

The labour force: into the '90s

Michel Côté

The year 1989 saw the labour market send out a series of mixed signals.

1989 wasn't a banner year...

From one perspective, the "great Canadian job-machine" appeared to be running out of steam. In the previous five years, employment growth substantially outpaced the inflow to the labour force, bringing unemployment down from its peak of 1.4 million in 1983. Last year, the labour market turned in a flat performance. Unemployment rolls, which had been falling by an average of 80,000 a year since 1983, hardly budged last year, stalling at just over the one million mark. And there was no improvement in the duration of unemployment - 18 weeks on average. The pace of employment growth also slackened, especially for men. It was down by 35% for women, but by 40% for men. The prospect of finding employment also declined, as the help-wanted index fell from 154 in April to 135 in December. And in each of the first three quarters of 1989, the year-over-year rate of increase of total labour income was lower than in 1988.

... but it wasn't a bad year either

From another perspective, the labour market turned in a quite respectable performance last year even though economic conditions were not as robust as in 1988. The rate of increase in the gross domestic product declined in each of the first three quarters; in October, the foreign trade balance went into a deficit position for the first time in 13 years; and the composite index of ten leading indicators showed virtually no movement for nine out of the first ten months of the year. But employment did grow. The number of persons with jobs increased by about a quarter of a million, and 62% of working-age Canadians were employed, the highest level on record. Virtually all of the increase was in full-time employment. Part-time employment grew by only 6,000, the smallest increase this decade. Canadians spent more time at work, averaging 38.4 hours a week, [\(1\)](#) up by almost half an hour from 1988. And despite the increases in the last quarter, the unemployment rate for the year returned to its pre-recession level of 7.5%.

Overall, the labour market turned in positive but modest results in keeping with the mixed performance of the economy as a whole. As we enter the new decade, a look back at major labour force trends over the past ten to twenty years may help us understand the prospects ahead for the labour market.

The labour force

The number of men and women entering the labour force is decreasing. There were only 228,000 in 1989, down significantly from the 342,000 recorded at the beginning of the decade. The rate of growth of the labour force then was 3%; it has now fallen to well under 2%.

The past twenty years offer a striking picture of changes in the growth and composition of the labour force. During the 1970s, the labour force, fed by the post-war baby-boom and rising participation rates, increased by 3.2% annually ([Table 1](#)). Contrast this with a 1.9% annual growth in the 1980s. The shrinking youth population, slower increases in participation rates and the impact of the 1981-82 recession have all played a part. But, by international standards, this is still a strong performance. Among OECD countries, Canada had the strongest labour market growth during the 1970s and was outpaced only by Iceland, New Zealand and Australia during the last decade. [\(2\)](#)



Table 1 Annual averages by sex

Source: Labour Force Survey

Since 1969, the greatest contributors to labour force growth have been women, especially in the 1980s. About two-thirds of the increase in the female labour force is attributable to rising participation rates exclusively and the remainder to population trends. Women now comprise 44% of the labour force, up from 39% in 1979 and 33% in 1969. For men, declining rates have had the reverse effect: their numbers are now roughly 131,000 lower than they would have been had the male participation rate been sustained at its 1969 level.



Chart A Composition of labour force by sex and age

Source: Labour Force Survey

One of the significant developments of the past decade was the very large increase in the participation

rates of women with children under 16, up 20 percentage points to 69% in 1989, well above the 58% for all women ([Table 2](#)). In 1979, the participation rate of women with pre-school children was six percentage points below the overall rate for women. In 1989, it was four points above. These increases have taken place despite the decrease in the number of women with children under 16 since 1979. In addition, the proportion of these women working full-time has increased over the decade while the proportion of other women working full-time has decreased.



