**

According to the Labour Force Survey, a family consists of two or more persons who live together in the same dwelling and are related by blood, marriage or adoption.

### **Note 5**

The family characteristics of the unemployed in 1989 were generally similar to those of 1980. But persons who were members of "other families" accounted for a slightly larger share of the unemployed in 1989 than in 1980, while the proportion of the unemployed who belonged to two-parent families declined slightly over the decade.

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## **Source**

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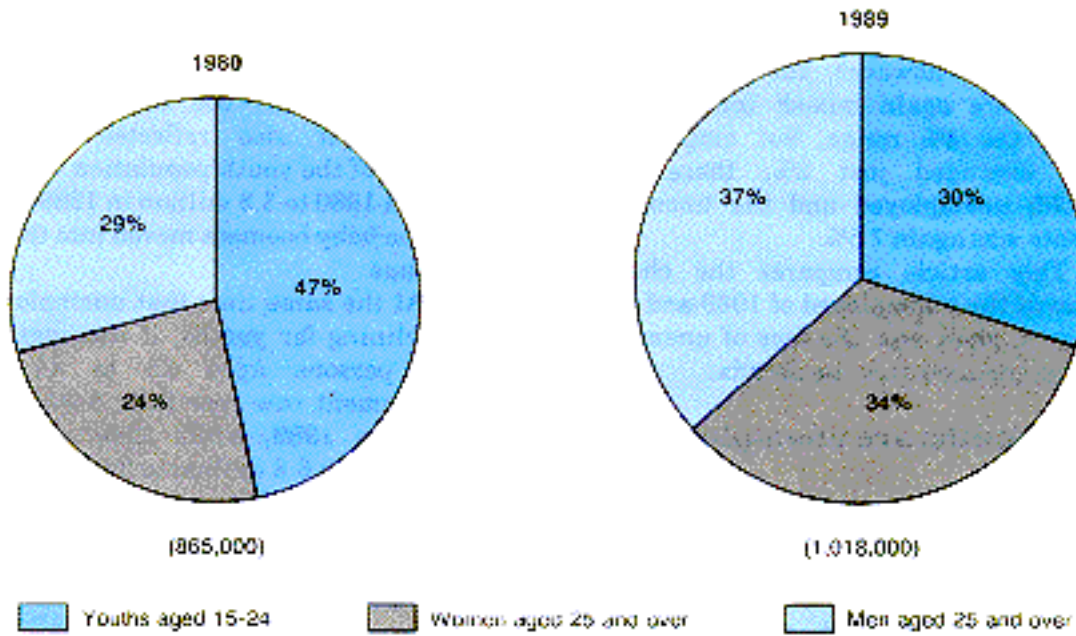
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## Unemployment by age and sex

The decline in youth unemployment reflects a shrinking population and rising school attendance.



Source: Labour Force Survey

Table 1

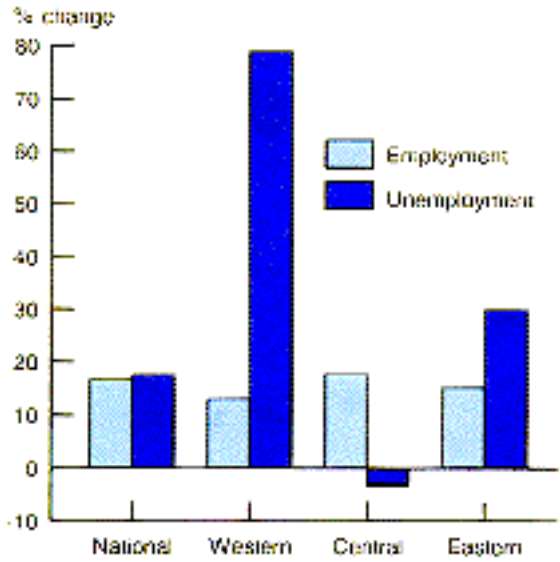
**Unemployment by sex and age, 1980 and 1989**

	Number of unemployed		Change: 1980 to 1989	Unemployment rate	
	1980	1989		1980	1989
	'000		%	%	
<b>Both sexes</b>					
15 years +	865	1,018	18	7.5	7.5
15 24 years	404	303	-25	13.2	11.3
25 34 years	209	316	51	6.6	8.1
35 44 years	111	209	89	5.0	6.1
45 54 years	88	113	30	4.9	5.3
55 years +	54	76	42	4.1	5.7
<b>Men</b>					
15 years +	476	548	15	6.9	7.3
15 24 years	225	175	-22	13.7	12.4
25 34 years	112	160	42	5.9	7.4
35 44 years	58	103	78	4.3	5.5
45 54 years	47	59	27	4.1	4.8
55 years +	35	51	46	3.9	5.8
<b>Women</b>					
15 years +	389	470	21	8.4	7.9
15 24 years	179	128	-29	12.6	10.1
25 34 years	97	156	61	7.6	8.8
35 44 years	53	106	101	6.1	6.9
45 54 years	41	54	32	6.2	5.9
55 years +	19	26	34	4.6	5.4

