The global economic downturn that worsened in the last quarter of 2008 continued into the first quarter of 2009. As a consequence, employment fell in 2009 following sixteen years of increases. The bulk of the employment losses occurred in the first quarter (-255,000 or -1.5%). From March to July, employment stabilized, followed by an upward trend in the last five months of the year. The increases in the later part of the year, however, were not enough to offset the large declines in the first quarter, leaving employment down 1.1% or 189,000 by year-end (see Data sources and definitions) (Chart A).

At 8.4% in December 2009, the unemployment rate was 1.6 percentage points higher than in December 2008, the highest rate since 1997 and the largest December-over-December increase since the early 1990s recession (see December-to-December change).

Employment losses in 2009 were concentrated in full-time work and among private sector employees. Youth and men 25 to 54 years of age accounted for most of the declines. On the other hand, those 55 and over ended the year with employment gains, particularly women. There were also gains among the self-employed.

The labour market downturn that began in Canada in October 2008 saw employers cut back more heavily on the number of hours worked than on the number of workers. The steepest declines in both hours and employment occurred in the last quarter of 2008 and the first quarter of 2009, although hours were cut at a faster pace than employment. Despite a year-over-year decline in 2009, hours have been on an upward trend since May (Chart B).

Employment in manufacturing tumbled in 2009, with 177,000 fewer employed in this sector in December 2009 than one year earlier. The number of manufacturing workers reached a new low in August 2009—slightly lower than the troughs of the early 1980s and 1990s recessions. Although manufacturing’s share of total employment has been declining for decades, manufacturing accounted for 10.4% of employment in December 2009 compared to a 17% average in the mid-1980s and a 14% average in the mid-1990s.

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**Chart A** Economic downturn brought gross domestic product (GDP) and employment down in first half of year

<table>
<thead>
<tr>
<th>Chained 2002 $ (billion)</th>
<th>Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (left scale)</td>
<td></td>
</tr>
<tr>
<td>Employment (right scale)</td>
<td></td>
</tr>
</tbody>
</table>

Data sources and definitions

The Labour Force Survey (LFS) is a monthly household survey that collects information on labour market activity from the civilian, non-institutionalized population 15 years of age and over. The survey uses a rotating sample of approximately 54,000 households, with each household remaining in the sample for six consecutive months.

The LFS divides the working-age population into three mutually exclusive classifications: employed, unemployed, and not in the labour force. For a full listing and description of LFS variables, see Guide to the Labour Force Survey (Statistics Canada 2010).

The employment rate is employed persons as a percentage of the population 15 years of age and over. The rate for a particular group (for example, youth age 15 to 24) is the employed in that group as a percentage of the population for that group.

The unemployment rate is the unemployed as a percentage of the labour force. The unemployment rate for a particular group is the unemployed in that group as a percentage of the labour force for that group.

The Survey of Employment, Payrolls and Hours (SEPH) is produced from the combination of the Business Payroll Survey results and the payroll deductions administrative data received from Canada Revenue Agency. It provides detailed information on the total number of paid employees, payrolls and hours at detailed industrial, provincial and territorial levels.

This analysis uses industry employment estimates from both the LFS and the SEPH. Employment trends and estimates at the 2-digit North American Industry Classification System (NAICS) code level are from the Labour Force Survey (e.g., Table 1) while more detailed industry employment analyses at the 3- or 4-digit code level are based on SEPH data (e.g., Chart E, trucking employees).

Mostly due to losses in manufacturing, Ontario experienced the largest job losses in 2009, with employment down 121,000 (-1.8%). British Columbia also had higher-than-average declines (-27,000 or -1.2%). Employment in Alberta fell by 20,000 or -1.0%.

Loss of manufacturing jobs accelerates in 2009

Historically, manufacturing employment increased during periods of economic growth and was among the first to decline during recessions. However, job losses in manufacturing predated the current downturn as factories shed 341,000 jobs (-15%) from May 2004 to October 2008 (Bernard 2009).