Table 2 **Women in the labour force**

Source: Labour Force Survey

* *Unattached individuals, single children and other relatives.*



Chart B **Labour force participation rates, Unemployment rate and level, Index of employment and Gross Domestic Product (G.D.P.)* unemployment rate and duration**

Sources: Labour Force Survey and CANSIM

* *The G.D.P. for 1989 is an estimate based on 10 months of data.*

Since almost two-thirds of the women with pre-school children are in the labour force, it is likely that the provision of childcare facilities will continue to be the focus of public concern during the 1990s.

The labour force is aging

Another major development of the 1980s has been the progressive aging of the labour force as the baby-boom generation approaches middle-age. One result has been the decline of the 15-24 age component of the labour force. It grew by an average of 3.4% a year from 1969, to a peak of over 3 million in 1981. Since then it has declined annually by an average of 1.7% a year to 2.7 million in 1989. In relative terms, this age group actually reached its high point of over 27% of the labour force in 1974 and fell to a low of 20% last year. This occurred despite rising participation rates which have helped to cushion the population decline. This rise has been especially pronounced for full-time students whose participation rate grew dramatically, from 32% in 1979 to 45% now.

Such developments have led to some suggestions ⁽³⁾ that these students, who now account for almost a quarter of the 15-24 component of the labour force, may be taking jobs away from other young people, who are likely less qualified but more in need of employment to support themselves. Some commentators also deplore the potentially negative influence on a student's academic achievements. If studies take a back seat to working, students may jeopardize their chances of acquiring the necessary qualifications essential for long-term success in today's more demanding job market. These are important issues, but we lack the information to measure their full impact.

In addition to the rising participation rates of youth, another mitigating factor in the aging process has been the gradual but steady decline in the *share* of the 55 and over age component of the labour force. This is a phenomenon which dates back to before the 1970s and has affected men more than women. It stems in part from the post-war immigration to Canada of younger workers and the influx of baby-boomers into the labour market. But it also reflects a long-term decline in the participation rate of this age group, from 36% in 1969 to 27% in 1989. This decline is clearly attributable to the gradual availability over the years of pension schemes with early-retirement provisions, but may also reflect the less numerous job opportunities for the unemployed in this age group as opposed to those in younger age groups.

The net effect of these influences is an increase in the average age of the labour force; it has risen from 35.5 in 1979 to 36.3 in 1989, and will likely continue to rise throughout the 1990s, unless demographic trends are reversed through more younger workers immigrating to Canada.

The workforce is better educated

The coming of age of the post-war generation has produced a better educated, more highly skilled labour force. The proportion with education beyond high school has risen from 29% in 1979 to 42% in 1989, while the proportion with eight years of schooling or less has fallen from 17% to 9%. Individuals with a university degree now account for 15% of the labour force, up from 10% in 1979. But a majority of the workforce still has no schooling beyond high school.

Growth has been uneven among the provinces

Not all the provinces have shared equally in the growth of the labour force over the past ten years. British Columbia led the nation with an average annual increase of 2.4%. Despite the severe downturn caused by the fall in oil prices and the subsequent recession, Alberta achieved average growth of 2.2% per year, ahead of the 2.0% recorded in booming Ontario and 1.9% in Prince Edward Island. In the remaining provinces, results were below the national average of 1.9%, marginally in the case of the other Atlantic provinces (1.8% each), but more significantly for Quebec (1.4%). Growth was especially low for Manitoba (1.2%) and Saskatchewan (1.2%), whose economies were adversely affected by declining international grain and potash prices and severe drought conditions.

Employment

During the 1980s the pace of employment growth slowed by more than a third compared to the previous decade, when the rate was 2.9% annually ([Table 1](#)). But employment ended up almost keeping step with labour force growth, despite the severe recession early in the decade. The balance sheet for the previous decade showed employment lagging behind labour force growth by a wider margin.

Over the last ten years, more than twice as many women as men were added to the employment rolls, in comparison to about 25% more during the previous decade. Part-time employment gained in importance, from 13% of total employment in 1979 to 15% in 1989, accounting for over a quarter of all employment growth. For women, full-time employment rose by over a million; for men, by under 400,000.

