

Canadian Economic Observer

Canada's employment downturn October 2008 to October 2009

by J. Gilmore and S. Larochelle-Côté



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- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0^s value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- ^P preliminary
- ^r revised
- X suppressed to meet the confidentiality requirements of the *Statistics Act*
- ^E use with caution
- F too unreliable to be published
- * significantly different from reference category ($p < 0.05$)

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2. Canada's employment downturn October 2008 to October 2009

by J.Gilmore ¹⁷ and S. Laroche-Côté

In October 2008, employment levels were at an all-time high and unemployment rates were near historic lows. However, a sudden downturn in the world economy caused widespread employment losses in Canada's labour market. One year after the beginning of the downturn, employment in Canada was down 400,000, for a loss of 2.3%. The large majority of losses (-357,000) took place in the first five months of the downturn.

While the recession affected the country broadly, some Canadians were impacted more than others, particularly youth, men, and those employed in manufacturing, construction, natural resources and in transportation and warehousing. Despite these losses, modest gains were seen among those aged 55 and over and for those working in real estate and leasing; information, culture and recreation; and health care and social assistance.

As employment levels have fallen during this 12-month period, unemployment has increased. In October 2008, the unemployment rate in Canada was 6.3%; by October 2009, it had risen to 8.6%.

This report provides a more detailed review of the impacts of the downturn on Canada's labour market over the past 12 months, since the employment peak of October 2008, and contrasts it with previous downturns.

While the initial employment decline was sharp, an employment plateau came earlier than in previous downturns

Employment declined much faster in the early months of the current downturn in comparison with the first few months of the downturns in 1981 and 1990 (Figure [3.12](#)). Five months after October 2008, employment had fallen by 2.1%, while after five months in both 1981 and 1990, it had declined by 0.8% and 0.6% respectively. However, the decline after nine months was the same as the other two recessions.

Over the last seven months, however, employment levels have been relatively stable, with some months with modest gains, others with some losses, and others with little change. Employment losses for the previous two downturns, however, continued for 17 months in 1981-82 and for 11 months in 1990-91, when after six months of growth, it was then followed by another seven months of declines.

Canada-US comparison

In the United States, employment peaked in December 2007 and has declined steadily since. Over this nearly two-year time period, the U.S. unemployment rate for those aged 16 and over doubled, from 4.9% in December 2007 to 10.2% in October 2009. The rise in the unemployment rate has been less pronounced in Canada. The comparable Canadian unemployment rate for those aged 16 and over rose from 5.2% in December 2007 to 7.7% in October 2009, a 2.5 percentage-point increase.

Almost all of the increase in the comparable Canadian unemployment rate started after October 2008, rising from 5.4% to 7.7% in October 2009 (+2.3 percentage points); over this same period, it rose by 3.6 percentage points in the United States (from 6.6% to 10.2%). In the first 12 months of the previous two downturns, Canada's unemployment rate rose more rapidly than that of the Americans (+3.7 percentage points vs. +2.1 in 1981/82 and +2.4 vs. +1.3 in 1990/91).

Employment in manufacturing fell for the 12-month period, particularly in the first five months

During the 12 months of the current downturn so far, employment in manufacturing had the largest decline of all industries (-218,000). In the first five months, manufacturing employment fell by 134,000, followed by construction (-99,000); retail and wholesale trade (-47,000); educational services (-34,000); public administration and transportation and warehousing (-28,000 each). Not every industry was in decline during these first five months, however; some modest employment gains took place for those in health care and social assistance (+30,000) and "other services" (+17,000).

However, in the next seven months, manufacturing and transportation and warehousing employment continued to fall (-83,000 and -23,000, respectively), while the other industries which had employment losses in the first five months (construction, trade, educational services and public administration) experienced either modest gains or unchanged employment levels over this seven-month span.

The decline of manufacturing employment is not a new story; it has been falling since late 2002. What is new is that this current downturn has accelerated the pace of the employment decline (Figure 3.13). Factory employment has fallen by 573,000 since November 2002, with more than one-third of the decline accounted for from October 2008 to October 2009.

The employment declines in manufacturing since October 2008 have been widespread. Manufacturers with notable declines in employment over the 12-month period included fabricated metal products; transportation equipment manufacturing; paper and printing; and furniture and related manufacturing.

