

Earnings and Employment Trends ♦ July 1998

BC's Recent Employment Growth

Counter to the widespread perception of economic doom and gloom in BC, employment has been increasing fairly steadily since January of this year. In fact, between January and September, BC had the highest employment growth rate in Canada. The number of jobs increased by 3.1 per cent compared to Ontario at 1.8 and Alberta at 1.3 per cent. How can this be when resource prices are depressed world wide and the local forestry and construction sectors have been crying the blues for months?

First of all, employment levels do not usually respond immediately to reduced sales --- employers tend to hold onto staff for as long as possible, cutting back on hours initially, and laying-off only as a last resort. Hence, employment change tends to be a lagging indicator of economic activity.

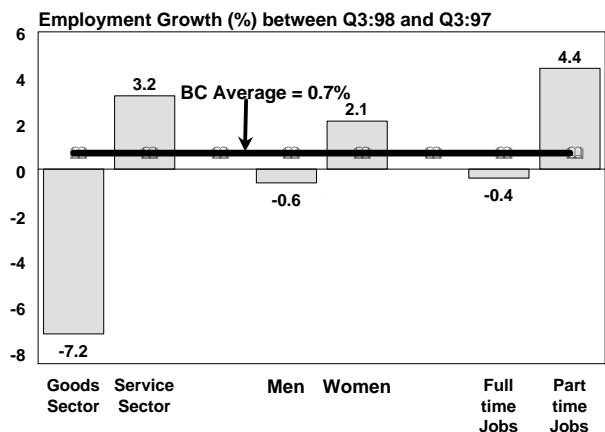
Secondly, as a general rule, single month comparisons from the Labour Force Survey should be regarded with caution, as fluctuations could be the result of sampling variation as opposed to real change.

However, BC did have job growth in 1998, no matter which time frame is compared, but when quarterly or year-to-date data is the basis of analysis, BC's performance is well below the Canadian average. For example, the 3rd quarter ending in 1998 BC registered only 0.7 per cent growth over the same quarter in 1997 and the year-to-date

(January to September) figures show a 0.6 per cent growth rate. Canada's comparable numbers were 2.2 and 2.6 per cent.

The analysis below examines the changes that have occurred in the BC job market between the 3rd quarter of 1998 compared to the same time period in 1997.

The Ups and Downs in the BC Job Market Over the Past Year



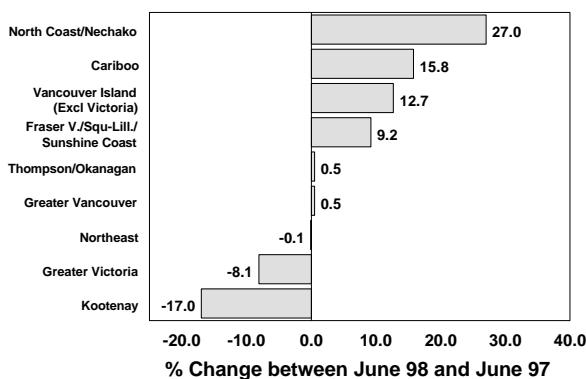
An important aspect of the recent growth is that the performance among different job types is very diverse, in particular; the service producing industries (such as retail trade and hotels/restaurants) are faring well but at the other extreme, the goods producing industries (specifically primary, manufacturing and construction) are declining; all growth has been in part-time jobs, not full-time jobs (which is consistent with growth in the service sector where most part-time jobs are found); and men are the ones who are losing

their jobs while women's situation has improved.

Needless to say, these circumstances create diverse economic conditions across the province. Resource-based regions suffer, while those areas that provide services to the province may be temporarily cushioned from the downturn. Tourism, in particular, has remained relatively healthy and those regions that attract tourists have not fully felt the squeeze.

To illustrate these regional differences, the following chart shows the change in the number of persons receiving Employment Insurance (EI) benefits by region. While EI does not measure the full-extent of unemployment because many unemployed do not qualify for EI, the change in EI proves to be a good indicator of the change in unemployment, at least at the beginning of an economic downturn.

Increase/Decrease in EI Recipients
The Decline in the Goods Producing Sector has had differing impacts on unemployment across the province



It becomes clear that those areas most dependent on the forest sector have been the areas hardest hit. Within these groupings, the Coastal areas, from the Queen Charlottes north and the northern half of Vancouver Island

have fared the worst. And this data only reflects circumstances up to June of this year while most of the major lay-off announcements have been since then.

On the other side, the Northeast and the Kootenays, which are very reliant on the health of the energy sector, had not yet shown signs of unemployment problems by June. As well, Victoria seems to have been buffered so far, probably thanks to tourism. BC Stats will continue to monitor the EI data in order to quantify regional problems.

TITLES OF PREVIOUS ISSUES	ISSUE NUMBER
Changes in Earning Capacity: 1990 to 1995	98-06
Occupational Integration of Men & Women	98-05
Who Works Overtime – The Gender Gap	98-04
The Changing Structure of the Work-Week	98-03
Multi-Job Holders in BC	98-02
Gender Economic Equality - Progress in BC	98-01
Education Levels of Income Assistance Recipients	97-12
BC's Unemployed and Unemployment Insurance	97-11
Important Sectors for Youth Employment	97-10
Duration of Unemployment	97-09
Men and Women in the BC Job Market—20 Yr Persp.	97-08
Workers' Pensions	97-07
Youth: How Have They Fared in the '90s?	97-06
The Value of Education—It pays to stay in school	97-05
Service Producing Industries in BC	97-04
Males—Are they becoming “Stay-at-home Dads?”	97-03
Average Weekly Earnings in BC	97-02
Work Sharing—Solution for BC's unemployment?	97-01
Earnings of Men and Women	96-12
Women's Labour Market Participation	96-11
Low Income Rates in BC	96-10
Occupational Structure in BC	96-09
Career Activity—Comparisons of Young Men & Women	96-08
Idle Youth—Is it a growing problem in BC?	96-07