Over 70% of total employment is now concentrated in the 25-54 age category, up from 61% in 1969. Workers in this age group accounted for all of the full-time employment growth during the 1980s, but only half of the increase in part-time employment. Over a third occurred among persons under the age of 25.

The industrial structure of employment has changed dramatically over the past twenty years. [\(4\)](#) In the early '70s, 37% of employment was in goods-producing industries; [\(5\)](#) by 1989 only 29%. Agriculture lost employment while other goods-producing industries, with the exception of construction, trailed overall growth over the period. Employment in manufacturing grew by only 3% during the 1980s. Its share of employment is now down to 17% from 22% in 1970. Part of this decline is due to a shift of employment to the service sector, some of which is a result of manufacturing firms resorting to outside contractors for non-manufacturing work that used to be performed in-house. One indication of this is the 74% rise over the decade of employment in firms providing services to business management. Construction employment grew by 38% during the '70s, substantially above average, but fell slightly below average during the '80s. Between 1970 and 1979, the service-producing industries accounted for 79% of total employment growth, but for 94% between 1979 and 1989. In the service sector, only transportation, communication and other utilities industries have experienced below average growth over the past twenty years. In contrast, employment in community, business and personal service industries has doubled since 1970.

There has been some movement in the industrial distribution of employment of men and women since 1979. Over 39% of men now work in goods industries, down from 43% in 1979, while the proportion of women employed in service industries has gone up by about two percentage points to over 84%.

In line with the more rapid expansion of the service sector, white-collar occupations [\(6\)](#) were up 30% over the decade, blue-collar jobs only 3%. The most significant developments were in the managerial, administrative and professional group, where employment for women rose by 769,000 and for men by 490,000. [\(7\)](#) Over a quarter of men's employment and about a third of women's is now in this category, up sharply from 1979. Except for a marginal increase in service occupations, the share of all other occupation groups has dropped.

Unemployment

The unemployment rate was 7.5% in 1989, compared with 7.8% in 1988. The rate averaged 9.3% during the 1980s and 6.8% during the 1970s. The decade saw the highest annual rate recorded since the Great Depression: 11.8% in 1983, the result of the worst recession since the war. By 1989 the rate had fallen back to the level prevailing from 1980 to 1981.

The number of unemployed peaked at over 900,000 in 1978 and again at 1.4 million in 1983. It remained above the million mark in 1989. The average duration of unemployment went up sharply and remains substantially above its pre-recession level ([Table 3](#)). Unemployed men at the end of the decade could expect to be job hunting almost four more weeks than they would have been in 1979, women two more weeks. Men 45 and over experienced the largest increase in the number of weeks unemployed, from 20 weeks in 1979 to 28 weeks in 1989.



Table 3 Average duration of unemployment (weeks)

Source: Labour Force Survey

One consequence of the decline in the youth labour force has been a significant reduction in the number of unemployed 15-24 year-olds. During the latter part of the '70s, this group made up almost half of the unemployed; in 1989 they were only 30% of the total. They have been replaced by the 25-44 year-olds who have gone from 37% to 52% of the total. Half the unemployed in this age group are women. Even though the youth unemployment rate is down, it is still about four percentage points above the average.

Workers with no schooling beyond some post-secondary (without certificate or diploma) experienced very high rates of unemployment as a result of the recession, at least double the rates of workers with a university degree and a third more than workers with a post-secondary certificate or diploma ([Table 4](#)). By 1989 the unemployment rates of all categories had improved. But only the rate for persons with a post-secondary certificate or diploma came close to its 1979 level. The rates for all other categories were at least half a percentage point higher. The unemployment situation of persons with grade eight or less has considerably worsened since 1979. Irrespective of the decline in the number unemployed in this category, the differential between their unemployment rate and the overall rate has widened from 1.4 percentage points in 1979 to 3.6 points in 1989. The number of unemployed in all other categories has increased since 1979, in some cases dramatically. For example, the number of unemployed with a university degree has almost doubled. But in terms of the differential between their unemployment rate and the overall rate, their situation is either virtually unchanged from that in 1979, as in the case of persons with a post-secondary certificate or diploma, or has only moderately deteriorated.



