

*Autumn 1989 (Vol. 1, No. 2)*

# The Labour Market: Mid-year Report

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Labour market performance in the first half of 1989 was mixed. Between the last quarter of 1988 and the second quarter of this year, the number of employed Canadians increased by 125,000. This was lower than the increase during the same period last year (175,000), and the lowest since 1985. Employment levels also fluctuated from month to month during the first half of this year. And, compared with recent experiences, the geographic, industry, demographic and full-time/part-time distribution of employment gains were different during the early half of 1989.

Employment growth was not the only major indicator registering moderation. Other major macro-economic indicators showing similar tendencies in recent months include consumer spending, housing starts and exports. As well, the help-wanted index, an indicator of labour demand, has remained stable in the last several months, following six years of sustained increase.

In contrast to the employment swings, there has been little change in unemployment so far this year. Between the last quarter of 1988 and the second quarter of 1989 the number of unemployed remained at slightly over one million and the unemployment rate at 7.6%.

## Employment

Employment developments in the first half of this year differ from those of the same period last year in two main respects. First, employment gains have moderated; second, the distribution of job gains is different.

Indicators such as reduced consumer spending and high (but stable) manufacturing capacity utilization rates have all recently pointed to a slowdown. Such a development is not surprising in this phase of the business cycle - the seventh year of economic expansion. Indeed, the 1.0% employment growth so far

this year is identical to the increase recorded in a similar period during the 1961-1974 economic expansion. The pattern of job gains is examined below.

## Employment growth moderates for adult women

All the moderation in employment gains so far this year occurred among adult women (25 years of age and over). The increase for this group was reduced to half of that recorded in the same period a year ago ([Table 1](#)). Employment gains for young workers (aged 15-24) and for adult men were virtually unchanged from those of a year ago.



### Chart A Employment Growth by Sex and Age (seasonally adjusted)

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### Chart B Employment Growth (seasonally adjusted)

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### Table 1 Employment Growth by Age and Sex, Seasonally Adjusted\*, 1986-1989

*Source: Labour Force Survey.*

*\* Based on quarterly averages derived from seasonally adjusted monthly data.*

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## Goods sector lost jobs, service sector gained

All job gains in the first half of 1989 were in the service industries. In the goods-producing industries, overall employment declined marginally ([Table 2](#)).

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## Table 2 Employment Growth by Industry, Seasonally Adjusted\*

*Source: Labour Force Survey.*

\* *Estimates by industry are independently seasonally adjusted. The national total, which is obtained by adding the components age by sex, may differ from the sum of independently derived series.*

In the goods sector, the small employment gain in manufacturing was more than offset by losses in agriculture. The manufacturing industry's employment gain in the first half of this year was only a third of the increases recorded in similar periods in the past two years. Employment in agriculture declined by 18,000 during the first six months of the year, similar to the fall recorded in the same period last year. Thus, this year's favourable weather conditions and increased international commodity prices have not, to date, succeeded in arresting the downward employment spiral in agriculture. Employment in construction, at 744,000 in the second quarter of 1989, remains at historically high levels and was virtually unchanged from the figure in the last quarter of 1988.

Employment growth of 122,000 in the service sector was a shade larger than that of last year. Except for the job losses in the community, business and personal service industry group (-57,000), all other service industries, led by transportation, communication and other utilities, recorded employment gains which exceeded those in the corresponding period last year.

The employment loss in community, business and personal services so far this year is intriguing considering that, in the last three years, this industry group accounted for more than 40% of the net job gains across the economy. Indeed, it even escaped the widespread job losses during the 1981-1982 economic recession.

### All job gains in "blue-collar" occupations

Almost all of the net gains in employment so far this year have been in "blue-collar" jobs, specifically in processing (82,000) and transportation (18,000) occupations ([Table 3](#)). This is in direct contrast to last year's pattern, when "white-collar" jobs accounted for all employment growth. Employment levels in the managerial, administrative and professional group, which dominated last year's employment growth, have fallen marginally this year. The number of clerical jobs also declined slightly this year, offsetting some of last year's gains.



## Table 3 Employment Growth by Occupation, Seasonally Adjusted\*, 1987-1989

*Source: Labour Force Survey.*

*\* Estimates by occupation are independently seasonally adjusted and may differ from the national total.*

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## Growth shifts from central Canada to British Columbia

A significant labour market development in the first half of this year has been the shift in employment gains from central Canada to British Columbia ([Table 4](#)).

