

Business Indicators - December 1997

BC's Labour Market – The New Reality

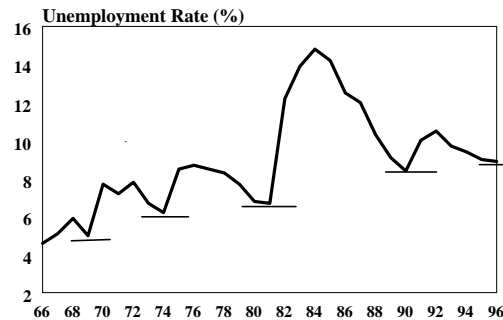
Overview

- The high growth in employment of the latter part of the 1980s has moderated. In recent years, net new jobs have just managed to keep pace with population growth; however, the proportion of the population with jobs today is close to an historical high.
- The 1990s have seen major growth in the high-skilled occupations that require workers with post secondary certificates or degrees.
- In the five year period between 1989 and 1994, the real earnings of those without a post secondary credential decreased. Only university and college graduates were able to earn enough to keep up with the increased cost of living.
- Youth, who have always had significantly higher unemployment rates than the rest of the population, have suffered further major setbacks in the 1990s.

An Historical Perspective

The common pictorial representation of the labour situation in western economies is the continued ratcheting-up of unemployment rates. BC's labour market has been no exception. While the extraordinarily high levels of unemployment experienced in the early 1980s have not been repeated, the low points in the unemployment rate (which represent the best of times in the economic cycle) continue to climb. From the chart below, it would appear that BC's labour market has been continuously deteriorating over the years.

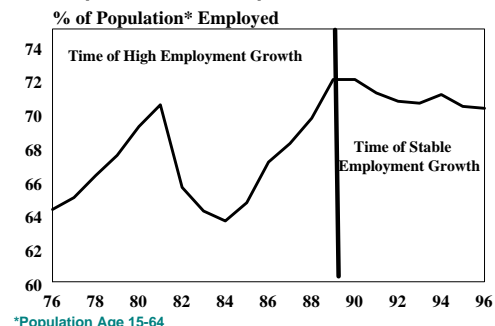
**The BC Unemployment Rate
Has Been Ratcheting Up Over the Last 30 Years**



However the unemployment rate shows only one aspect of the labour market. Job creation has been very strong in BC over the last decade, substantially outpacing population growth in the latter half of the 1980s. Over the last five years, although growth has moderated, it has kept up with the population increase. The 1990s have been a time of relatively stable employment rates at historically high levels.

The past twenty years can be divided into two distinct periods. Up until 1989, the overriding dominant dynamic of the labour market was the increase in the participation rate of women. The proportion of the population who wanted jobs and were able to find jobs was on a definite upward trend.

**The Rosy Side of the Picture is that a Growing
Proportion of the Population have Jobs**



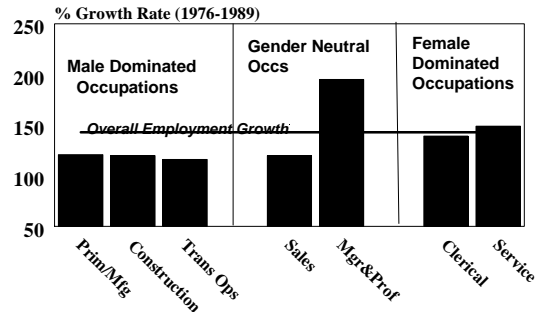
The British Columbia job market was able to accommodate this large growth in the demand for jobs primarily as a result of increased demand by families to purchase services normally provided by women in the home, such as child care, fast food services, house cleaning, etc. Also, demand for public services in the health, education, and social services sectors was on the upswing. Many of the new jobs required skills in which women were well trained. Between 1976 and 1989, the proportion of women with paid employment climbed from 48 per cent to 63 per cent.

On the other side, the demand for the types of skills that men traditionally held, particularly in the manufacturing and natural resource extraction sectors, was declining in importance in the economy. This shift was essentially due to technological advances enhancing labour productivity and thus reducing labour demand for skills traditionally held by men.

This is not to say that men fared poorly over the 1980s. In the late 1980s, the proportion of men aged 15 to 64 who had jobs was 80 per cent, a level comparable to that of the late 70's. In other words, employment growth for men kept up with their growth in population. Male jobs lost in the manufacturing and primary industries were offset by management and professional job growth. Women, as well as men, benefited from high growth in this area.

Aside from the dramatic gender differences in this era, there was also a skill mix shift. High growth in the lower skilled/lower wage service sector and high growth in the higher skilled/higher wage managerial and professional occupations, was polarizing the BC labour market into so called "good jobs/bad jobs". Another term used to describe this trend was "the declining middle class".

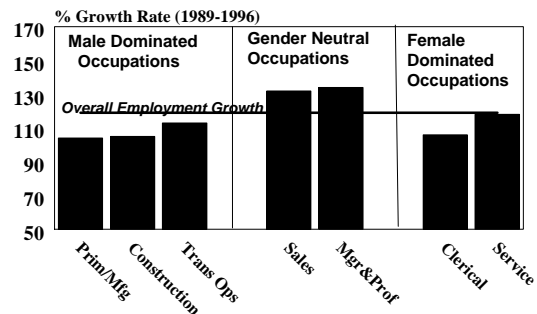
The Male Dominated Occupations Fell Behind



The 1990s: A Time of Stability?

