



SCHOOL OF  
**Policy Studies**  
QUEEN'S UNIVERSITY

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***Employment and Training in Hard Times:  
Ensuring Equity and Access in the Future  
Economy***

By

**Arthur Sweetman**

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# Ideally – this is both a presentation and discussion

- Don't wait for the end
- At any point feel free to
  - stop me
  - ask questions
  - make comments
- Especially, if any tables or charts are unclear, please ask for clarification

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# In midst of recession(+ financial crisis)

- Global recession & financial crisis
- Canada's economy is (so far) not as badly hurt as many other developed countries
- Unclear what the future holds
  
- Key Issues:
  - Financial crisis serious in Canada, but not as bad as US, UK etc.
  - Manufacturing restructuring / scaling down in developed world very serious for Ontario
  - Close ties to the US imply US recovery has major implications for Canada

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# Where is this talk going?

## I. Analysis using Statistics Canada's Labour Force Survey

I.1) Long view of the labour market

I.2) Long view of "in school" rates

## II. Economic evaluation of education and training programs?

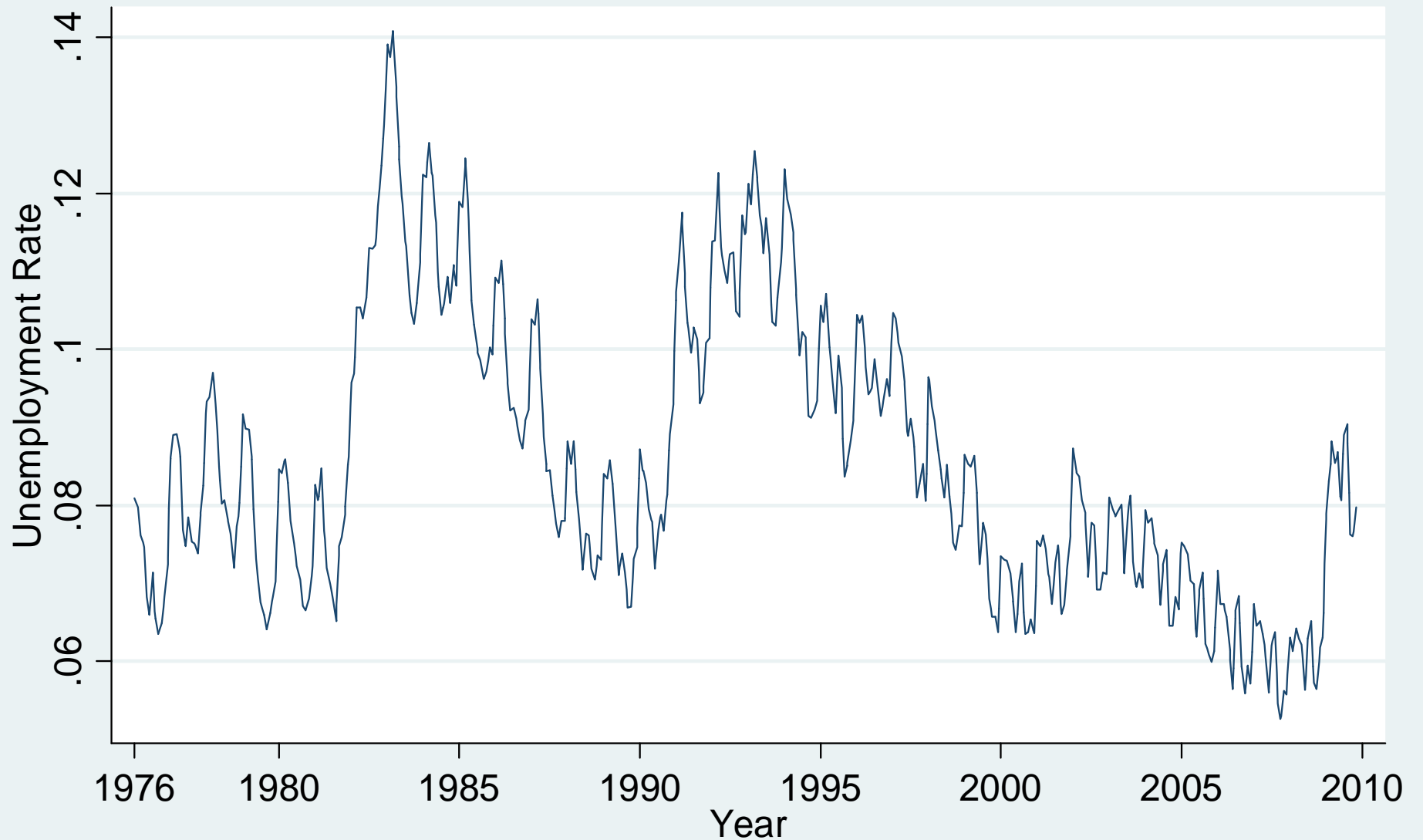
II.1) What questions? What criteria?

II.2) What areas? What directions?

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# Unemployment Rates (both sexes, 15+)

Canada, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

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# Definition of the Unemployment Rate

- $UR = U / (U + E)$ 
  - U definition matters
    - A key element is “active search”
  - Note that this does NOT reflect the population
  - NOTE: UR NOT directly related to EI
- ASIDE: Defined differently in Canada and US
- So, careful, when e.g., Paul Krugman (as in G&M this week) says that the target UR should be 5%, he’s using the US definition.

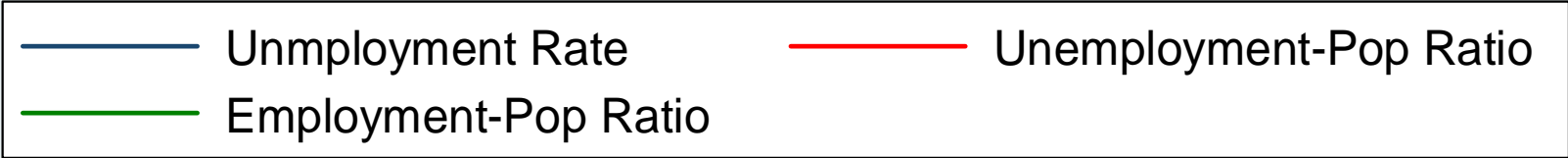
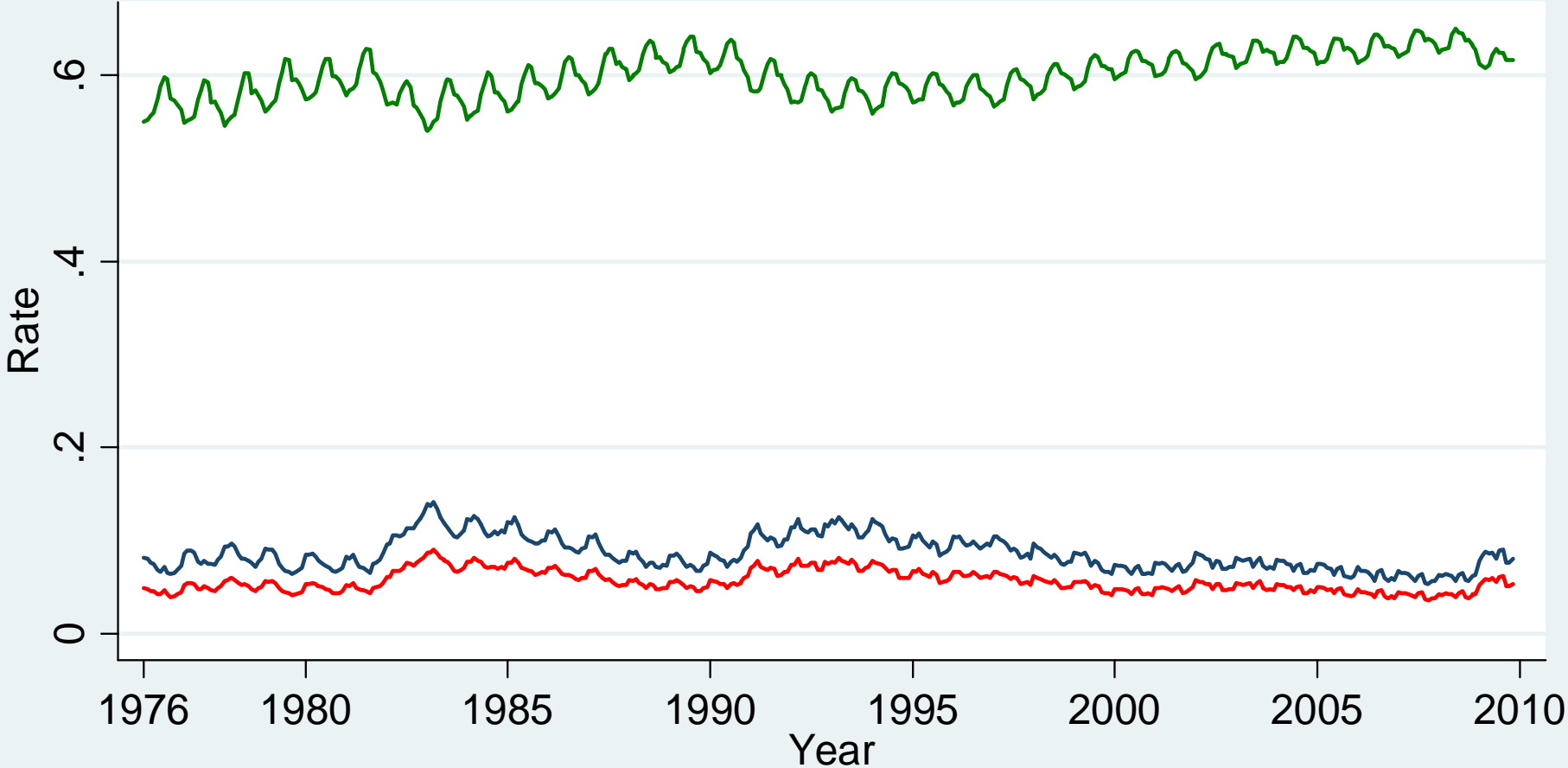
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# Other labour force measures