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### Table 4 Employment Growth, by Province, Seasonally Adjusted\*, 1986-1989

*Source: Labour Force Survey.*

*\* The sum of the independently adjusted provincial estimates may differ from the national total.*

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Ontario, for several years, contributed about one-half of the net national job gains, but its share dropped to less than one-third (37,000) this year. For the first time in years, the rate of employment growth in this province fell below the national average. Employment in Ontario may be at or nearing "full employment" levels.

Employment declined slightly in Quebec (-11,000) in the first half of 1989. Some of the job losses in this province can be traced to reduced activity in a number of industries: construction; transportation, communication and other utilities; and, in recent months, community, business and personal services.

British Columbia accounted for close to half of the net national employment gain in the first six months of 1989 (57,000). British Columbia's strong showing stems partly from increased activity in construction. Its booming tourist industry has also contributed to employment growth.

Alberta, Newfoundland, and Nova Scotia also enjoyed growth rates above the national average. For Alberta and Newfoundland, this was the second consecutive time that employment growth was above the national average during the first six months of the year. Newfoundland and Nova Scotia owe some of their employment gains to the transportation, communication and other utilities industry.

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## Chart C **Employment Growth by Province (seasonally adjusted)**

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Saskatchewan was the only province, besides Quebec, to register employment loss during the first half of this year. Employment levels remained unchanged in Prince Edward Island, New Brunswick and Manitoba.

Saskatchewan, Alberta, Quebec and Ontario continued to experience job losses in agriculture during the early half of 1989.

### **Full-time work rises, part-time declines**

Another interesting development to date has been the large increase in full-time jobs (148,000) and the decline (-30,000) in part-time jobs ([Table 5](#)). During the same period two years earlier, full-time jobs also accounted for all the employment growth, but at that time the decline in part-time jobs was marginal. Part-time employment last registered a significant decrease during the same period five years ago (-24,000).



## Table 5 **Full-time and Part-time Employment Growth, Seasonally Adjusted\*, 1986-1989**

*Source: Labour Force Survey.*

*\* Estimates by full-time and part-time employment are independently seasonally adjusted and may differ from the national total.*

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Some of the decline in part-time employment this year can be traced to community, business and personal services - an industry group with an above-average incidence of part-time employment.



## Chart D **Full-time and Part-time Employment Growth by Province (seasonally adjusted)**

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The relative stability in the number of involuntary part-time workers (persons working part-time because

they could not find full-time employment) is also noteworthy. Between the last quarter of 1988 and the second quarter of this year, the number remained virtually unchanged, at 427,000.

## Self-employment declines, multiple jobholding rises

Paid work accounted for all employment gains during the first half of this year. Self-employment declined, since the increase recorded for women (15,000) was more than offset by the decrease experienced for men (-23,000). This was the first decrease in self-employment since the early half of 1984.

During the second quarter of this year, 574,000 Canadians were holding down two or more jobs at the same time, a slight increase over the average in the last quarter of 1988. The growth in multiple jobholding or "moonlighting" in Canada in recent years has been very rapid. Since the end of the recession, the number of Canadians holding more than one job concurrently has increased by 64%, compared with a 19% growth in overall employment. [\(1\)](#)

## Unemployment

Despite the rise in jobs, the estimated number of unemployed Canadians remained almost unchanged (at 1,023,000) in the first half of 1989. Unemployment has stayed at slightly over one million for a year and a half, except in two months - June 1988 and June this year - when it fell just below the one million mark.

Even though the overall number of unemployed Canadians remained stable, the number of **job losers** - people who lost or were laid off their last job - increased slightly during the first half of this year. Their number rose by 12,000 (to 528,000) between the last quarter of 1988 and the second quarter of this year. [\(2\)](#) This increase, the first since 1984, was borne almost entirely by women. Unemployment resulting from job leaving (220,000) and from entry or re-entry into the labour force (284,000) remained almost the same.