Table 4 Unemployment rates by level of schooling

Source: Labour Force Survey

The unemployment rate of blue-collar workers was 9.1% in 1989, up by over half a percentage point from 1979, while the rate for white-collar occupations went up marginally to 6.1%. The number of unemployed in the managerial and administrative category almost tripled to 61,000. But the unemployment rate for this group remained very low at 3.8%. The highest rates at the end of the decade were recorded in blue-collar occupations: 23.5% for forestry occupations, up from 20% in 1979; 14.5% for fishing and 12.4% for construction occupations, up marginally in both cases. The occupations with the lowest unemployment rate were in the medicine and health group: only 2.5% were seeking employment in 1989.

The unemployment insurance program was put under considerable strain by the 1981-82 recession. The number of beneficiaries who reported no earnings went from an average of 572,000 in 1979 to 1,030,000 in 1983. Data for the first three quarters of 1989 indicate that final results for the year will remain at or above the 1988 level of 780,000 beneficiaries, or one-third higher than in 1979.

One measure of the severity of unemployment is the number of persons who do not look for work because they believe no work is available, the "discouraged workers". Their numbers went up significantly because of the recession. (8) From an estimated 83,000 in 1979 their number rose to 197,000 in 1983. But by 1989, this figure had dropped to 70,000, an indication of the extent to which labour market conditions had improved in the latter half of the '80s.

What's ahead for the '90s

Trends evident since the '70s, such as the aging of the labour force, women as the major source of labour force growth, a progressively better educated and, therefore, more adaptable labour force and the continuing decline of the goods-producing sector, may become more pronounced. These trends will continue to influence the issues for public discussion. High on the agenda will likely be the provision of day-care facilities; the extension of pay-equity measures; the retraining and reintegration into the labour force of older workers and retirees, as the youth generation declines; the need for workers to continually update and upgrade their skills to adapt to rapidly changing work requirements; and the nature and level of support to workers in industries subjected to the stresses of international competition.

Issues of wider social concern may also have a significant impact on the labour force in the '90s. One of the most important is the public's growing perception of the detrimental effect of industrial pollution on the health of the environment. Pollution control measures adopted by both business and government could well affect the rates of employment growth in certain industries, occupations or regions.

Finally, given continuing low levels of natural increase in the population, the role of immigration as a source of labour market growth in the coming decade can be expected to receive increased attention.

This article is based mainly on Labour Force Survey (LFS) annual average estimates, as published in [*Historical Labour Force Statistics - Actual Data, Seasonal Factors, Seasonally Adjusted Data*](#) (71-201), and in [*Labour Force Annual Averages*](#) (71-529). In some instances, estimates were tabulated from the LFS micro-data files.

References to other series, such as the help-wanted index or total labour income, are to monthly, quarterly or annual results available through CANSIM.

Data contained in this article are as available on January 12,1990.

Notes

Note 1

Average number (in units) of actual hours worked per week at all jobs, calculated excluding persons who were not at work during the reference week.

Note 2

Calculated from data available in the following publications of the Organisation for Economic Co-operation and Development: [*Labour Force Statistics 1966-86*](#), Paris, 1988, pp. 28-29, [*OECD Economic Outlook*](#), Paris, June 1989, p. 123 and [*Quarterly Labour Force Statistics*](#), Number 3, Paris, 1989. The comparisons are limited to the period 1969 to 1988.

Note 3

See, for example, [*Claude Picher*](#), "L'envers de la médaille", La Presse, October 14, 1989, page H1.