- The UR can hide as much as it reveals
- $Pop = (E + U) + O = (\text{Labour Force}) + \text{Not LF}$
- Other measures
  - U/Pop – Unemployed to Population Ratio
  - E/Pop – Employment to Population Ratio
    - We will look at this in some detail
    - It can be quite revealing and combined with the UR tell us quite a lot
- **NOTE: Everything we'll look at today is NOT seasonally adjusted (SA)**
  - You are probably used to SA URs

# Comparing Statistics

Canada, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey



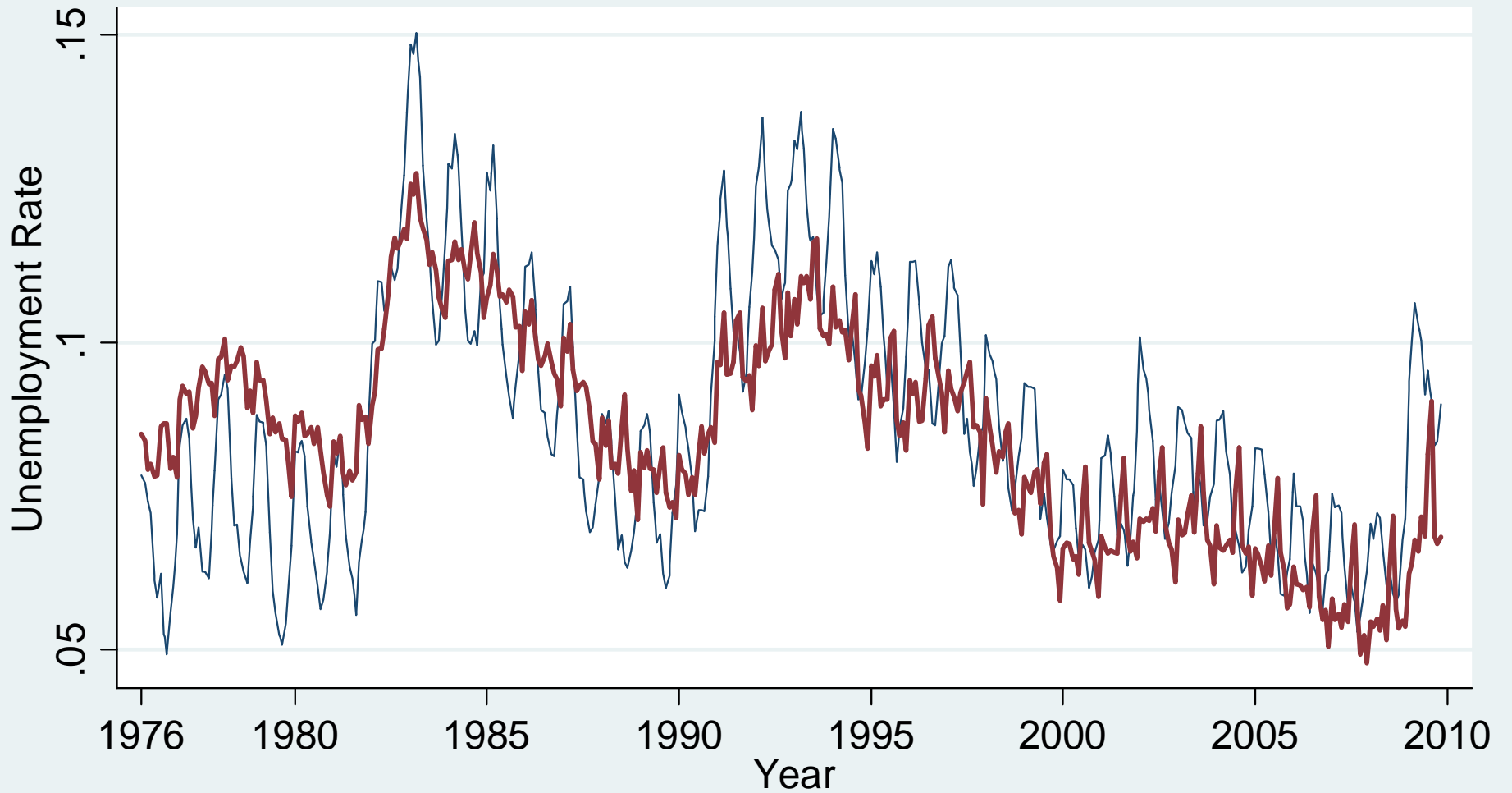
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# Focusing on the UR first

- By gender (all ages)
- By age group (both genders)