The **unemployment rate** (7.6%) has changed little since early 1988. The youth unemployment rate declined from 12.1% in the last quarter of 1988 to 11.4% in the second quarter of this year, but the rates for adult men (6.2% in the second quarter of 1989), and for adult women (7.3%), have remained fairly stable. The decline in the youth unemployment rate since the depths of the recession - when it reached 21.0% - has been dramatic. The fall is partly due to a dwindling youth population. Both the youth participation rate (at 70.3% in the second quarter of 1989) and the employment/population ratio (at 62.3%) are at historical peak levels this year.

Of the provinces, Alberta, British Columbia and Nova Scotia recorded a drop in their unemployment rates during the first half of this year. Rates in Newfoundland and Prince Edward Island edged up, while those in the other provinces showed little or no change ([Table 6](#)).



## Table 6 Labour Force Characteristics by Province, Seasonally Adjusted, Selected Quarters, 1986-1989

Similarly, **unemployment duration** and the incidence of **long-term unemployment** have remained stable. Between January and June this year unemployed Canadians have experienced an average of 18.6 weeks of unemployment, virtually unchanged from the level in the same period a year ago (18.8 weeks).

(3) The number continuously unemployed for over six months in the first half of 1989 averaged close to a quarter of a million (221,000). This is similar to the figure for the corresponding period last year (220,000), but significantly lower than the 385,000 figure five years ago.

## Wages, inflation and labour unrest

Wage increases during the first four months of this year appear to lag slightly behind the rate of inflation. Weekly earnings (excluding fringe benefits) averaged \$477.90 from January to May 1989. This represented an increase of 4.2% over the level in the same period last year. The comparable increase in the Consumer Price Index was a little higher, at 4.6%.

Person-days lost as a result of labour disputes (strikes and lock-outs) totalled 428,000 during the first four months of this year. Though higher than last year's level (392,000), this figure is much below the peaks of a decade ago. (4) It is difficult to interpret the meaning of this year's increase. Time lost due to industrial disputes is a function of many factors, not the least of which are the expiry dates of collective agreements and the numerical size of the disputing bargaining units.

## Canada—U.S. comparisons

Labour market performance in the United States during the first half of this year parallels that of Canada in some respects. Employment growth, as in Canada, moderated in the United States. It amounted to about 1.2%. As well, the U.S. unemployment rate, lower than the Canadian rate for several years, remained fairly stable around 5.3% between the last quarter of 1988 and the second quarter of 1989. But performance in the two countries has differed in one important respect. In the U.S., monthly employment growth during the first six months of this year was steady, in contrast to the sizeable fluctuations observed in Canada.

## Conclusion

In addition to the moderation in employment growth for adult women, there were several noteworthy labour market developments during the first half of 1989. These included a drop in part-time employment, an increase in full-time work, a decline in self-employment, and a rise in the number of job losers. Labour market analysts will be watching closely to see if these evolve into new trends in the coming months.

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Unless otherwise stated, changes in employment and unemployment during the first half of this year refer to differences in Labour Force Survey (LFS) seasonally adjusted data between the last quarter of 1988 (IV 1988) and the second quarter of 1989 (II 1989). This formula applies to all other years as well. Some data series were seasonally adjusted specifically for this study. Data on earnings come from the Survey of Employment, Payrolls and Hours (SEPH), while those on person-days lost due to industrial disputes were supplied by Labour Canada.

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## Notes

### *Note 1*

Multiple jobholding is the subject of a forthcoming article in this publication.

### *Note 2*

The figure of 528,000 job losers includes 59,000 who were on temporary lay-off. The number of workers on temporary lay-off remained unchanged during this period.

### *Note 3*

Unemployment duration is based on the number of weeks of continuous unemployment up to the end of the reference week, not on the length of completed spells of unemployment.

### *Note 4*

Data pertain to bargaining units with a membership of 500 or more.

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## Chart references

All the charts are based on seasonally adjusted data from the Labour Force Survey.

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## Author

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## Source

*Perspectives on Labour and Income*, Autumn 1989, Vol. 1, No. 2 (Statistics Canada, Catalogue 75-001E). This is the second of six articles in the issue.