Not every industry had employment losses over this 12-month period. Modest employment gains took place in finance, insurance, real estate and leasing; information, culture and recreation; and health care and social assistance. During the first 12 months of the previous two downturns, health care and social assistance also experienced modest employment gains, while the other two industries either experienced employment declines or slower growth compared with the current 12-month period.

Private employees suffered heavy employment losses while self-employment increased

Employees in the private sector, in the public sector, and in self-employment have not been equally affected by employment losses. During the first five months, main-job employment among both private sector and

public sector employees fell at roughly the same pace, while self-employment remained stable (Figure [3.14](#)).

In the seven months since, however, self-employment increased and the number of public sector employees remained relatively stable. By contrast, the number of private sector employees continued to fall, as manufacturing, construction, and transportation and warehousing continued to shrink. In all, the number of employees in the private sector fell by 449,000 since October 2008, compared to a decline of 55,000 among public employees and an increase of 104,000 in self-employment.

The first 12 months of the previous two downturns showed very similar results: heavy losses for private sector employees; modest losses among public sector employees; and modest growth among self-employment.

Men with lower levels of education were particularly affected

Just like in past downturns, employment losses among young workers have been a consistent feature of the current slump. Since October 2008, employment declined by 10.5% and 6.9% respectively among males and females aged 15 to 24 (Table [3.3](#)). Furthermore, youths experienced employment losses throughout the entire 12 months. Core-working age individuals were less affected, although men in this age group also experienced significant declines (-2.8%).

However, examining changes across education categories is also important as education is often seen as a bulwark against job fluctuations. Core working-age men with high-school education or less experienced heavy employment losses (-5.2%), since many were employed in industries such as manufacturing and construction. Men with high school education or less have also experienced similar losses in the previous two downturns.

Women with high school education also experienced losses (- 3.6%) from October 2008 to October 2009, but to a lesser extent than their male counterparts.

During the first 12 months of the previous two downturns core-working age men (25 to 54) with university degrees experienced employment growth; in this most recent 12-month period, they experienced a small decline. Core-working age women with university degrees, however, had declines between April 1990 to April 1991 and in the most recent 12-month span, principally for those working in services.

Immigrants who landed more recently were affected by the downturn

Even though the overall population of core-working age immigrants who landed within the previous five years declined over the last 12 months (-6.6%), these immigrants were still more affected by the economic downturn than Canadian-born workers, with a much larger share of employment losses (-12.9% vs. -2.2%). The bulk of the losses for these immigrants occurred for those working in the manufacturing industry. Immigrants who landed in Canada more than five years to 10 years earlier, however, experienced smaller losses than the Canadian-born over the 12-month period, and those who landed more than 10 years earlier experienced modest employment gains.

Off-reserve Aboriginal employment also down over this span

Among off-reserve Aboriginal people aged 25 to 54, the pace of employment losses during this 12-month period was double that of the non-Aboriginal population (-4.0% vs. -1.9%). Off-reserve Aboriginals also continue to have generally higher unemployment rates and lower employment rates than non-Aboriginals.

Less full-time employment, more temporary jobs during the 12-month period

Since the start of the downturn, losses in full-time employment were significant (-2.2%), and larger than part-timers (-1.6%). Declines among those with long hours - that is, 40 or 41 or more hours (-4.6% and -4.5%, respectively) were especially important. Conversely, the number of employees with a shorter full-time schedule - between 30 and 34 hours - rose over the period. This decline in long hours and growth in shorter full-time schedules is consistent with changes in hours during the first 12 months of the previous two downturns. Note that these changes may not be exclusively the result of job losses, as they could also be the result of reduced work hours among employed workers.

The number of jobs lost among permanent workers was also noteworthy. From October 2008 to October 2009, the number of permanent employees declined by 3.8%, while the number of temporary employees increased by 0.7%. Therefore, not only did Canadians lose jobs over the past 12 months, but the Canadian labour market became more characterized by increases in jobs with fewer hours and in temporary jobs.

Low-wage earners were most heavily affected

Employees with low earnings also experienced significant employment losses over the period as those earning less than \$10 an hour saw the largest decline in employment (-24.8%). The majority of these employees were youths, but nearly one-third were of core working age.

The number of employees who earned \$40 or more per hour grew over this same time period. This increase was predominantly among adult women, particularly those working in health care and social assistance; educational services; public administration; and finance, insurance, real estate and leasing.