# Unemployment Rates By Gender

Canada, Jan 1976-Nov 2009

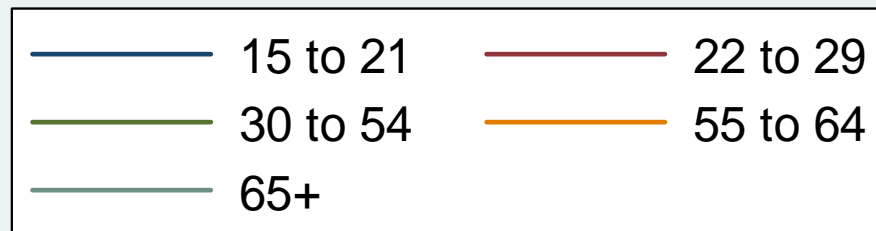
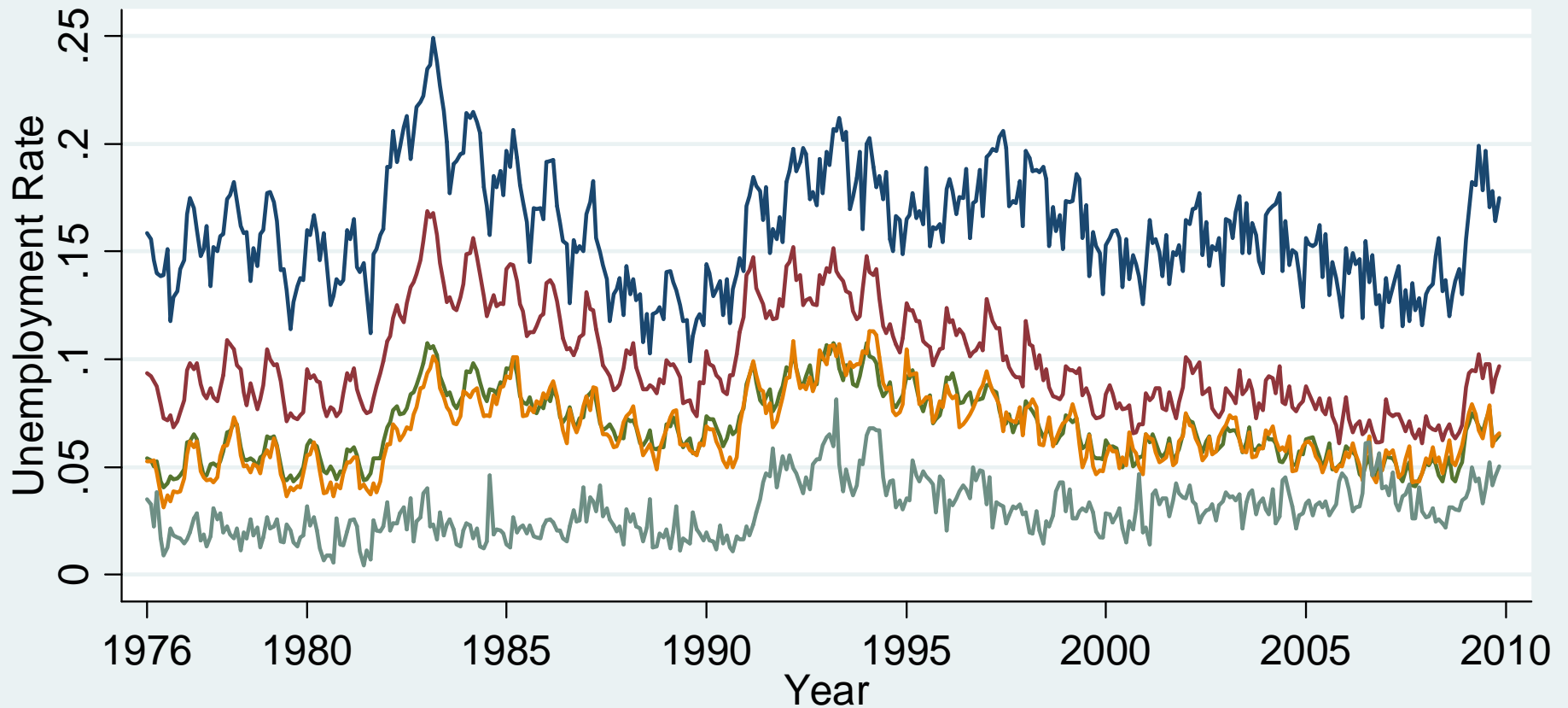


— Males, 15+      — Females, 15+

Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Unemployment Rates By Age Category

Canada, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

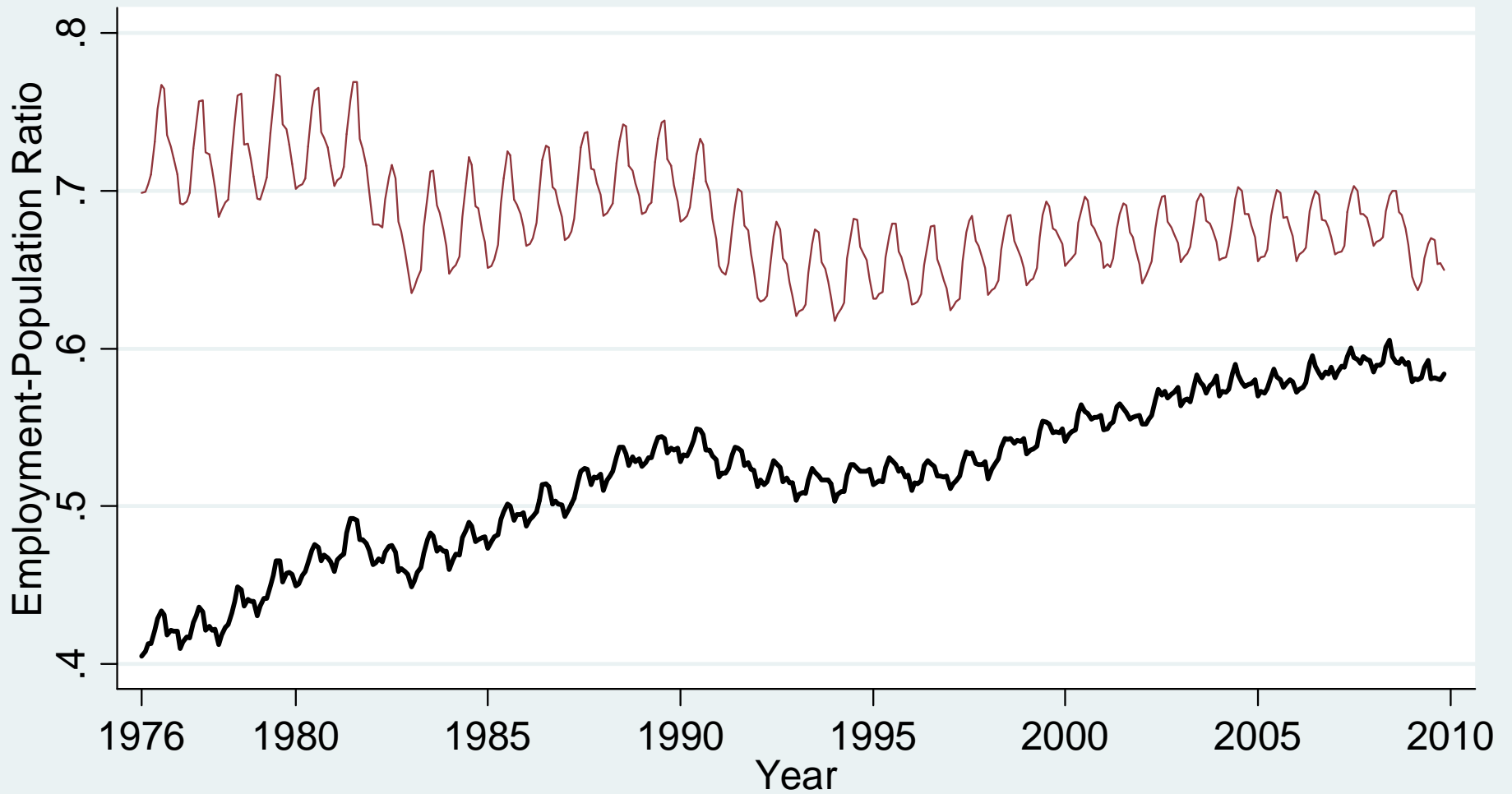
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## Next turn to E/Pop

- UR misses a lot!!
- There are important gender and age stories, but UR tells only half (or less than half)