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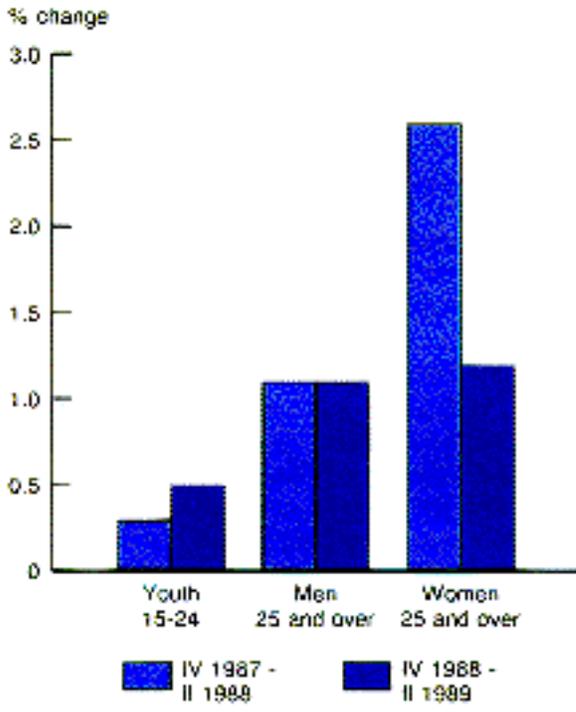
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### Employment Growth by Sex and Age (seasonally adjusted)

All the moderation in employment growth so far this year occurred among adult women.



### Employment Growth (seasonally adjusted)

Compared with the last half of 1988, employment levels this year have been unsettled.

Month-to-month change (000s)

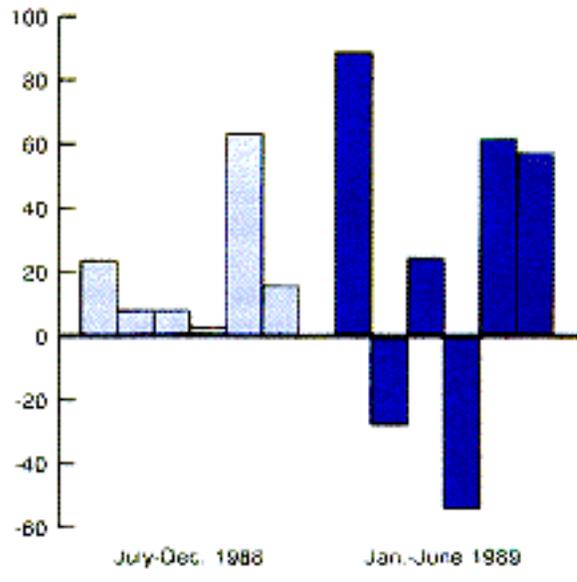


Table 1

**Employment Growth by Age and Sex, Seasonally Adjusted\*, 1986-1989**

	IV 1986 to II 1987		IV 1987 to II 1988		IV 1988 to II 1989	
	'000	%	'000	%	'000	%
<b>Total</b>	<b>226</b>	<b>2.0</b>	<b>175</b>	<b>1.5</b>	<b>125</b>	<b>1.0</b>
Youth (15-24 years)	40	1.7	8	0.3	11	0.5
Men 25 years and over	78	1.5	62	1.1	62	1.1
Women 25 years and over	108	2.8	105	2.6	51	1.2

*Source: Labour Force Survey.*

*\* Based on quarterly averages derived from seasonally adjusted monthly data.*

Table 2

**Employment Growth by Industry, Seasonally Adjusted\***

	IV 1986 to II 1987		IV 1987 to II 1988		IV 1988 to II 1989	
	'000	%	'000	%	'000	%
<b>Goods-producing industries</b>	<b>91</b>	<b>2.6</b>	<b>44</b>	<b>1.2</b>	<b>-10</b>	<b>-0.3</b>
<b>Service industries</b>	<b>120</b>	<b>1.5</b>	<b>113</b>	<b>1.3</b>	<b>122</b>	<b>1.4</b>
Agriculture	-3	-0.6	-19	-4.1	-18	-4.1
Other primary	-3	-1.1	11	3.9	-3	-1.0
Manufacturing	45	2.3	45	2.2	15	0.7
Construction	35	5.6	-3	-0.4	3	0.4
Transportation, communication and other utilities	23	2.6	6	0.7	54	6.0
Trade	-9	-0.4	28	1.3	38	1.8
Finance, insurance and real estate	9	1.3	22	3.0	29	4.1
Community, business and personal service	99	2.6	60	1.5	-57	-1.4
Public administration	11	1.4	9	1.1	37	4.5