*Source: Labour Force Survey*

### Changing regional patterns from 1980 to 1989

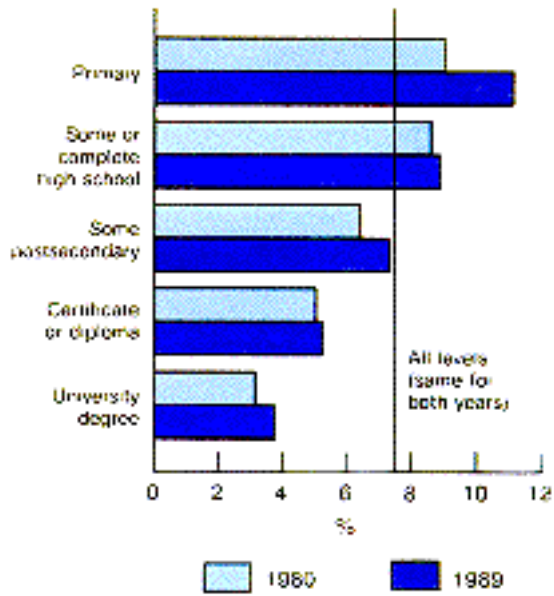
While employment growth was similar across the country, unemployment shifted substantially.



Source: Labour Force Survey

## Unemployment rate by education

Although unemployment rates have risen for all levels of education, university graduates still have the lowest rate.



Source: Labour Force Survey

Table 2

**Unemployment by province, 1980 and 1989**

	Number of unemployed		Change: 1980 to 1989	Unemployment rate	
	1980	1989		1980	1989
	'000		%	%	
<b>Canada</b>	<b>865</b>	<b>1,018</b>	<b>18</b>	<b>7.5</b>	<b>7.5</b>
Newfoundland	27	38	38	13.3	15.8
Prince Edward Island	6	9	59	10.6	14.1
Nova Scotia	35	41	18	9.7	9.9
New Brunswick	31	41	32	11.0	12.5
Quebec	294	311	6	9.8	9.3
Ontario	297	264	-11	6.8	5.1
Manitoba	27	41	53	5.5	7.5
Saskatchewan	19	36	88	4.4	7.4
Alberta	42	94	124	3.7	7.2
British Columbia	88	144	63	6.8	9.1

*Source: Labour Force Survey*

Table 3

**Unemployment by educational attainment, 1980 and 1989**

	Number of unemployed		Change: 1980 to 1989	Unemployment rate	
	1980	1989		1980	1989
	'000		%	%	
<b>All levels</b>	<b>865</b>	<b>1,018</b>	<b>18</b>	<b>7.5</b>	<b>7.5</b>
Primary (0 8 years)	164	140	-15	9.0	11.1
Some or complete high school	535	585	9	8.6	8.9
Some postsecondary	62	103	65	6.4	7.3
Postsecondary certificate or diploma	65	115	75	5.0	5.2
University degree	38	75	97	3.1	3.7

*Source: Labour Force Survey*

Table 4

**Duration of unemployment by age and sex, 1980 and 1989**

	Total*		4 weeks or less	5 13 weeks	14 26 weeks	27 weeks or more	Average duration
	'000		%				weeks
<b>Both sexes</b>							
<b>15 +</b>							
1989	1,018	100	31	27	19	20	17.9
1980	865	100	32	30	19	15	14.7
<b>15 24</b>							
1989	303	100	41	31	15	10	11.3
1980	404	100	36	32	18	11	12.4
<b>25 34</b>							
1989	316	100	29	27	21	21	17.5
1980	209	100	31	29	20	17	15.8
<b>35 44</b>							
1989	209	100	26	26	20	24	21.2
1980	111	100	30	29	20	18	16.0
<b>45 54</b>							
1989	113	100	25	26	18	27	23.5
1980	88	100	28	28	21	20	18.2
<b>55 +</b>							
1989	76	100	21	21	19	35	28.3
1980	54	100	24	28	20	24	20.0
<b>Men 15 +</b>							
1989	548	100	30	27	19	21	19.0
1980	476	100	32	31	19	15	15.1
<b>Women 15 +</b>							
1989	470	100	32	28	19	19	16.6
1980	389	100	33	30	18	15	14.3

*Source: Labour Force Survey*



*\* Includes “future starts”, that is, persons having a new job to start within four weeks, who did not recently search for work and for whom no duration data are available.*

**Family status of the unemployed, 1989**

Family status	Number of unemployed ‘000	Employed family members			
		Total	None	One	Two or more
		%			
<b>All unemployed</b>	<b>1,018</b>	<b>100</b>	<b>41</b>	<b>40</b>	<b>19</b>
Unattached individuals	160	100	100	...	...
Persons in families	857	100	30	47	23
Families with children*	607	100	27	44	29
Less than 6 years	185	100	39	57	5
6-15 years	226	100	27	44	29
16 years +	195	100	16	32	53
Single-parent families with children*	105	100	56	31	13
Less than 6 years	21	100	94	--	--
6-15 years	39	100	67	25	--
16 years +	45	100	30	47	23
Two-parent families with children*	502	100	21	47	33
Less than 6 years	165	100	32	63	5
6-15 years	187	100	19	48	34
16 years +	150	100	11	27	62
Other families**	251	100	37	55	8

*Source: Labour Force Survey*

*\* Age of children refers to the age of the youngest child.*

*\*\* Families without children.*