Note 4

In January 1984, the 1980 Standard Industrial Classification replaced the 1970 Standard Industrial Classification as the basis for coding the LFS industry question. As a result, estimates of the labour force by industry were revised. For example, the estimate for the construction industry went up by 2.4% while that for transportation, communication and other utilities went down by 1.9%. Therefore, trends in employment by industry observed over the decade are in part due to this classification change. For further

information on the impact of the change, see the article by [Joanne Moloney](#) in *The Labour Force*, November 1986.

Note 5

Goods-producing industries include agriculture, other primary industries, manufacturing and construction. Service-producing industries include transportation, communication and other utilities; trade; finance, insurance and real estate; community, business and personal services; and public administration.

Note 6

White-collar occupations include managerial and other professional, clerical, sales and service occupations. Blue-collar occupations include primary occupations; processing, machining and fabricating occupations; construction trades; transport equipment operating; and material handling and other crafts.

Note 7

Some of this increase is attributable to a change of occupational classifications halfway through the decade. In January 1984, the 1980 Standard Occupational Classification replaced the 1971 Occupational Classification Manual as the basis for coding the LFS occupation question. The change did have a noticeable impact on some of the major groups. For example, the estimate for the managerial, administrative and professional group went up by 6.3% while that for sales occupations went down by 9%. For further information on the impact of the changeover, see the article by [Cécile Dumas](#) in *The Labour Force*, October 1986.

Note 8

The figures on "discouraged workers" are from the Survey of Job Opportunities, an annual supplement to the Labour Force Survey which has been conducted in March of every year. For further information on this survey and its results, see the article by [Ernest B. Akyeampong](#), in *Perspectives on Labour and Income*, Autumn 1989.

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Source

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This is the first of seven articles in the issue.

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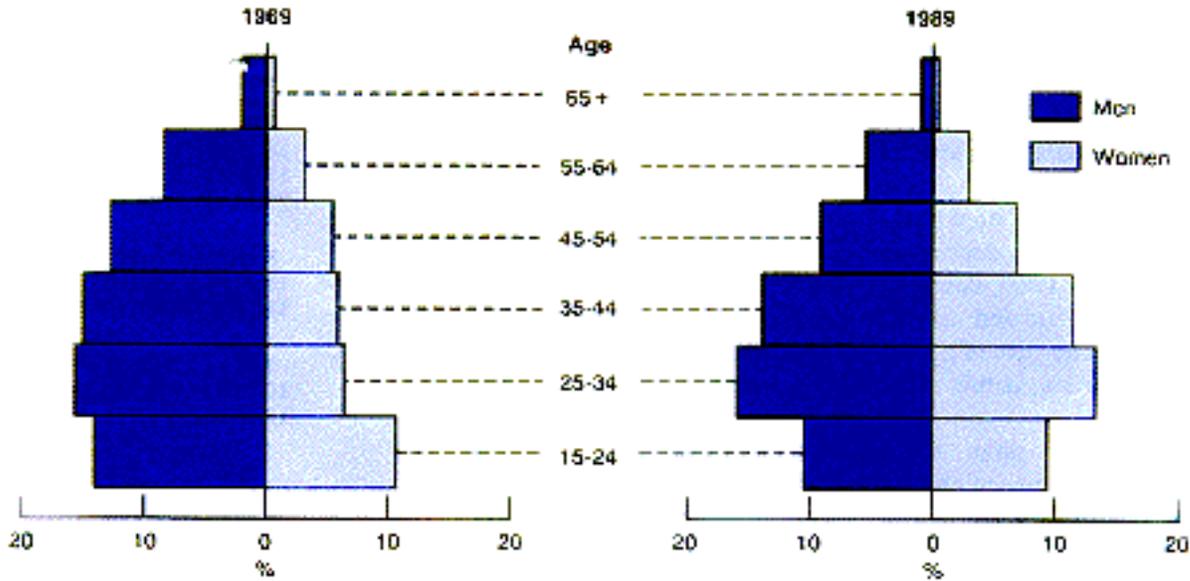