*Source: Labour Force Survey.*

*\* Estimates by industry are independently seasonally adjusted. The national total, which is obtained by adding the components age by sex, may differ from the sum of independently derived series.*

Table 3

**Employment Growth by Occupation, Seasonally Adjusted\*, 1987-1989**

	IV 1987 to II 1988		IV 1988 to II 1989	
	'000	%	'000	%
<b>“White-collar”**</b>				
Managerial, administrative and professional	80	2.3	-11	-0.3
Clerical	65	3.2	-15	-0.7
Sales	37	3.2	20	1.7
Services	29	1.8	25	1.5
<b>Blue-collar**</b>				
Primary occupations	-5	-0.8	-19	-3.2
Processing	-7	-0.4	82	5.0
Construction trades	-13	-1.8	10	1.4
Transportation	1	0.2	18	4.0
Material handling and other crafts	-21	-4.6	-3	-0.7

*Source: Labour Force Survey.*

*\* Estimates by occupation are independently seasonally adjusted and may differ from the national total.*

*\*\* The terms “white-collar” and “blue-collar” occupations are used in this study only as a convenient abbreviation.*

Table 4

**Employment Growth, by Province, Seasonally Adjusted\*, 1986-1989**

	IV 1986 to II 1987		IV 1987 to II 1988		IV 1988 to II 1989	
	'000	%	'000	%	'000	%
Newfoundland	2	1.1	4	2.1	3	1.5
Prince Edward Island	1	2.0	0	0.0	0	0.0
Nova Scotia	7	2.1	5	1.4	6	1.6
New Brunswick	5	1.9	3	1.1	0	0.0
Quebec	65	2.3	36	1.2	-11	-0.4
Ontario	90	2.0	74	1.5	37	0.8
Manitoba	-1	-0.2	3	0.6	0	0.0
Saskatchewan	-1	-0.2	-6	-1.3	-5	-1.1
Alberta	9	0.8	27	2.3	23	1.9
British Columbia	40	3.2	17	1.3	57	4.2

*Source: Labour Force Survey.*

*\* The sum of the independently adjusted provincial estimates may differ from the national total.*

### Employment Growth by Province (seasonally adjusted)

Employment growth shifted from central Canada to British Columbia.