Since 1989, there has been relative stability in the proportion of the population who have jobs. (The average hours worked per employed person have also not changed although there have been shifts in the distribution of hours, to more people working part-time countered by more working over 40 hours per week.) However, there have been dramatic shifts in the types of jobs available in the 1990s. Below we will look at what these shifts have been and how they have impacted different groups in society.

In the 90's, the Gender Neutral Occupations Have Been the High Growth Areas

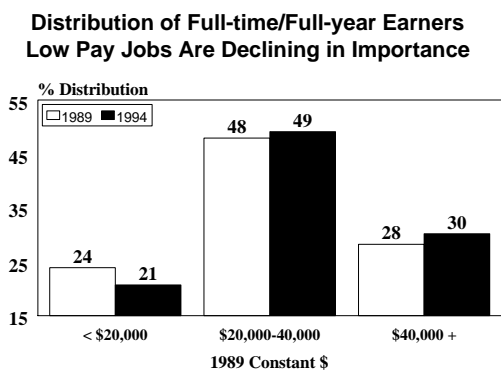


In the first half of the 1990s, there have been further shifts in the employment mix favouring women. However, the higher growth in the gender neutral occupations has meant less dramatic shifts compared to the 1980s in the male/female status quo. The employment rate for women has nudged up from 63 per cent of the population to the current level of 64 per cent. The employment rate for men has fallen

from 80 to 77 per cent. Most of this decline has impacted younger men.

The major issue to note in the above graph is the continuing high growth in the managerial/professional group. The theme for the 1990s is that more than half all jobs created have been in this high-skilled group. The educational attainment of the workforce further emphasizes this change. In 1990, 40 per cent of the employed had completed either a college certificate/diploma or a university degree. As the lesser-educated portion of the workforce retires and the well-educated young find jobs, that proportion has climbed dramatically. In just six years, there has been a 10 percentage point increase to 50 per cent of the employed workforce now holding a post-secondary credential.

In terms of skills demanded by employers, the pay structure reflects the increase in demand for higher skilled employees. Contrary to what occurred in the 1980s with the low and the high paid jobs increasing while the mid-range jobs declined in importance, the first half of the 1990s saw the low paid/unskilled jobs decline significantly in importance in favour of the middle and higher paid jobs.



The shift from low to higher paid jobs has benefited only post secondary graduates. When the inflation rate of 20 per cent is taken into account, the lesser-educated saw a real decline in earnings between 1989 and 1994.

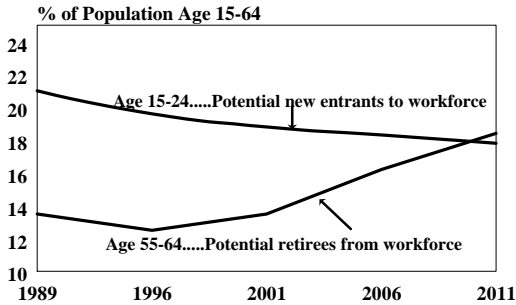
Youth Have Been the Real Losers in the 1990s.

Between 1989 and 1996, the proportion of the young, age 15 - 24, who had jobs declined from 65 per cent to 53 per cent. This represents close to a 2 percentage point decrease annually over the 7 year period. On the positive side, the young have not been idle as their school participation has increased to a level that almost offsets their lack of job opportunities. Currently, 51 per cent attend school full-time compared to 43 per cent in 1989. But unemployment remains high and the gap between the unemployment rates for the young and the rest of the workforce continues to widen.

Prospects for the Youth of Today and the Youth of Tomorrow

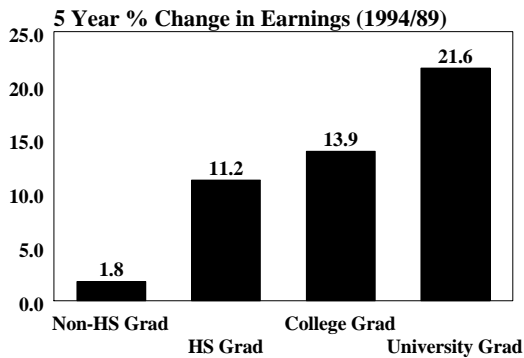
One reason why this generation of young are finding it so difficult to obtain work is demographics. They are the “echo” (children) of the baby boomers and constitute a bulge flowing into the labour market that far exceeds the outflow of retirees. This coupled with downsizing in the public sector, which had traditionally been an important source of employment for the well-educated young, has resulted in a lack of job opportunities for youth. Most likely, over the next 10 to 15 years their plight will be reversed as the baby boomers themselves reach retirement age and labour shortages occur. While the age structure works against them at the beginning of their careers, the signs are that the age structure will work to their advantage in the latter part of their working lives. (This is the opposite of their parents’ working life profile.) But until then, this is the group that is most at risk.

**In the 90's, Not Enough Jobs
Are Opening Up for the Young**



Education seems to be the key to ensure the young are ready for the job market of the 21st century, even though they may not be able to find jobs immediately that match their skills.

The chart below shows the increasing importance of education for new entrants to the labour market. In the 1990s, recent University Graduates are already earning more than twice (\$32,000) that of high-school drop-outs (\$15,000) of the same age. There are strong indicators that this gap in earning power by education level will increase throughout their working lives.



*Includes only those age 25 - 34

Source: Statistics Canada SCF

More than ever before, providing education and training opportunities for the young will be a critical factor in ensuring their futures.