

# Youths - waiting it out

*Deborah Sunter*

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One striking feature of the difficult labour market conditions in the first years of the 1990s has been the dramatic fall in labour force participation among Canada's youths. In November 1989, 67% were in the labour force; by November 1993 only 60% were either working or looking for work. While a contraction of labour force activity is typical during economic downturns, particularly among young people, the magnitude of this decline is unprecedented. <sup>(1)</sup> This note explores the recent labour market conditions for youths aged 15 to 24 years (See [Data sources](#)).

## Labour market trends

The last 25 years have seen an upward trend in labour force participation among youths, interrupted only briefly during periods of economic recession ([Chart A](#)). Much of this increase is attributable to two factors: a long-term rise in the overall proportion of students, especially those aged 15 to 19, holding part-time jobs during the school year, and growing labour force participation among young women.



### Chart A **The 1990-92 recession hit youths harder than other recessions since the mid-1970s.**

Source: *Labour Force Survey, seasonally adjusted quarterly data*

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Increased participation, at least in the latter half of the 1980s, paid off: youths were generally successful at finding jobs during this period of economic expansion. Their employment rate (that is, their employment/population ratio) peaked at an annual average of 62.3% in 1989, while their unemployment rate was 11.3%, the lowest in 14 years.

Since then, youths have borne a disproportionate share of job losses. By November 1992, adult employment had surpassed pre-recession levels, but youth employment was still down 376,000 (-17%) from three years earlier and their employment rate languished at 50.0%. By November 1993, the situation had not improved, with only 49.8% employed.

Ironically, 14% of the drop in youth employment has been in the service industries, even though these industries have shown slow but almost continuous employment growth (up 366,000) since November 1989. With adult women the beneficiaries of this growth, youths' share of service jobs fell from 20% in November 1989 to 17% in November 1993.

Just as recessions typically affect youths more than adults, as new hiring slows and experienced labour is hoarded at the expense of the less skilled or recently employed, recoveries also tend to be more elusive for the young ([Chart B](#)). In the 1981-82 recession, the downturn in the employment rate for youths coincided with the beginning of the recession and employment fell sharply for 12 months. Recovery was painfully slow, and not until June 1986, five years after the start of the recession, did the youth employment rate regain its pre-recession level.



## **Chart B In the 1990-92 recession, the decline in youth employment rates began earlier and has lasted longer.**

*Source: Labour Force Survey, seasonally adjusted data*

"Last hired, first fired" describes the early 1980s for youths, and it is even more apropos now. Youths actually started to lose employment eight months before April 1990, the beginning of the latest recession. <sup>(2)</sup> Although the decline was less steep this time around, it has lasted much longer. And, if the pattern of the 1980s is repeated, youths will not regain their pre-recession rate of employment for many years to come. In fact, the persistence of poor employment prospects has resulted in a growing pool of young people without any work experience to offer employers, a scenario which may aggravate an already difficult situation. The proportion of youths who have never held a job rose sharply from 10% in November 1989 to 16% in November 1993.

Since 1989, when labour market conditions began to deteriorate for them, an increasing proportion of youths have given up on looking for a job. What are these young people doing while they "wait it out"?

## **Many turn to school**

More young people are staying in, or returning to, school. In November 1993, (56%) of youths were attending school full time, up from 49% in November 1989. Increased scholastic activity has certainly

contributed to the recent reduction in labour force participation - students typically have a far lower rate of labour force participation than non-students.

Part-time school attendance edged up over the last four years, from 3% to 4% of the youth population. Labour force participation tends to be very high among these students, as they are able to juggle both academic and work demands. However, poor labour market conditions have also resulted in lower participation for this group, down from 90% in November 1989 to 85% in November 1993.

Some of the recent surge in school enrolment may result from a lack of alternatives within the labour market. However, there has been a notable, long-term increase in school attendance rates, especially among those aged 20 to 24 seeking postsecondary qualifications ([Chart C](#)). This rise appears to be quite independent of employment conditions. Young people may be increasingly aware that higher levels of education are associated with a lower likelihood of unemployment.