# Employment-Population Ratio by Gender

Canada, Jan 1976-Nov 2009

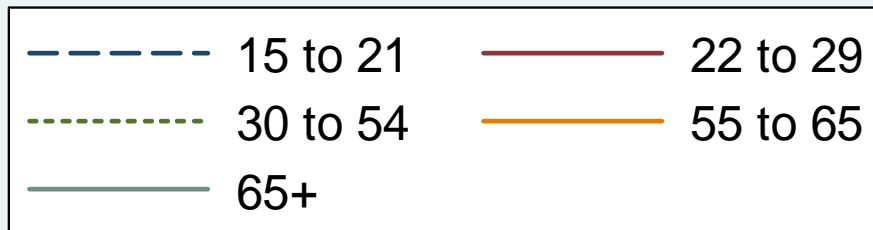
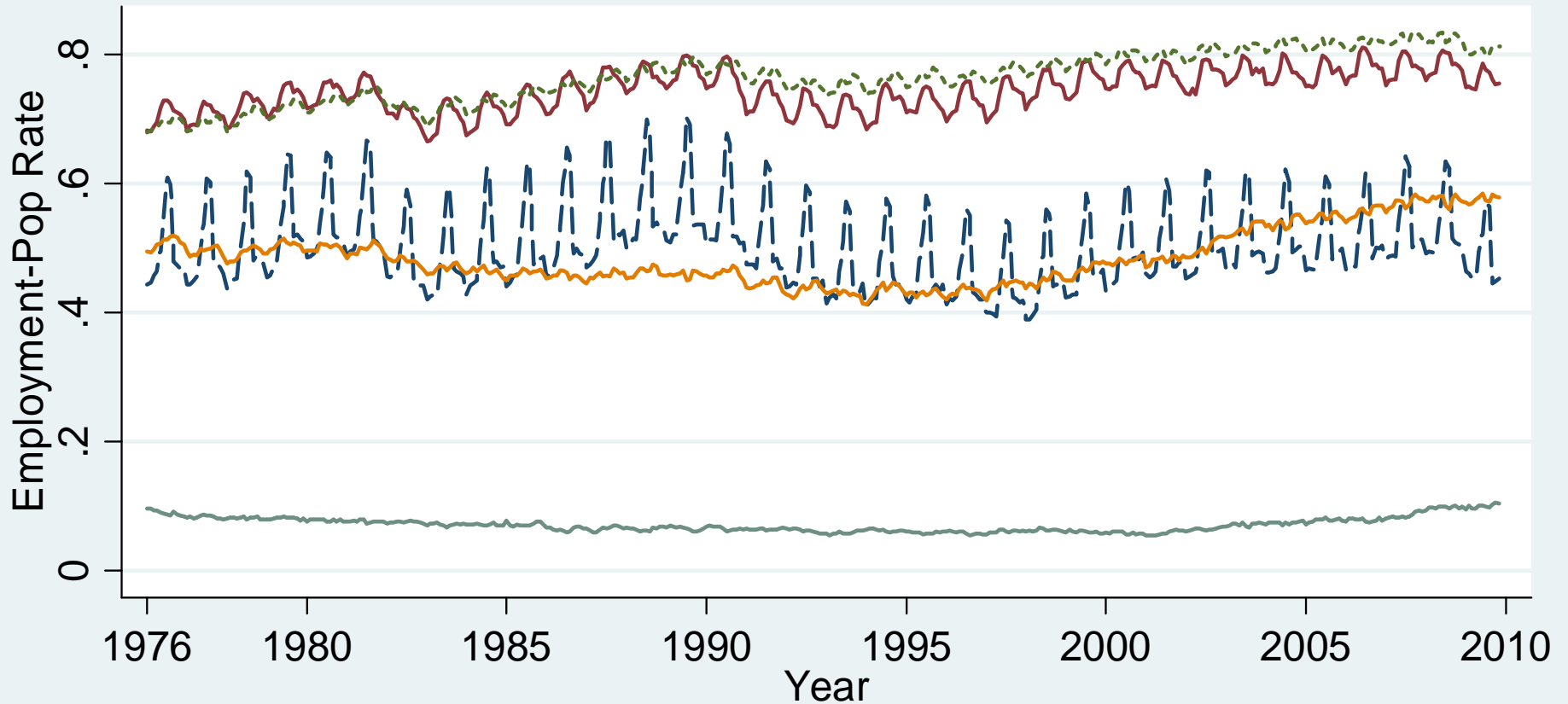


— E/Pop Female — E/Pop Male

Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Employment-Population Rates By Age Category

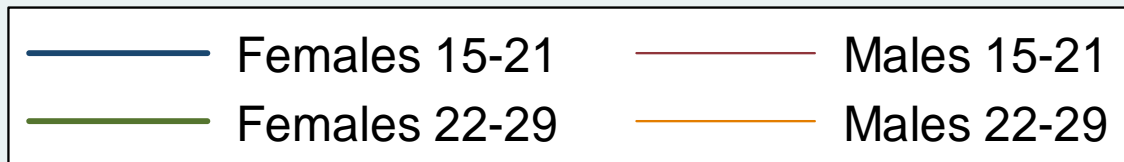
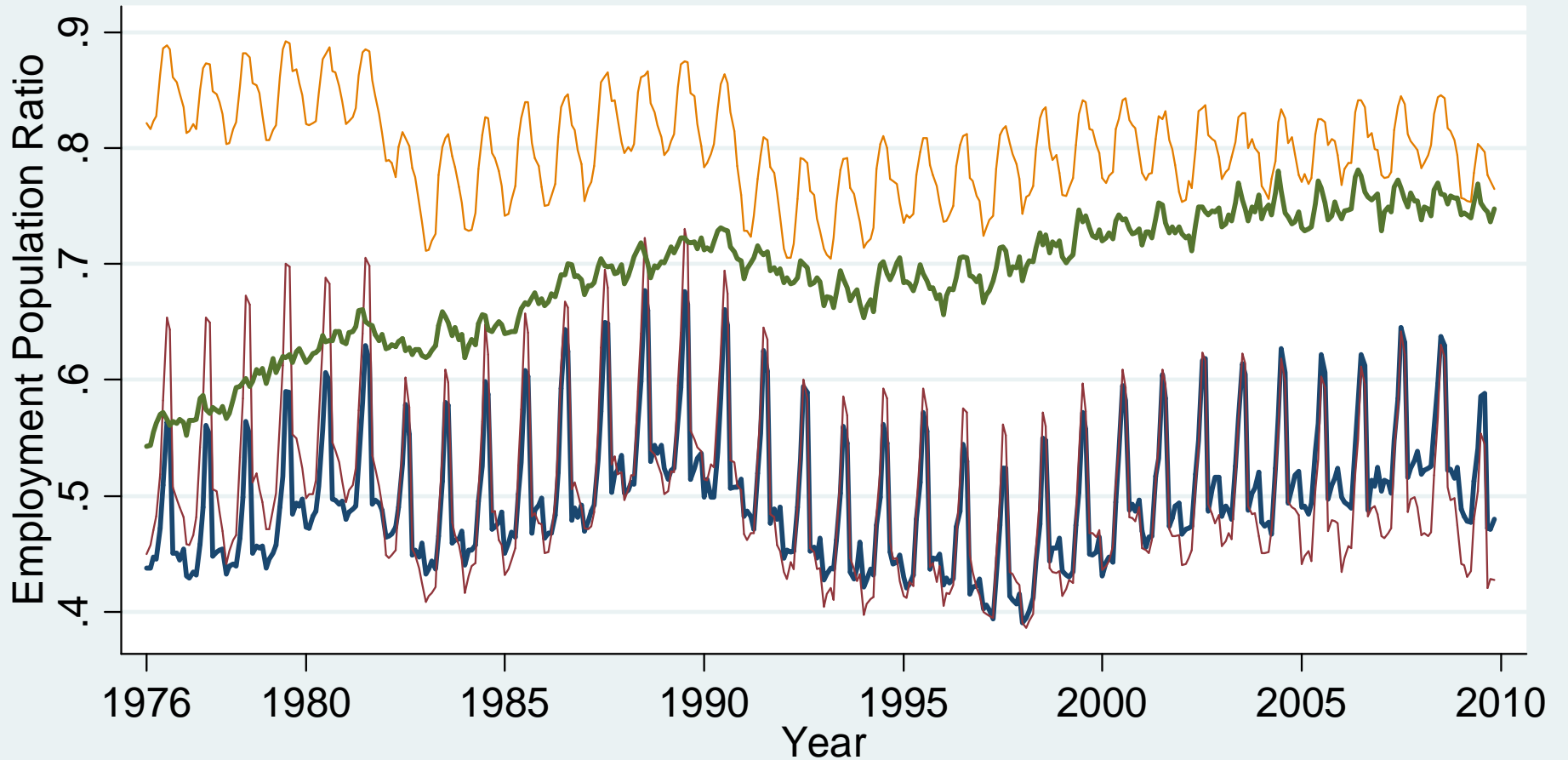
Canada, Jan 1976-Nov 2009