Employment among families with young children declined

The effect of the downturn was also different across family types (Table [3.5](#)). Youth employment in all families dropped sharply in this downturn. Employment fell by 2.5% among mothers and 2.4% among fathers in two-parent families with at least one child under the age of 18. In the first 12 months of the previous two downturns, it was the fathers of young children who experienced more significant declines in employment than mothers.

Single mothers with younger children were also hit hard by the downturn, with employment down -6.8%. Conversely, single fathers with younger children had an employment gain of 4.6% over the period. These recent changes in employment for both single mothers and single fathers are consistent with what occurred during the first 12 months of the previous two downturns.

Youths aged 15 to 24 in any of these families were heavily affected by the current downturn, noticeably among those aged 15 to 17.

The employment growth seen among individuals in "other economic families" (e.g. adult siblings living together, an older parent living with an older child) was likely influenced by a notable increase in the overall number of individuals in such families over this one-year period. During the first 12 months of the previous two downturns, the number of individuals in "other economic families" also increased, but, contrary to the most recent downturn, their employment levels declined.

Notes

17. Labour Statistics Division (613-951-7118)



Chart 3.12 Employment

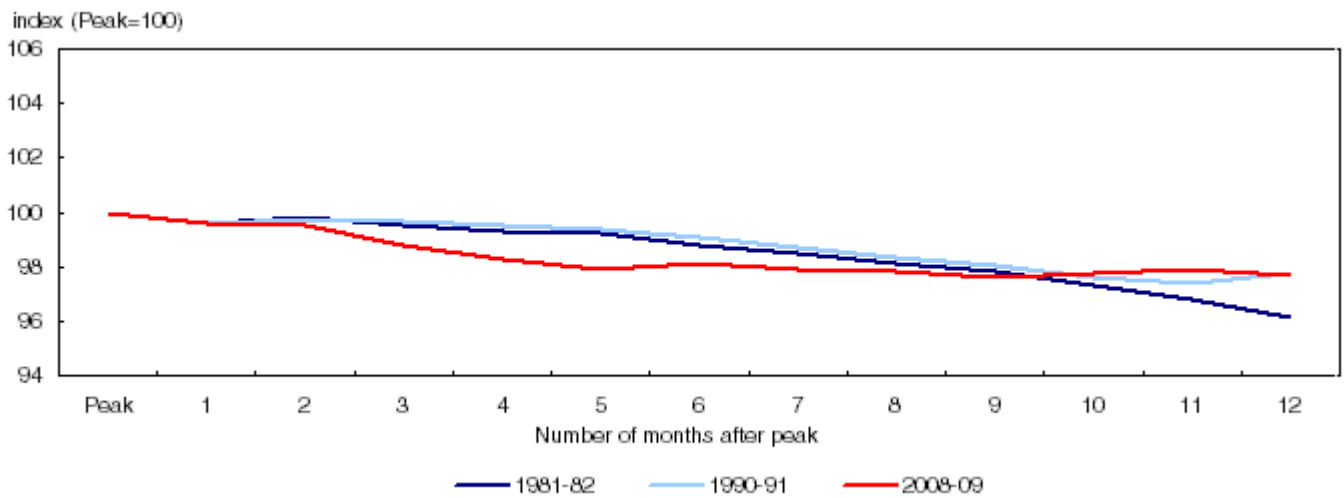




Chart 3.13 Manufacturing employment, October 2000 to October 2009

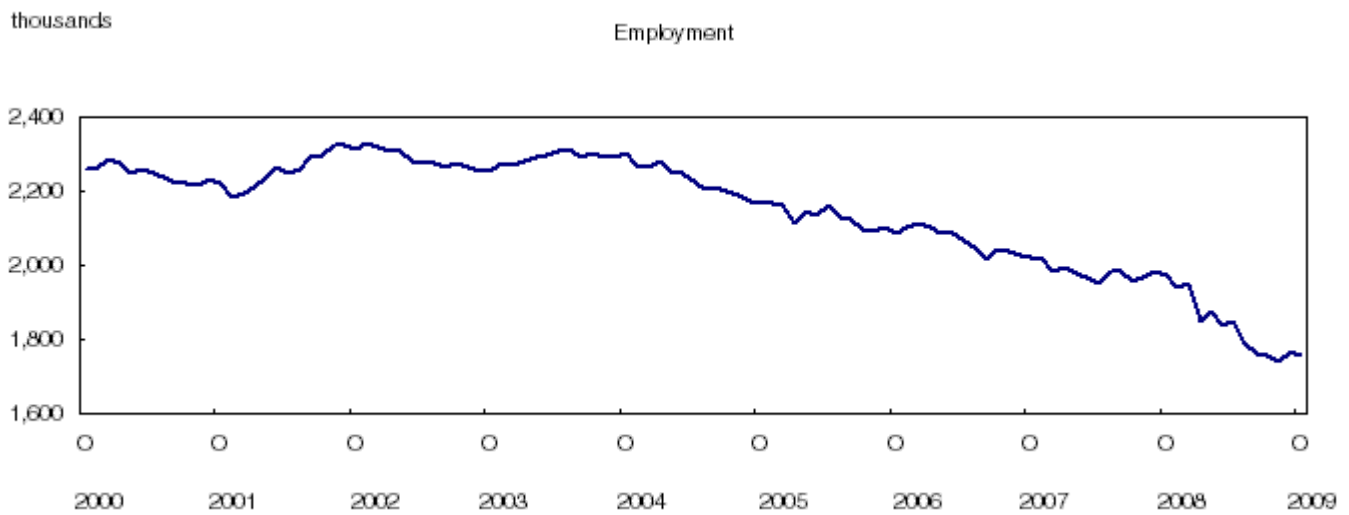
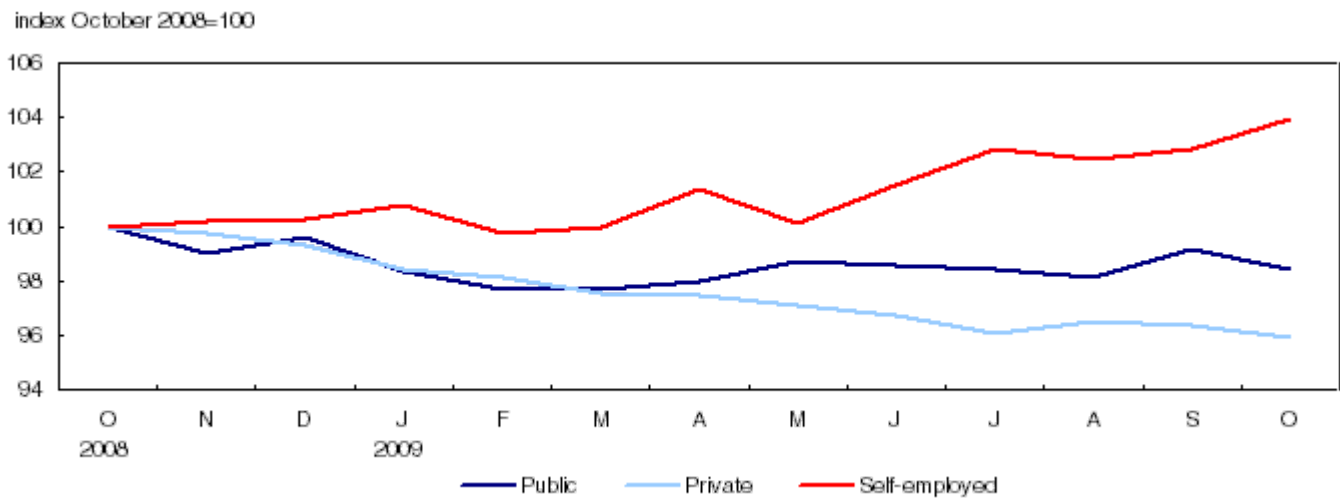




Chart 3.14 Class of worker





Text table 3.3

Change in employment, by demographic group, unadjusted for seasonality, October 2008 to October 2009

	Oct-08	Oct-09	Change in employment	Change
	thousands			percent
Total	17,270.7	16,909.4	-361.3	-2.1
Age – men				
15-24	1,290.8	1,155.9	-134.9	-10.5
25-54	6,303.0	6,125.5	-177.5	-2.8
55 +	1,522.2	1,554.0	31.8	2.1
Age - women				
15-24	1,246.5	1,160.9	-85.6	-6.9
25-54	5,703.0	5,639.6	-63.4	-1.1
55 +	1,205.0	1,273.5	68.5	5.7
Highest educational attainment – men aged 25-54				
High school or less	2,300.8	2,181.8	-119.0	-5.2
Post-secondary certificate or diploma	2,364.6	2,316.2	-48.4	-2.0
University degree	1,637.6	1,627.5	-10.1	-0.6
Highest educational attainment – women aged 25-54				
High school or less	1,746.0	1,682.8	-63.2	-3.6
Post-secondary certificate or diploma	2,232.5	2,253.5	21.0	0.9
University degree - Grade universitaire	1,724.6	1,703.4	-21.2	-1.2
Immigration status, population aged 25-54 ¹				
Immigrants, landed within past 5 years	444.1	386.6	-57.5	-12.9
Immigrants landed more than 5 to 10 years earlier	483.5	475.0	-8.5	-1.8
Immigrants, landed 11+ years earlier	1,570.8	1,589.0	18.2	1.2
Canadian-born	9,253.9	9,049.6	-204.3	-2.2
Aboriginal population aged 25-54 (excluding reserves) ¹				
Aboriginal	225.8	216.7	-9.1	-4.0
Non-Aboriginal	11,725.9	11,505.9	-220.0	-1.9