Table 1			
Annual averages by sex			
	Both sexes	Men	Women
	'000		
Population 15 and over			
1969	14,162	6,983	7,179
1979	17,702	8,680	9,022
1989	20,141	9,814	10,326
Labour force			
1969	8,194	5,465	2,728
1979	11,231	6,811	4,420
1989	13,503	7,525	5,978
Employment			
1969	7,832	5,230	2,601
1979	10,395	6,362	4,033
1989	12,486	6,977	5,508
Unemployment			
1969	362	235	127
1979	836	449	387
1989	1,018	548	470
	%		
Participation rate			
1969	57.9	78.3	38.0
1979	63.4	78.5	49.0
1989	67.0	76.7	57.9
Employment/population ratio			
1969	55.3	74.9	36.2
1979	58.7	73.3	44.7
1989	62.0	71.1	53.3
Unemployment rate			
1969	4.4	4.3	4.7

1979	7.4	6.6	8.8
1989	7.5	7.3	7.9
Annual average rates of growth	%		
Population 15 and over			
1969-79	2.3	2.2	2.3
1979-89	1.3	1.2	1.4
Labour force			
1969-79	3.2	2.2	4.9
1979-89	1.9	1.0	3.1
Employed			
1969-79	2.9	2.0	4.5
1979-89	1.8	0.9	3.2
Unemployed			
1969-79	8.7	6.7	11.8
1979-89	2.0	2.0	2.0
<i>Source: Labour Force Survey</i>			

Composition of labour force by age and sex

In one generation, the shape of the labour force has been fundamentally altered by such trends as population aging, the rapid rise in female and youth participation rates, and early retirement.



Source: Labour Force Survey

Table 2

Women in the labour force

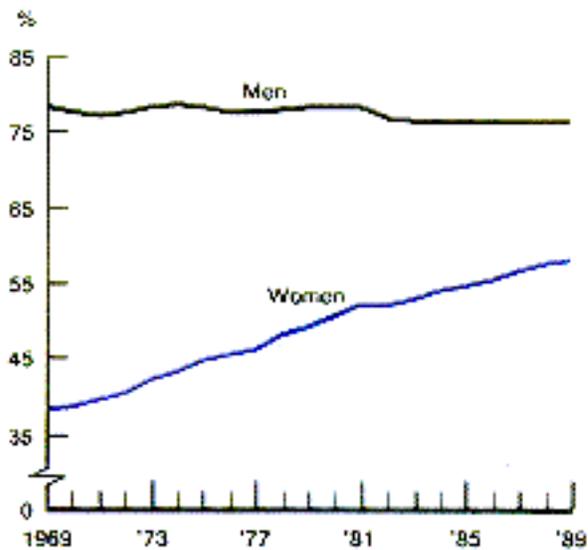
	Participation rates		Percent of employed women working full-time	
	1979	1989	1979	1989
	%			
All women	49	58	77	75
Head or spouse	48	60	77	77
With children under 16	49	69	71	73
With pre-school children	43	62	68	69
Without children under 16	46	53	83	81
Other women*	51	54	77	72

Source: Labour Force Survey

** Unattached individuals, single children and other relatives.*

Labour force participation rates

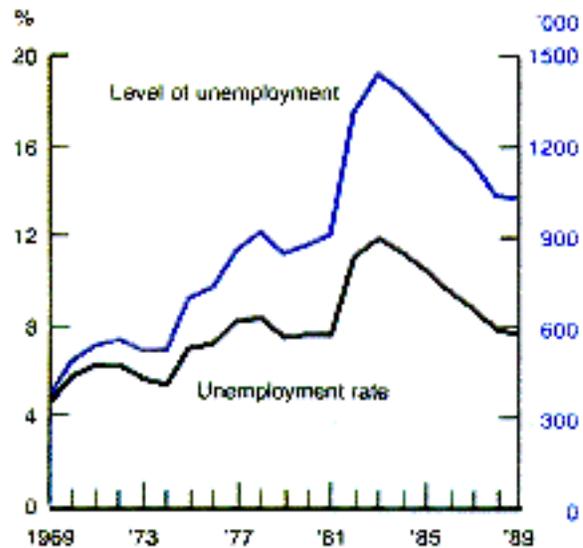
The participation rate for women has climbed steadily over the last two decades.