Source: Compilation by Author using Labour Force Survey, Statistics Canada

# Male-Female Employment Population Ratio

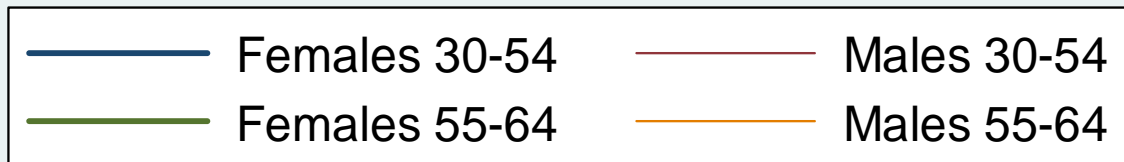
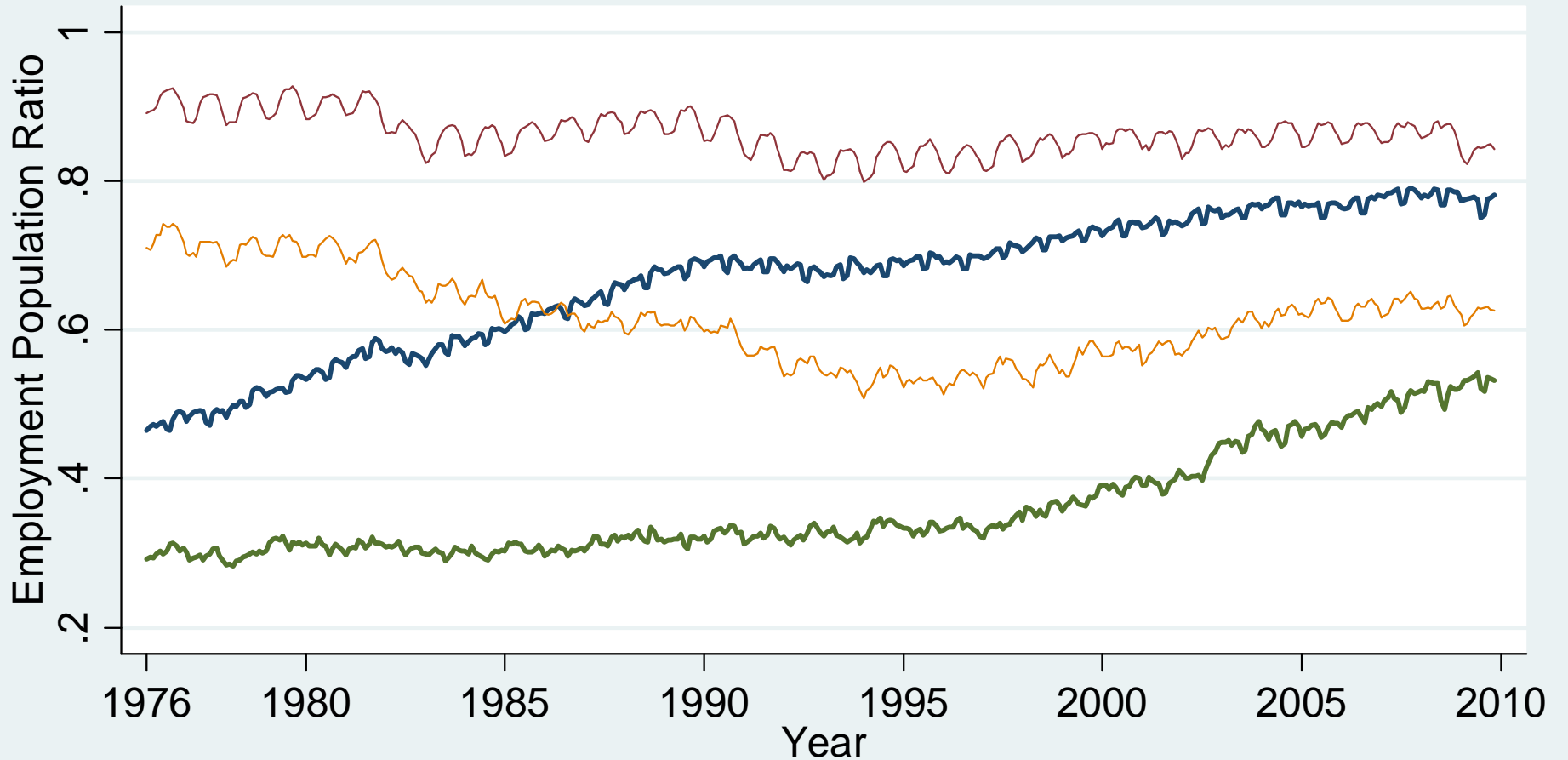
Canada, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Male-Female Employment Population Ratio