### **Chart C Since the 1981-82 recession, the school attendance rate among 20 to 24 year-olds has soared.**

*Source: Labour Force Survey, September-to-November averages, unadjusted data*



### **Table November labour force characteristics of youths aged 15 to 24**

*Source: Labour Force Survey, November*

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## **Outside both school and the labour force**

Not all youths have the opportunity or the interest to stay in school, even if the immediate employment situation is dim and long-term career prospects are greatly improved by higher academic credentials. In November 1980, 8% of Canada's youths were neither attending school nor participating in the labour force, and by 1983 the percentage had risen slightly to 9%. Accelerating school enrolment rates and improved employment conditions brought the percentage down to 6% by 1989. By November 1992, despite three years of continued growth in school attendance, 6% of 15 to 24 year-olds were still outside both school and the labour force.

## Child-care responsibilities

Almost half of the 191,000 non-students outside the labour force in November 1992 were young women with children, most of whom cited child-care responsibilities as their main reason for not currently seeking employment. Half of these young mothers were living with a spouse, one in three were lone parents, and the rest lived, along with their children, with parents or other relatives.

The financial resources of the majority of women with young children were extremely limited. In 1992, over two-thirds lived on a total family income of less than \$20,000 (before taxes). While almost all lone mothers had total family incomes below \$20,000, so did half of those living with a spouse or other relative. The most common source of income was social security, received by almost all lone mothers and well over a third of those living with a spouse or other relative.

In addition to extremely restricted finances in the short-run, the long-term prospects of many of these young mothers may be little better since almost two-thirds had not completed high school. For non-completers, future entrance into the labour market will likely be difficult and job opportunities considerably limited.

## The others...

The remaining youths outside school and the labour force, equally split between men and childless women, also tended to have lower academic credentials. Just over half had not graduated from high school, while only one in five employed non-student youths and two in five unemployed non-students had less than a high school education.

Reasons for not currently looking for work differed for male and female non-students. Males were likely to be hoping to return to, or to start, a job in the near future (29%) or to believe that job search was futile in that no suitable jobs were available (23%). Among female non-students, illness (22%) and personal or family responsibilities (excluding care of own children) (22%) were more common reasons for not looking.

Fewer than one in seven of these young people lived alone or with non-family members. Almost two-thirds of the young men lived with their parents while only one-third of their female counterparts did so. About 40% of the young women lived with a spouse.

These youths had three main sources of financial support. Among those who responded to the question, more than a third received social assistance, over a third were supported by spouses or other family members, and a quarter received either Worker's Compensation or Unemployment Insurance. While they tended to be in a better financial situation than young mothers outside the labour force, almost half of those who reported their total family income for 1992 said it was less than \$20,000.

## School and work plans

Just over half of non-student youths outside the labour force intended to further their education. Among those aged 15 to 19, six in ten planned to return to school, with the likelihood of such plans decreasing the longer they had been away from school. Half the 20 to 24 year-olds planned to return, and again, school plans were most common among those most recently out of school.

More than three-quarters of youths outside school and the labour force had past work experience: 85% of the men and 74% of the women, and they were twice as likely to have future work plans as those who had never worked. Men were also more likely than women to be planning to enter the work force - 71% versus 55%. Returning to school did not hamper the search for work; in fact, youths who intended to continue their studies were more likely to plan a job-search than those who did not.

## Summary

Recessions tend to be difficult for most people, but their effects can be especially hard and prolonged for the young. For youths able to remain in, or return to, school, the long-term effects may actually be positive - higher credentials qualify them for better jobs in the future. However, in the interim they may have difficulty finding part-time or summer employment. The consequences may be two-fold: these students will tend to lack valuable job exposure when they complete their education, and many will have to borrow heavily to stay in school, emerging later with a significant debt-load.

Overall, the recent recession appears to have been harder on youths than the 1981-82 recession. As poor employment conditions persist, they have lost relatively more employment and have had similar increases in unemployment, even though many more have withdrawn from, or not entered, the labour force.

It is encouraging that the proportion of youths neither in school nor in the labour force has remained stable despite the recession. However, the 191,000 young people in this situation in November 1992 (72% of whom were women) tend to have low academic credentials. Hence, their entry into the labour market is likely to be difficult and they may face extremely limited prospects.

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## Data sources

The data for this article are drawn from two sources. Estimates relating specifically to youths not in the labour force in November 1992 are from the Survey of Persons Not in the Labour Force, a supplement to the November 1992 Labour Force Survey. All other estimates are from the Labour Force Survey.

The Survey of Persons Not in the Labour Force was designed to collect information on past and future

attachment to the labour market, current non-labour market activities, and the financial resources of persons not in the labour force. In addition, specific questions were asked about the school plans of youths who were neither working nor attending school.