Source: Labour Force Survey

Unemployment rate and level

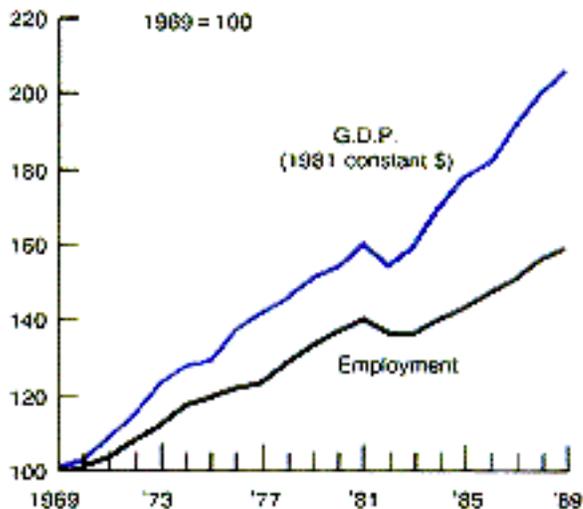
After six years of decline, unemployment is still well above the level of two decades ago.



Source: Labour Force Survey

Index of employment and Gross Domestic Product (G.D.P.)*

Over the past 20 years, G.D.P. growth has outstripped employment growth.

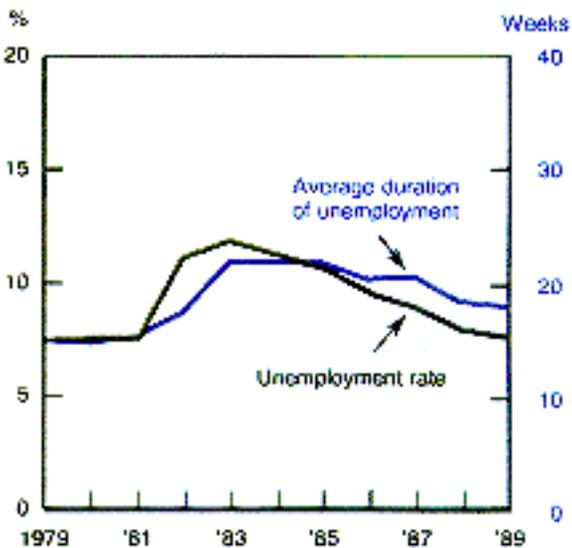


* The G.D.P. for 1969 is an estimate based on 10 months of data

Source: Labour Force Survey and CANSIM.

Unemployment rate and duration

Although the unemployment rate is down from the peak of the early '80s, the average duration of unemployment remains high.



Source: Labour Force Survey

Table 3

Average duration of unemployment (weeks)

	1979	Peak*	1989
Both sexes	14.8	21.8	17.9
Men	15.1	23.2	19.0
Women	14.5	19.9	16.6

Source: Labour Force Survey

** The peak was reached in 1983. For men, however, the average declined in 1984 but rose again to 23.2 in 1985.*

Table 4

Unemployment rates by level of schooling

	1979	Peak*	1989
	%		
Total	7.4	11.8	7.5
0-8 years	8.8	13.4	11.1
9-13 years	8.4	13.8	8.9
Some post-secondary	6.6	11.7	7.3
Post-secondary certificate or diploma	5.1	8.9	5.2
University degree	3.2	5.3	3.7

Source: Labour Force Survey

** The peak was reached in 1983 or 1984, depending on the category.*