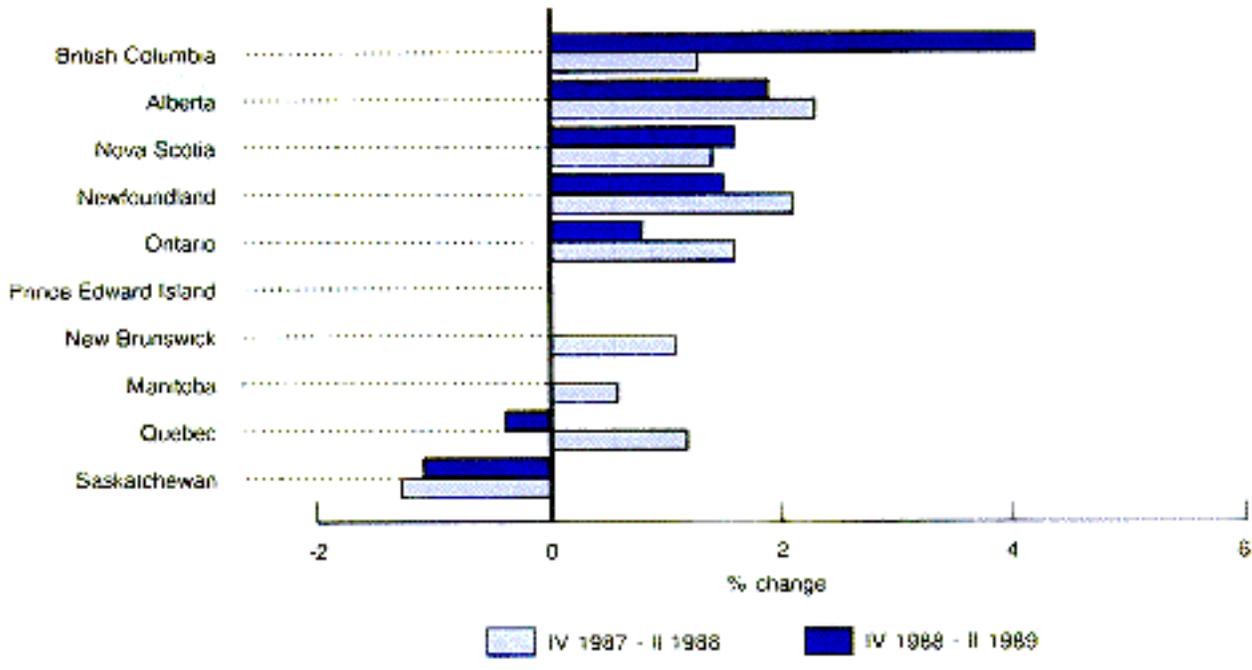


Table 5

**Full-time and Part-time Employment Growth, Seasonally Adjusted\*, 1986-1989**

	IV 1986 to II 1987		IV 1987 to II 1988		IV 1988 to II 1989	
	'000	%	'000	%	'000	%
<b>Total</b>	<b>226</b>	<b>2.0</b>	<b>175</b>	<b>1.5</b>	<b>125</b>	<b>1.0</b>
Full-time	220	2.2	121	1.2	148	1.4
Part-time	-3	-0.2	40	2.2	-30	-1.6

*Source: Labour Force Survey.*

*\* Estimates by full-time and part-time employment are independently seasonally adjusted and may differ from the national total.*

### Full-time and Part-time Employment Growth (seasonally adjusted)

Full-time employment accounted for all the job gains this year; part-time work declined.

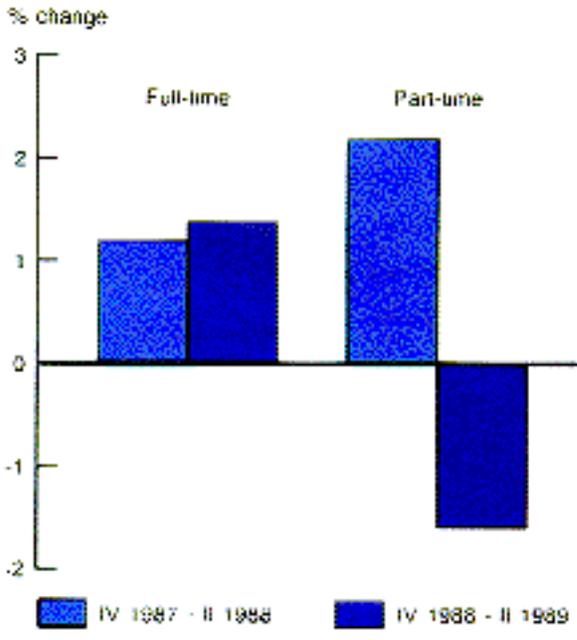


Table 6								
Labour Force Characteristics by Province, Seasonally Adjusted, Selected Quarters, 1986-1989								
		II 1986	IV 1986	II 1987	IV 1987	II 1988	IV 1988	II 1989
<b>CANADA</b>								
Labour force	'000	12,738	12,790	12,989	13,118	13,236	13,353	13,468
Employed		11,522	11,589	11,815	12,049	12,224	12,320	12,445
Unemployed		1,217	1,201	1,174	1,069	1,013	1,033	1,023
Participation rate	%	65.8	65.7	66.2	66.5	66.7	66.8	67.0
Unemployment rate		9.6	9.4	9.0	8.2	7.7	7.7	7.6
Employment/population ratio		59.5	59.5	60.3	61.0	61.6	61.7	61.9
<b>Newfoundland</b>								
Labour force	'000	223	220	221	226	231	231	236
Employed		181	178	180	188	192	198	201
Unemployed		41	42	42	38	39	33	35
Participation rate	%	53.6	52.9	52.8	53.8	54.7	54.4	55.3
Unemployment rate		18.6	19.1	18.8	17.0	16.7	14.3	14.8
Employment/population ratio		43.7	42.8	42.8	44.7	45.5	46.6	47.1
<b>Prince Edward Island</b>								
Labour force	'000	58	59	59	61	62	62	63
Employed		50	51	52	53	53	55	55
Unemployed		8	8	7	8	8	8	8
Participation rate	%	62.1	62.1	62.5	63.8	64.2	64.4	65.2
Unemployment rate		13.7	13.6	12.4	13.1	13.5	12.3	13.4
Employment/population ratio		53.5	53.7	54.7	55.4	55.6	56.5	56.5
<b>Nova Scotia</b>								
Labour force	'000	393	393	398	405	406	408	414
Employed		342	339	346	361	366	367	373
Unemployed		51	53	52	44	40	41	40
Participation rate	%	59.6	59.3	59.9	60.6	60.6	60.6	61.3
Unemployment rate		13.0	13.6	13.1	10.9	9.8	10.0	9.7
Employment/population ratio		51.8	51.2	52.0	54.1	54.6	54.5	55.3