As the economy contracted, the number of manufacturing workers fell even faster (-10.5% or -208,000) and by August 2009 the number of manufacturing workers stood at 1.745 million, the lowest level since 1976. Since August, however, employment in this sector has rebounded slightly, up 1.0% (18,000) (Chart C).

Employment fell in most of the major industry groups in manufacturing during the recent economic downturn, with the heaviest losses occurring in transportation equipment—specifically in motor vehicle, body and parts manufacturing; fabricated metal; machinery; wood; plastics and rubber products; computer and electronics; and primary metal (Chart D).

Employment in food and beverage product manufacturing remained stable from December 2008 to December 2009. Food manufacturing sales or shipments were up 2.1% over the year, with notable gains in Alberta, New Brunswick, Saskatchewan and Ontario.

For many years, food and transportation equipment manufacturing were the largest employers in the manufacturing sector, each employing over 200,000
workers. With the gradual decline of transportation equipment workers, especially in motor vehicle and parts manufacturing, food manufacturing has become the top manufacturing employer. In December 2009, there were 221,000 workers employed in food manufacturing compared to 161,000 in transportation equipment.

**Other goods-producing industries also down**

Forestry, fishing, mining, oil and gas extraction also posted employment losses over the year, down by 36,000 or 10.6% (Table 1). Mining, quarrying and oil and gas extraction accounted for the bulk of these losses.

**December-to-December change**

Throughout this analysis, changes in employment and other labour market indicators during 2009 are determined by comparing seasonally adjusted figures for December 2009 with December 2008, in order to pick up changes sooner than is possible with annual averages. For example, employment averaged 16.8 million in 2009, -1.1% or -189,000 lower than in 2008. This would seem to indicate larger employment losses during 2009 than the December-over-December change (-189,000 or -1.1%), which can also be thought of as the sum of the monthly employment changes for the year.

Annual employment loss based on annual averages is higher than that shown by the December-to-December comparison for 2009 because employment was still growing through much of 2008. This creates a higher baseline for job losses since employment had already been falling for two months in December 2008.

Of course, neither December-to-December nor annual averages are perfect. December-to-December change can be misleading due to end-point bias. In this case, the greater volatility of the monthly numbers can lead to different interpretations of a trend that might be better described with more stable quarterly or annual average estimates.
losses. Despite stability in the last four months of the year, there were 14.3% fewer workers in this industry in December 2009 than one year earlier.

In forestry, logging and support services, employment fell until April 2009 and then edged up. Despite these increases, year-end employment remained 11.7% (-5,200) below the December 2008 level.

Employment in construction fell sharply from December 2008 to July 2009 (-86,000), but posted increases in the last five months of the year (57,000), ending the year with 2.4% fewer workers.

**Trucking and employment services also affected by economic downturn**

Less demand for manufactured products decreased the demand for trucking services in 2009, which led the employment decline in the transportation and warehousing industry (-75,000) (Chart E).

The slack labour market was reflected by lower demand for employment services (employment placement and temporary help services). Businesses also cut back on support services, bringing employment in the business, building and other support services industry down over the year (-54,000).
Table 1  Employment by industry and class of worker