Canada, Jan 1976-Nov 2009

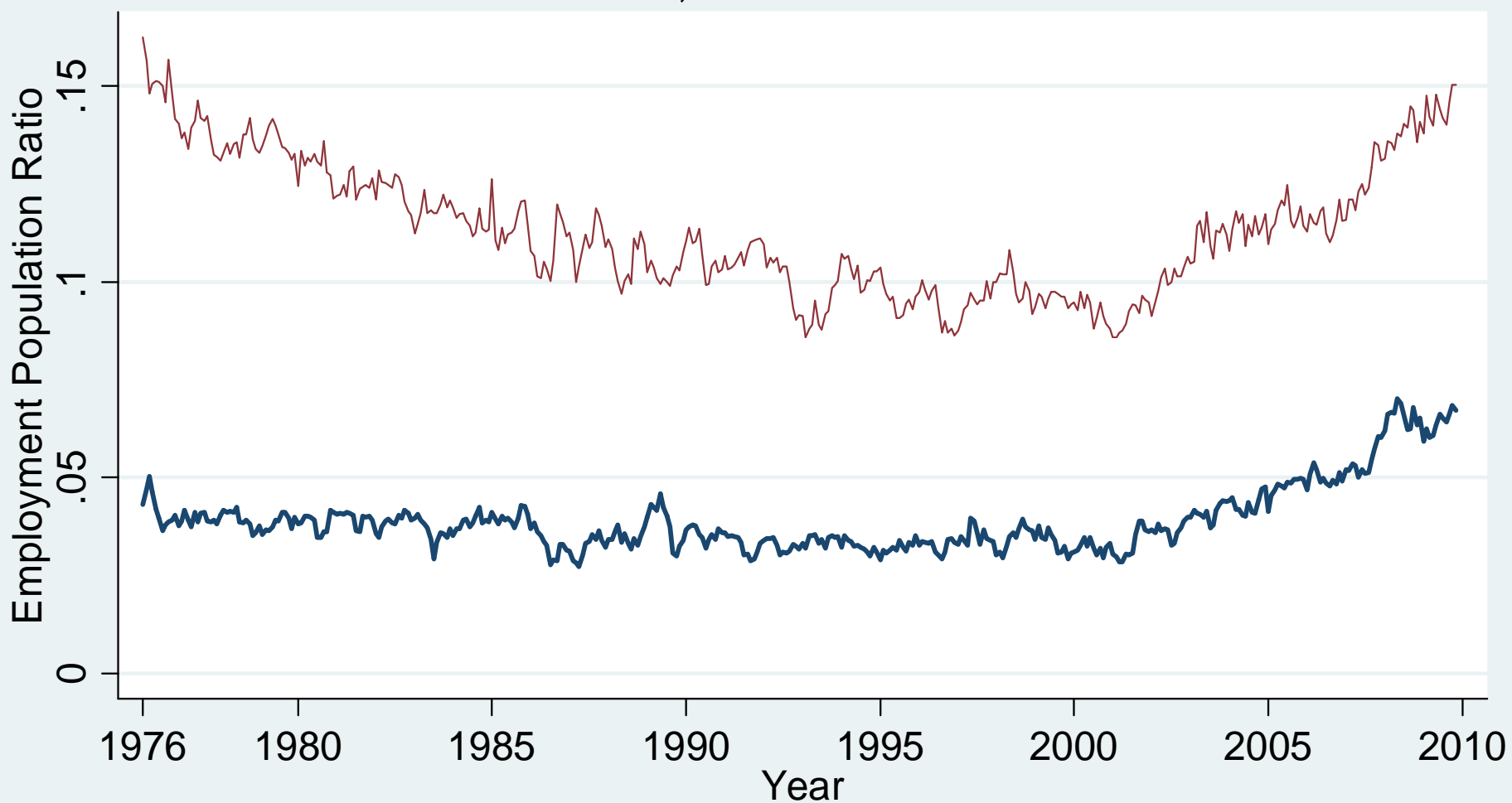


Source: Author's Compilation using Statistics Canada's Labour Force Survey



# Male-Female Employment Population Ratio

Canada, Jan 1976-Nov 2009



— Females 65+ — Males 65+

Source: Author's Compilation using Statistics Canada's Labour Force Survey

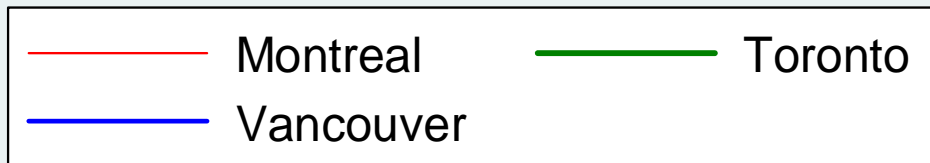
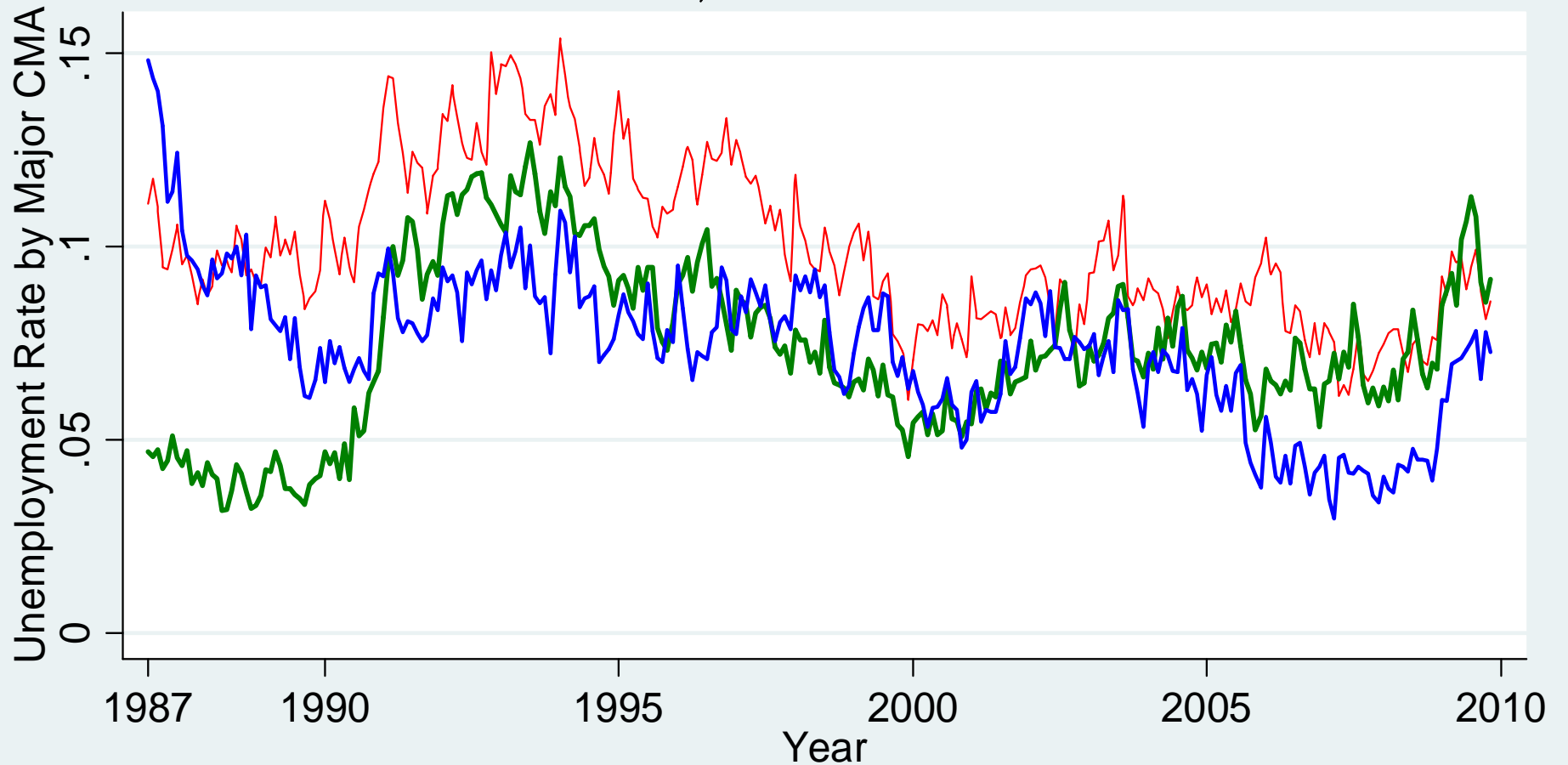
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# Focusing on Ontario and Toronto

- Conclusion:
  - The short run matters, but my real concern is the longer-run
  - Relative decline in past decade or more is very noticeable
  
  - Compare peak to peak of booms, and trough to trough of recessions across regions
    - Note: Cities are only from 1987