1. Data are based on a 3-month moving average

Source(s): Labour Force Survey

Text table 3.4

Change in employment by job conditions, unadjusted for seasonality, October 2008 to October 2009

	Oct-08	Oct-09	Change in employment thousands	Change percent
Total	17,270.7	16,909.4	-361.3	-2.1
Total, part-time workers	3,275.5	3,221.7	-53.8	-1.6
01 - 14 hours	1,069.1	1,051.3	-17.8	-1.7
15 - 29 hours	2,206.4	2,170.4	-36.0	-1.6
Total, full-time workers	13,995.2	13,687.8	-307.4	-2.2
30 - 34 hours	1,173.9	1,269.7	95.8	8.2
35 - 39 hours s	3,666.5	3,680.4	13.9	0.4
40 hours	6,557.8	6,257.6	-300.2	-4.6
41+ hours	2,597.0	2,480.1	-116.9	-4.5
Current job tenure, all workers				
1 year or less	3,723.4	3,060.7	-662.7	-17.8
More than 1 to 5 years	5,447.3	5,674.6	227.3	4.2
More than 5 years	8,099.9	8,174.2	74.3	0.9
Permanent job ¹	12,808.5	12,318.9	-489.6	-3.8
Temporary job ¹	1,806.8	1,820.0	13.2	0.7
Union coverage ¹	4,549.7	4,471.3	-78.4	-1.7
No union coverage ¹	10,065.5	9,667.6	-397.9	-4.0
Hourly wages ¹				
Less than \$10	1,671.7	1,256.8	-414.9	-24.8
\$10-\$19.99	6,027.4	5,895.4	-132.0	-2.2
\$20-\$29.99	3,896.9	3,816.0	-80.9	-2.1
\$30-\$39.99	1,921.9	1,931.7	9.8	0.5
\$40. +	1,097.3	1,239.1	141.8	12.9

1. Employees only

Source(s): Labour Force Survey

Text table 3.5

Change in employment, by economic family type, unadjusted for seasonality, October 2008 to October 2009

	Oct-08	Oct-09	Change in employment	Change
	thousands			percent
Total	17,270.7	16,909.4	-361.3	-2.1
Unattached individuals	2,802.7	2,761.9	-40.8	-1.5
Husband-wife family with youngest child aged 0-17 -	5,841.7	5,632.4	-209.3	-3.6
Fathers	2,751.1	2,685.6	-65.5	-2.4
Mothers	2,306.7	2,249.4	-57.3	-2.5
Other family member	784.0	697.5	-86.5	-11.0
Husband-wife family with youngest child aged 18-24 -	1,683.1	1,618.6	-64.5	-3.8
Fathers	269.5	252.4	-17.1	-6.3
Mothers	248.0	239.2	-8.8	-3.5
Other family member	1,165.5	1,126.9	-38.6	-3.3
Single parent family with youngest child aged 0-17 -	757.7	722.7	-35.0	-4.6
Fathers	120.8	126.3	5.5	4.6
Mothers	453.4	422.6	-30.8	-6.8
Other family member	183.5	173.8	-9.7	-5.3
Single parent family with youngest child aged 18-24 -	362.0	358.0	-4.0	-1.1
Fathers	45.7	49.9	4.2	9.2
Mothers	119.3	128.6	9.3	7.8
Other family member	196.9	179.5	-17.4	-8.8
Husband-wife family with youngest child aged 25+	646.0	613.2	-32.8	-5.1
Husband-wife family with no children	4,131.1	4,066.1	-65.0	-1.6
Other economic families	1,046.4	1,136.5	90.1	8.6

Source(s): Labour Force Survey