<table>
<thead>
<tr>
<th></th>
<th>December 2008</th>
<th>December 2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>'000</td>
<td>'000</td>
<td>%</td>
</tr>
<tr>
<td>Total employed</td>
<td>17,070.4</td>
<td>16,881.4</td>
<td>-189.0 -1.1</td>
</tr>
<tr>
<td>Goods-producing sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>320.4</td>
<td>315.3</td>
<td>-5.1 -1.6</td>
</tr>
<tr>
<td>Forestry, fishing, mining, oil and gas</td>
<td>342.1</td>
<td>305.7</td>
<td>-36.4 -10.6</td>
</tr>
<tr>
<td>Utilities</td>
<td>151.8</td>
<td>146.5</td>
<td>-5.3 -3.5</td>
</tr>
<tr>
<td>Construction</td>
<td>1,215.4</td>
<td>1,186.4</td>
<td>-29.0 -2.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,939.4</td>
<td>1,762.6</td>
<td>-176.8 -9.1</td>
</tr>
<tr>
<td>Service-producing sector</td>
<td>13,101.2</td>
<td>13,164.8</td>
<td>63.6  0.5</td>
</tr>
<tr>
<td>Trade</td>
<td>2,650.3</td>
<td>2,654.0</td>
<td>3.7   0.1</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>863.9</td>
<td>789.4</td>
<td>-74.5 -8.6</td>
</tr>
<tr>
<td>Finance, insurance, real estate and leasing</td>
<td>1,083.6</td>
<td>1,112.7</td>
<td>29.1  2.7</td>
</tr>
<tr>
<td>Professional, scientific and technical</td>
<td>1,200.9</td>
<td>1,241.9</td>
<td>41.0  3.4</td>
</tr>
<tr>
<td>Business, building and other support</td>
<td>670.5</td>
<td>616.1</td>
<td>-54.4 -8.1</td>
</tr>
<tr>
<td>Educational</td>
<td>1,177.4</td>
<td>1,228.7</td>
<td>51.3  4.4</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>1,934.7</td>
<td>1,994.0</td>
<td>59.3  3.1</td>
</tr>
<tr>
<td>Information, culture and recreation</td>
<td>765.0</td>
<td>775.3</td>
<td>10.3  1.3</td>
</tr>
<tr>
<td>Accommodation and food</td>
<td>1,059.9</td>
<td>1,055.1</td>
<td>-4.8  -0.5</td>
</tr>
<tr>
<td>Other services</td>
<td>761.0</td>
<td>784.3</td>
<td>23.3  3.1</td>
</tr>
<tr>
<td>Public administration</td>
<td>933.9</td>
<td>913.4</td>
<td>-20.5 -2.2</td>
</tr>
<tr>
<td>Class of worker</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public sector</td>
<td>3,435.1</td>
<td>3,437.1</td>
<td>2.0   0.1</td>
</tr>
<tr>
<td>Private sector</td>
<td>10,976.8</td>
<td>10,704.0</td>
<td>-272.8 -2.5</td>
</tr>
<tr>
<td>Self-employed</td>
<td>2,658.5</td>
<td>2,740.3</td>
<td>81.8  3.1</td>
</tr>
</tbody>
</table>


Growth in some service industries

Two industries generally not affected by economic downturns or recessions are education and health care and social assistance. Both industries posted employment gains in 2009.

In education, employment increased in universities, community colleges and elementary and secondary schools. In health care and social assistance, gains were in residential and community care facilities, and hospitals, as well as offices of physicians, dentists, and other health practitioners and out-patient care centres.

Self-employment expands in recent downturn

All of the employment declines over the year were among private sector employees (-273,000 or -2.5%), while the number of public sector employees was almost at the same level in December 2009 as December 2008.

Self-employment, on the other hand, was up 3.1% (82,000) (Chart F). Most of the increase occurred among business owners without paid help and occurred between March and October 2009, immediately after five months of significant declines in paid employment.

Self-employment tends to grow faster during difficult labour market conditions or recessions (Picot and Heisz 2000). However, a recent report showed that typically only a small portion of paid employees became self-employed in the aftermath of a layoff (LaRochelle-Côté 2010), which suggests that other factors—including other possible effects of the downturn on the labour market—contributed to this recent increase in self-employment.