# Unemployment Rates (both sexes, 15+)

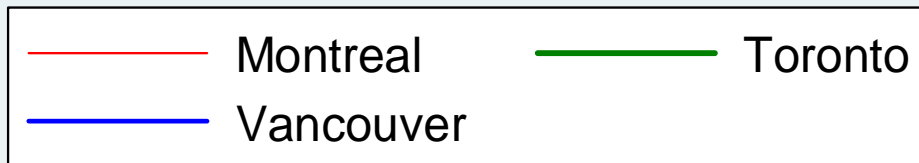
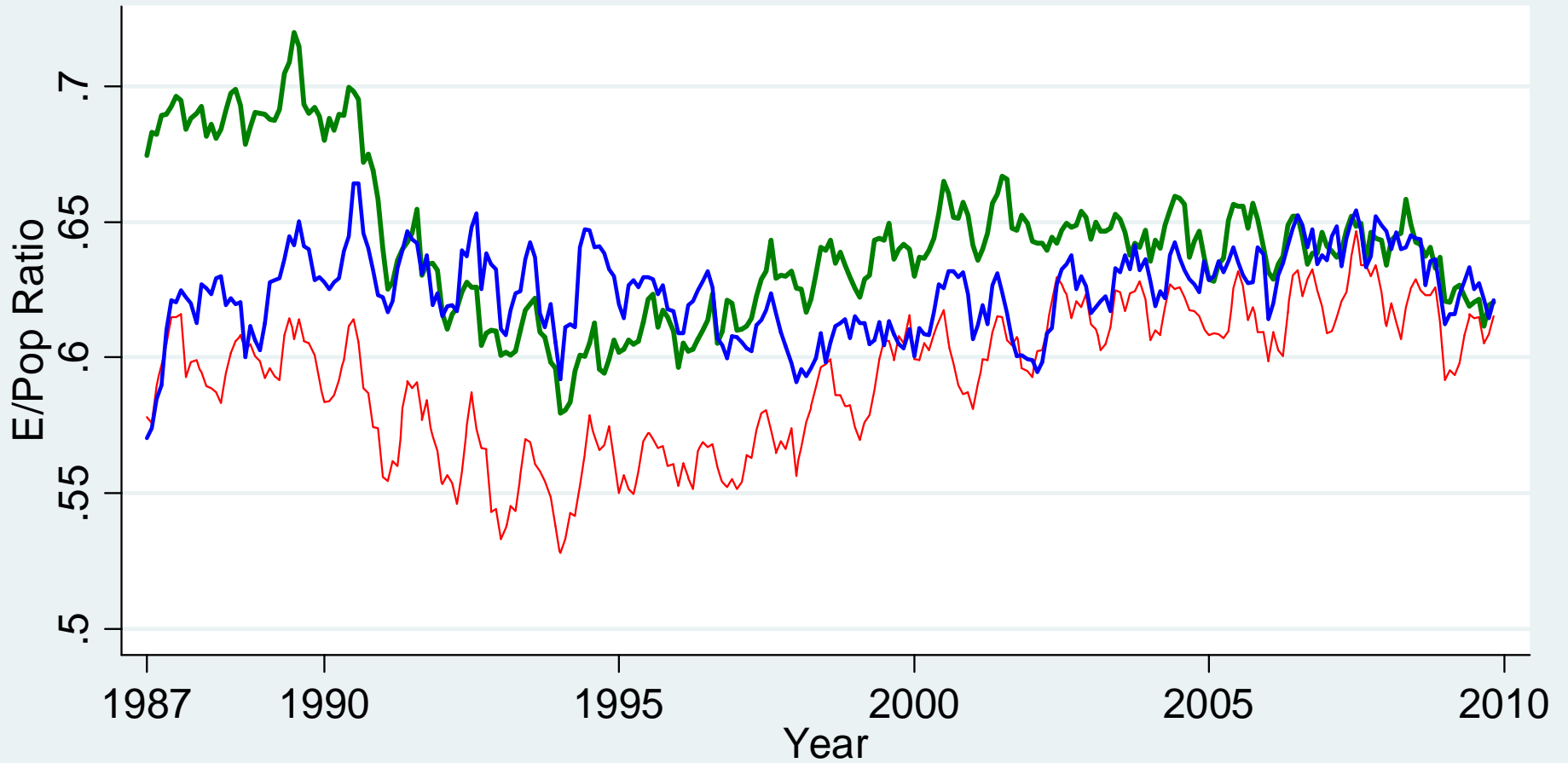
Canada, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# E-Pop Ratio (both sexes, 15+)

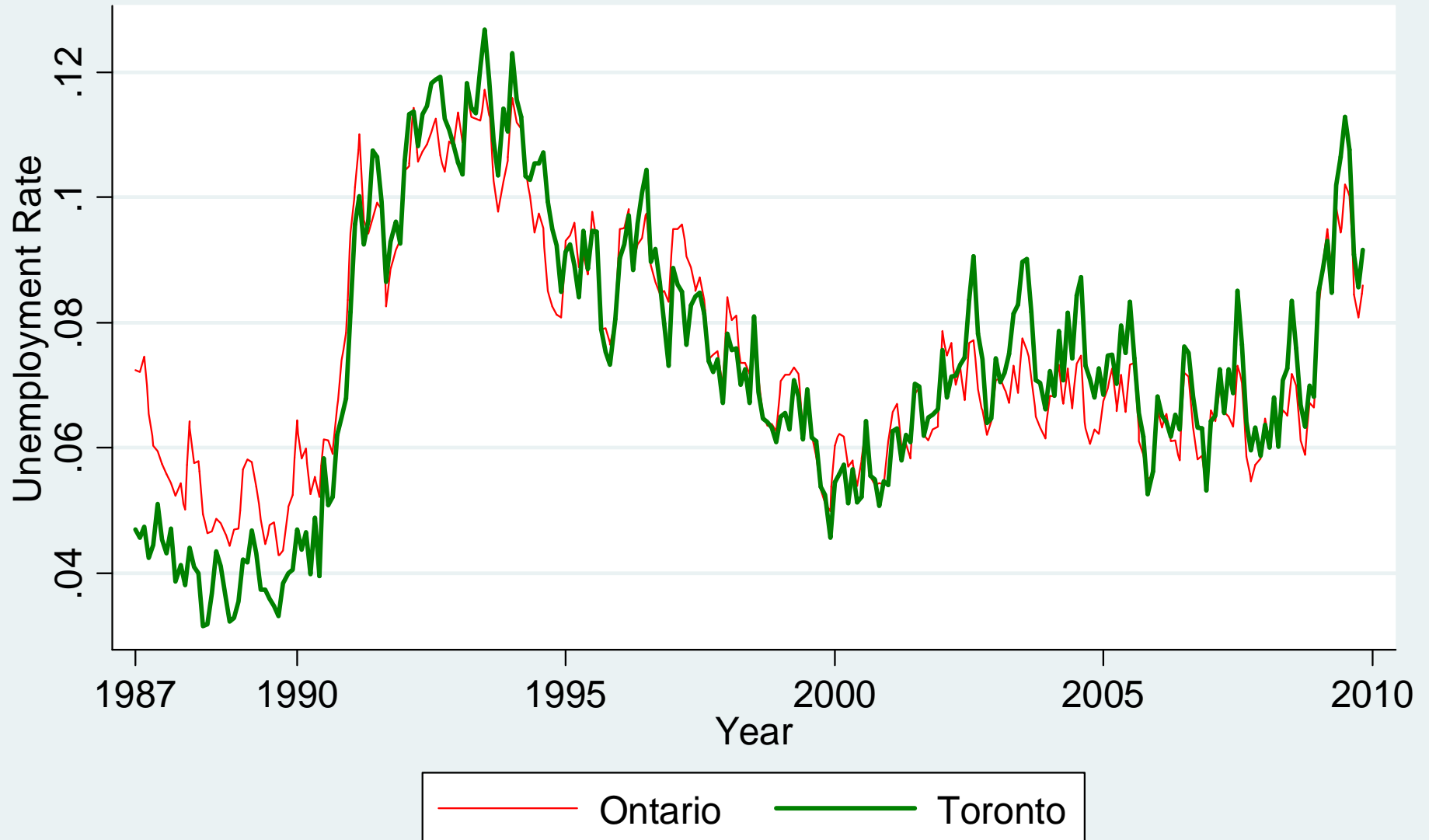
Major CMA, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Unemployment Rates (both sexes, 15+)