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## Notes

### *Note 1*

Between 1946 and 1965, the proportion of youths participating in the labour force fell by nine percentage points, from 57.3 to 48.1. However, this downward trend was not the result of recession, but rather of profound changes in Canadian society that encouraged the continued education of teenagers. Schooling became more possible and necessary as the country moved quickly away from its agrarian roots.

### *Note 2*

This date may be revised when GDP estimates for 1990 are finalized.

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## References

- Cohen, G.L. "[Youth for hire.](#)" *Perspectives on Labour and Income* (Statistics Canada, Catalogue 75-001E) 1, no. 1 (Summer 1989): 7-14.
  - Sunter, D. "Persons not in the labour force." *The Labour Force* (Statistics Canada, Catalogue 71-001) 49, no. 4 (April 1993): C2-C22.
  - ---. "[Juggling school and work.](#)" *Perspectives on Labour and Income* (Statistics Canada, Catalogue 75-001E) 4, no. 1 (Spring 1992): 15-21.
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## Author

Deborah Sunter is with the Household Surveys Division of Statistics Canada.

## Source

*Perspectives on Labour and Income*, Spring 1994, Vol. 6, No. 1 (Statistics Canada, Catalogue 75-001E). This is the fifth of seven articles in the issue.

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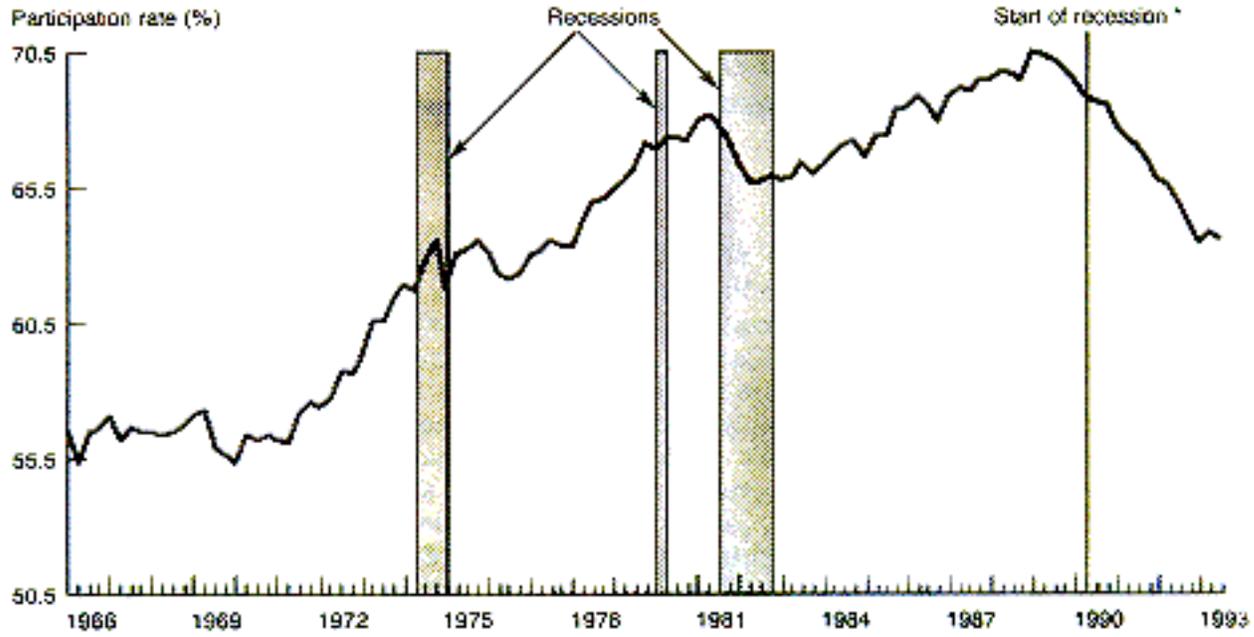
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Chart A