Actual hours dropped in the first half of 2009 and rebounded after six months

Due to the concentration of job losses in full-time work (-1.1%), it was only natural to see a decline in actual hours worked (-0.8%) in 2009. This year-end
Labour market review 2009

While employment among private sector employees fell in 2009, self-employment grew steadily

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
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<tbody>
<tr>
<td>Hours</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>II</td>
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<td></td>
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<tr>
<td>III</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV</td>
<td></td>
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</tbody>
</table>


The number of people receiving regular Employment Insurance (EI) benefits swelled to a high of 829,300 in June 2009, up 51.1% from December 2008, before retreating to 744,000 in December 2009. Despite fewer beneficiaries in the last half of the year, there were still 195,000 (35.5%) more people collecting EI benefits in December 2009 than one year earlier.

Metropolitan areas whose number of EI beneficiaries grew the fastest in 2009 were Vancouver, Victoria and Abbotsford-Mission in British Columbia; Calgary and Edmonton in Alberta; and Greater Sudbury, Oshawa, Toronto and Hamilton in Ontario.

Average actual hours fell in first and second quarter of 2009, rebounding in last two quarters

<table>
<thead>
<tr>
<th>Hours</th>
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<tbody>
<tr>
<td>11.00</td>
</tr>
<tr>
<td>10.75</td>
</tr>
<tr>
<td>10.50</td>
</tr>
<tr>
<td>10.25</td>
</tr>
</tbody>
</table>


Unemployment rate reached 12-year high

The unemployment rate climbed from 6.8% in December 2008 to a peak of 8.7% in August 2009, then stabilized at 8.4% for the last three months of 2009. British Columbia, Alberta and Ontario experienced the largest increases in unemployment. At the other end of the spectrum, the unemployment rate in Saskatchewan, Quebec and New Brunswick was up minimally and Prince Edward Island posted a decline in the unemployment rate during this period (Chart H).

Unemployment up sharply for youth and prime-age men

With an unemployment rate that reached 16.0% in December 2009, up 2.9 percentage points from one year earlier, youth 15 to 24 years of age fared poorly in the labour market downturn. The youngest group experienced the most difficulty finding employment, as 20.8% of 15- to 19-year-olds in the labour force were unemployed in December 2009 compared to 12.9% for those age 20 to 24.

The summer of 2009 proved to be one of the toughest labour market periods for students in recent history. Students experienced an average unemployment rate of
The percentage of part-time workers who were working less than 30 hours per week involuntarily rose to 26.8% in December 2009, from 22.3% in December 2008. Most of the increase in involuntary part-timers occurred among workers 25 years of age and over, particularly men. In December 2009, 42.5% of men 25 and over working part-time did so involuntarily, compared with 35.6% in December 2008.

Another indicator of labour underutilization is the broadest of the eight supplementary unemployment rates (R8). This rate adds certain groups of people to the official unemployment rate—groups that are not normally included because they are not currently searching or available for work. It adds those who are not looking for work.

rate of 19.2% over the summer months, the second highest rate since comparable data became available in 1977. In addition to a high unemployment rate, the average number of hours worked during the summer by students was the lowest since 1977, at 23.4 hours per week.

Increasing unemployment was not limited to youth, as the unemployment rate for men 25 to 54 years of age reached 8.1% in December 2009, up 2.1 percentage points from one year earlier. Employment losses for adult men occurred primarily in the first quarter of 2009 while employment for youth continued to decline until October 2009 (Chart I).

**Underemployment among men 25 and over**

An indicator of underemployment often examined during labour market downturns or recessions is the number of persons working part-time involuntarily, that is, those who work part-time because of business conditions or because they could not find full-time work.

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**Chart H**

**British Columbia, Alberta and Ontario had above-average unemployment rate increases from December 2008 to December 2009**


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**Chart I**

**Employment rates fell steeply for youth and men age 25 to 54 in 2009, and rose for those 55 and over**

because they think no work is available (discouraged); those waiting for recall, replies from employers or long-term future starts; and involuntary part-timers (in full-time equivalents).

In December 2009, this rate was 11.1%, up 2.1 percentage points from one year earlier. Increases over the year varied across demographic groups and provinces, but were largest among youth and men 25 and over, as well as in British Columbia, Alberta, Ontario and Manitoba.