<b>New Brunswick</b>								
Labour force	'000	307	306	312	316	315	323	324
Employed		262	265	270	275	278	285	285
Unemployed		45	41	42	41	37	38	39
Participation rate	%	57.6	57.2	58.1	58.6	58.3	59.5	59.3
Unemployment rate		14.7	13.4	13.6	12.9	11.7	11.8	12.0
Employment/population ratio		49.1	49.5	50.2	51.1	51.4	52.5	52.2
<b>Quebec</b>								
Labour force	'000	3,161	3,186	3,252	3,262	3,289	3,349	3,341
Employed		2,820	2,848	2,913	2,947	2,983	3,032	3,021
Unemployed		341	338	339	315	306	317	320
Participation rate	%	62.2	62.4	63.4	63.3	63.6	64.5	64.1
Unemployment rate		10.8	10.6	10.4	9.6	9.3	9.5	9.6
Employment/population ratio		55.5	55.8	56.8	57.2	57.7	58.4	57.9
<b>Ontario</b>								
Labour force	'000	4,863	4,896	4,970	5,067	5,107	5,145	5,184
Employed		4,519	4,568	4,658	4,785	4,859	4,887	4,924
Unemployed		344	328	312	282	248	258	261
Participation rate		68.7	68.5	68.9	69.5	69.5	69.5	69.5
Unemployment rate		7.1	6.7	6.3	5.6	4.9	5.0	5.0
Employment/population ratio		63.8	63.9	64.6	65.7	66.2	66.1	66.1
<b>Manitoba</b>								
Labour force	'000	526	532	531	529	533	540	541
Employed		484	492	491	490	493	499	499
Unemployed		41	41	40	39	41	42	42
Participation rate	%	66.4	66.9	66.4	66.1	66.4	67.2	67.4
Unemployment rate		7.9	7.6	7.5	7.4	7.6	7.8	7.8
Employment/population ratio		61.2	61.8	61.5	61.2	61.4	62.1	62.1
<b>Saskatchewan</b>								
Labour force	'000	489	488	486	492	486	488	482
Employed		451	451	450	457	451	450	445
Unemployed		38	37	36	35	35	38	38

Participation rate	%	66.7	66.3	66.0	66.9	66.2	66.8	66.1
Unemployment rate		7.7	7.5	7.4	7.2	7.2	7.8	7.9
Employment/population ratio		61.5	61.3	61.1	62.1	61.4	61.6	61.0
<b>Alberta</b>								
Labour force	'000	1,270	1,263	1,266	1,271	1,288	1,294	1,304
Employed		1,139	1,133	1,142	1,163	1,190	1,188	1,211
Unemployed		131	129	124	109	98	106	93
Participation rate	%	72.3	71.9	71.9	72.0	72.5	72.3	72.3
Unemployment rate		10.3	10.2	9.8	8.5	7.6	8.2	7.1
Employment/population ratio		64.8	64.6	64.8	65.9	67.0	66.3	67.2
<b>British Columbia</b>								
Labour force	'000	1,446	1,460	1,485	1,498	1,512	1,521	1,571
Employed		1,270	1,269	1,309	1,337	1,354	1,367	1,424
Unemployed		176	191	176	161	158	154	146
Participation rate	%	65.1	65.3	66	65.8	65.8	65.4	66.7
Unemployment rate		12.2	13.1	11.8	10.8	10.5	10.1	9.3
Employment/population ratio		57.2	56.8	58.2	58.7	58.9	58.8	60.5