**The 1990-92 recession hit youths harder than other recessions since the mid-1970s.**

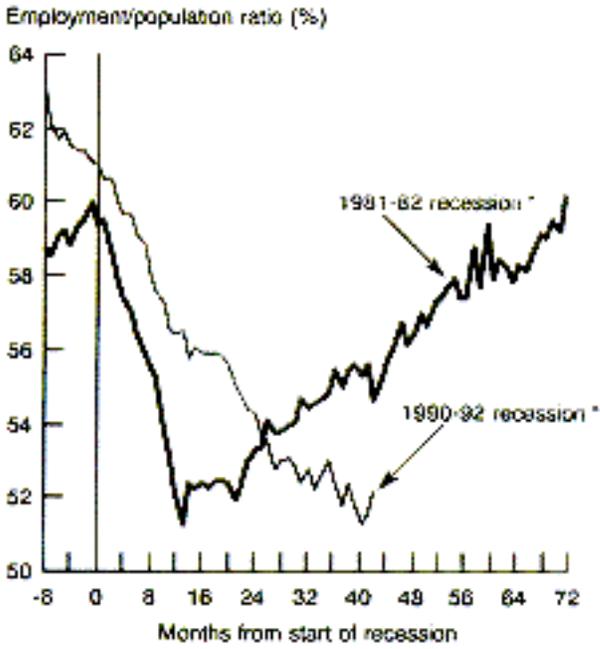


Source: Labour Force Survey, seasonally adjusted quarterly data

\* No end date is currently available, and the start date may be revised.

Chart B

**In the 1990-92 recession, the decline in youth employment rates began earlier and has lasted longer.**

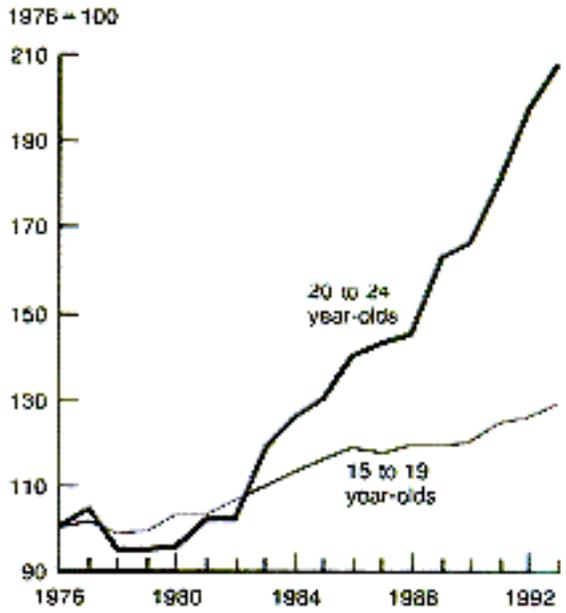


Source: Labour Force Survey, seasonally adjusted data

\* 1981-82: 0 = July 1981  
1990-92: 0 = April 1990

### Chart C

Since the 1981-82 recession, the school attendance rate among 20 to 24 year-olds has soared.



Source: Labour Force Survey, September-to-November averages, unadjusted data

**November labour force characteristics of youths aged 15 to 24**

	1980	1983	Change	1989	1993	Change
<b>Population ('000)</b>	<b>4,555</b>	<b>4,328</b>	<b>-227</b>	<b>3,780</b>	<b>3,733</b>	<b>-48</b>
Full-time students	1,842	1,839	-3	1,867	2,093	226
Part-time students	115	143	29	126	152	26
Non students	2,598	2,346	-253	1,788	1,487	-300
<b>Participation rate (%)</b>	<b>64.6</b>	<b>63.2</b>	<b>-1.4</b>	<b>66.8</b>	<b>60.3</b>	<b>-6.5</b>
Full-time students	33.8	34.7	0.9	45.7	40.6	-5.1
Part-time students	88.5	87.1	-1.4	89.8	85.1	-4.7
Non students	85.4	84	-1.4	87.3	85.6	-1.7
<b>Employment rate (%)</b>	<b>56.8</b>	<b>51.7</b>	<b>-5.1</b>	<b>59.2</b>	<b>49.8</b>	<b>-9.4</b>
Full-time students	30.7	30.3	-0.4	41.3	33.7	-7.6
Part-time students	80.7	71.3	-9.3	83.7	71.1	-12.6
Non students	74.3	67.4	-7	76.1	70.2	-5.9
<b>Unemployment rate (%)</b>	<b>12</b>	<b>18.1</b>	<b>6.1</b>	<b>11.4</b>	<b>17.5</b>	<b>6.1</b>
Full-time students	9.3	12.8	3.5	9.6	16.9	7.3
Part-time students	8.8	18.1	9.3	6.8	16.5	9.7
Non students	12.9	19.8	6.9	12.7	18	5.3

*Source: Labour Force Survey, November*