**Recently arrived immigrants fared poorly in recent downturn**

Immigrants who had arrived in Canada within the previous five years had larger employment losses in 2009 than those born in Canada. Among these recent immigrants, employment was down 9.7% (-50,000) over the year and the unemployment rate climbed 3.3 percentage points to 14.7% in December 2009. In contrast, employment fell 2.0% among the Canadian-born while their unemployment rate increased 1.5 percentage points to 7.3%.

Established immigrants—those who have been in Canada for more than 10 years—recorded employment gains, up 2.6% or 62,000 between December 2008 and December 2009. However, growth in their population outmatched employment growth, leaving their employment rate down almost 1 full percentage point over the year, at 54.6%. Their unemployment rate increased to 8.2%, up 2.6 percentage points, as more entered the labour market in search of work.

**Job losses among Aboriginal population**

For Aboriginal people living off-reserve, employment fell at a faster pace than for the non-Aboriginal population between December 2008 and December 2009. The Aboriginal employment rate fell 4.4 percentage points to 55.8% in December 2009, compared with a 1.8 percentage-point decline for the non-Aboriginal population, to 61.6%.

Due to fewer job opportunities, the Aboriginal unemployment rate rose to 13.5% in December 2009, an increase of 3.7 percentage points over the year. There were large increases in the Atlantic region, Ontario and the western provinces.

**International comparisons**

The recession in the United States, which officially began in December 2007, brought that country’s unemployment rate to 10.0% in December 2009, double what it had been at the start of the recession (5.0%). In Canada, the labour market downturn was less severe, bringing the Canadian unemployment rate adjusted to U.S. concepts to 7.5% in December 2009, up 2.1 percentage points from the employment peak in October 2008.

In 2009, the unemployment rate in the United States was 2.5 percentage points higher than the comparable Canadian unemployment rate. This is the largest gap in favour of Canada since at least 1976 (Chart J).

Atypically, the United States topped a group of other countries for the highest unemployment rate and the largest increase over the year. Sweden, France, Canada and Italy followed while Germany, Japan and Australia had the smallest increases in their unemployment rates (Chart K).

**Ontario job losses concentrated in manufacturing**

In Ontario, the economic downturn saw employment drop by 243,000 over the seven-month period from October 2008 to May 2009. In percentage terms, this is the largest seven-month decline in the province since the recession of the early 1990s. From May to December 2009, however, employment rebounded somewhat, with an increase of 54,000 (0.8%).

Despite this increase, Ontario finished the year with 121,000 (-1.8%) fewer workers. The unemployment rate reached 9.2% in December 2009, up from 7.4% in December 2008, and the highest in 13 years.

Close to two-thirds of the employment losses were in manufacturing. These losses were not only in motor vehicle and parts but also in primary and fabricated metal; plastics and rubber products; machinery; and computer and electronic product manufacturing (Chart L).

A number of other industries posted employment losses over the year, including transportation and warehousing; trade; business, building and other support services; construction; and public administration.
Chart J  Unemployment rate in U.S. exceeds Canadian rate by record margin

[Graph showing unemployment rates over time for Canada and the United States, with a note indicating that Canadian data have been adjusted to approximate U.S. measurement concepts.]

Note: Canadian data have been adjusted to approximate U.S. measurement concepts.

Chart K  United States unemployment rate is highest among these selected countries, with largest increase over the year, at 2.6 percentage points

[Bar chart showing the share of manufacturing employment loss for various countries including United States, Canada, France, Sweden, Italy, Germany, Canada, Australia, Japan, with December 2009 and December 2008 data points.]

Note: Unemployment rates are adjusted to U.S. concepts for comparability and are seasonally adjusted.

Chart L  While over 40% of manufacturing employment was lost in Ontario, Alberta and British Columbia lost more than their share

[Bar chart showing the share of manufacturing employment loss for provinces including Ontario, Alberta, British Columbia, Quebec, Manitoba, Nova Scotia, Saskatchewan, Prince Edward Island, Newfoundland and Labrador, New Brunswick, with percentages indicated.]

Losses in the goods-producing sector in British Columbia

In British Columbia, employment fell until March 2009, and has trended up since. At the end of the year, however, there were 27,000 fewer employed workers in the province.

British Columbia’s unemployment rate climbed 2.8 percentage points over the year. It stood at 8.3% in December 2009, the highest since 2003.

Employment losses were concentrated in the goods-producing sector, with the largest losses occurring in mining, quarrying and support activities; wood, paper, fabricated metal and machinery manufacturing; and construction.

Although the service-producing sector finished the year on the positive side, increases were dampened by declines in transportation and warehousing; business, building and other support services; and accommodation and food services.

Sharp rise in Alberta’s unemployment rate

While Alberta’s working-age population increased by 2.5% in 2009, the province experienced an employment decline of 20,000 or 1.0%. With a weak labour market and growing population, unemployment spiked upwards.

At the start of the economic downturn in October 2008, Alberta’s unemployment rate was 3.5%. By August 2009, it had more than doubled, reaching 7.3%, the highest in 13 years. Employment gains in the last two months of the year brought the unemployment rate down to 6.6% by December 2009.

Employment losses over the year were primarily led by declines in the goods-producing sector, specifically in primary and fabricated metal product and machinery manufacturing; in oil and gas extraction and support activities; and in agriculture.

There also were losses in professional, scientific and technical services, particularly in architectural, engineering and related services, and management, scientific and technical consulting services.

Smaller job losses in Quebec, Manitoba, New Brunswick and Nova Scotia

At year-end, employment in Quebec was down by 18,000 (-0.5%) as declines in the first three months of the year were partly offset by increases in the last five months. With more people searching for work, the unemployment rate increased by 0.8 percentage points to 8.4% (Chart M).

There were a number of offsetting changes across industries in Quebec over the year. While there were declines in manufacturing and many of the service sector industries, a few industries posted large gains—most notably professional, scientific and technical services; wholesale and retail trade and educational services. Of all provinces, Quebec recorded the largest gain in the number of self-employed workers (33,000) over the year.

Chart M  Ontario and British Columbia posted above-average employment losses

![Chart M](image-url)}
Quebec lost factory jobs, but at a slower pace (-4.0%) than Ontario (-8.7%), British Columbia (-15.5%) and Alberta (-22.1%). Quebec’s manufacturing losses stemmed from wood, paper, printing, fabricated metal, machinery and aerospace product manufacturing.

Following an increase of 1.8% in 2008, employment in Manitoba was down 0.8% in 2009. Despite an increase of 1.4 percentage points in 2009, Manitoba’s 5.8% unemployment rate remains the second lowest of all provinces. Almost all employment declines were in the goods sector, specifically in manufacturing, construction and agriculture.

Small employment declines were recorded in New Brunswick (-0.7%) and Nova Scotia (-0.3%) in 2009. In Nova Scotia, the unemployment rate steadily increased from October 2008 to December 2009, up 2.1 percentage points, to reach 9.6%. In New Brunswick, the unemployment rate changed little by year-end, at 8.9%.

Some pockets of job growth...

Saskatchewan was the province with the lowest unemployment rate in December 2009, at 4.8%. Employment in the province remained stable throughout the year, ending with a 0.5% increase by December 2009.

Prince Edward Island and Newfoundland and Labrador also ended the year with employment gains. Prince Edward Island was the only province to see its unemployment rate decline over the year, down 1.8 percentage points to 10.8%. Employment in P.E.I. increased by 3.3% in 2009, following four years of little or no growth.

For the third consecutive year, employment in Newfoundland and Labrador changed little. However, with more people participating in the labour market and searching for work, the unemployment rate increased to 15.2% in 2009, up 1.5 percentage points from December 2008.

■ Note

1. Estimates are based on three-month moving averages and are not seasonally adjusted.

■ References