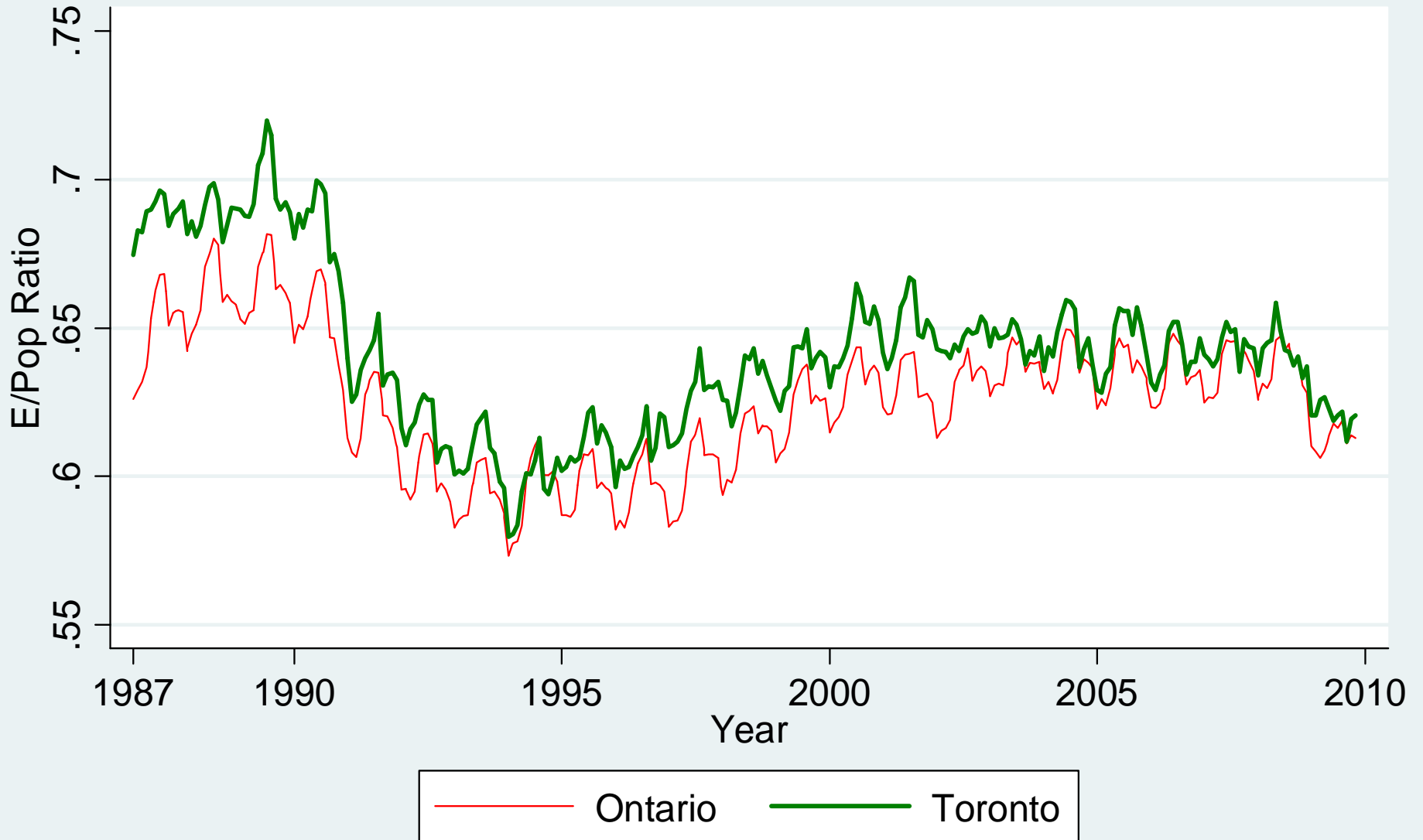
Toronto and Ontario, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# E-Pop Ratio (both sexes, 15+)

Toronto and Ontario, Jan 1976-Nov 2009

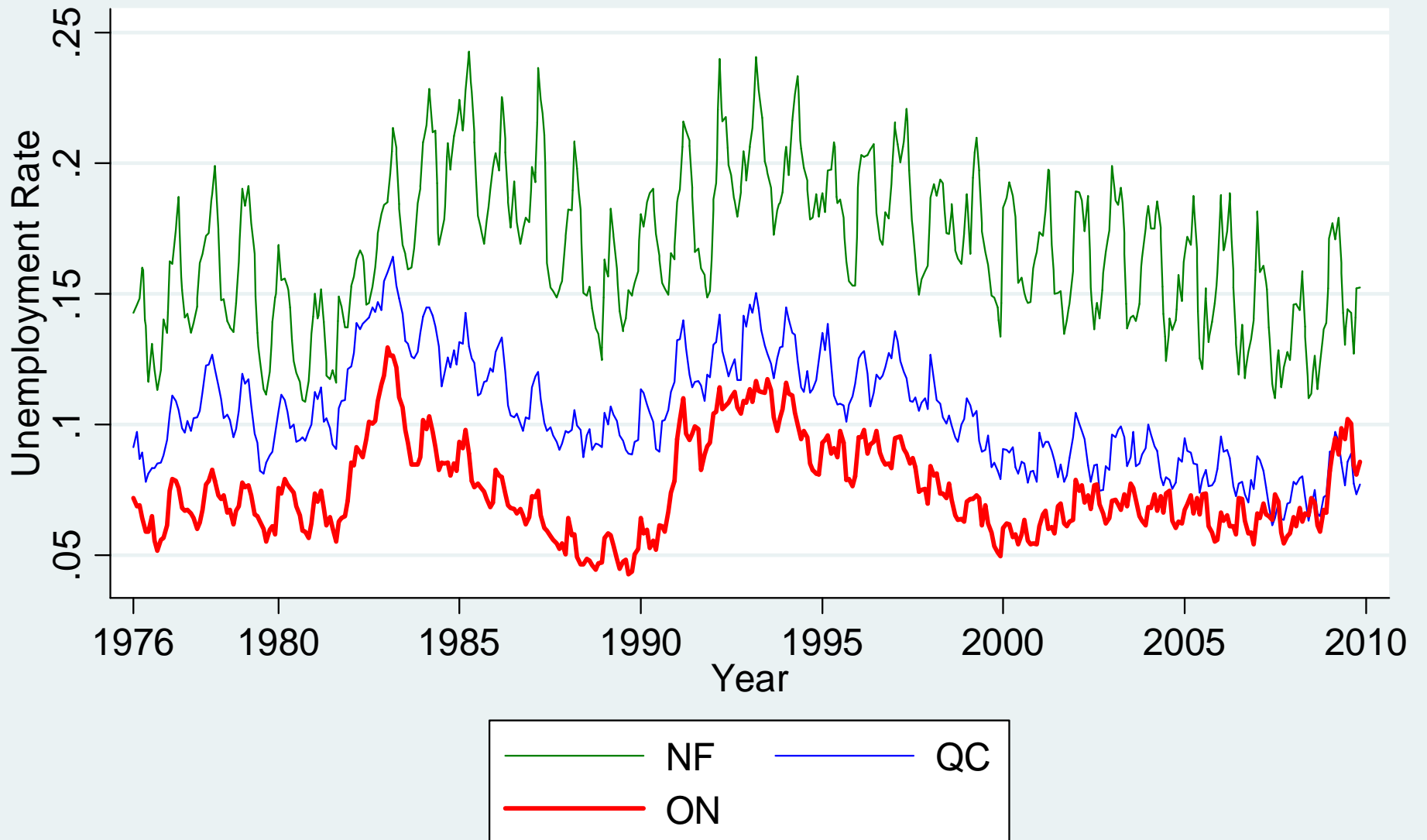


Source: Author's Compilation using Statistics Canada's Labour Force Survey

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- Note that recent past is ONLY time ON UR has EVER been higher than QC one
  - E/Pop not crossed yet, but close

# Unemployment Rates (both sexes, 15+)

Selected Provinces, Jan 1976-Nov 2009

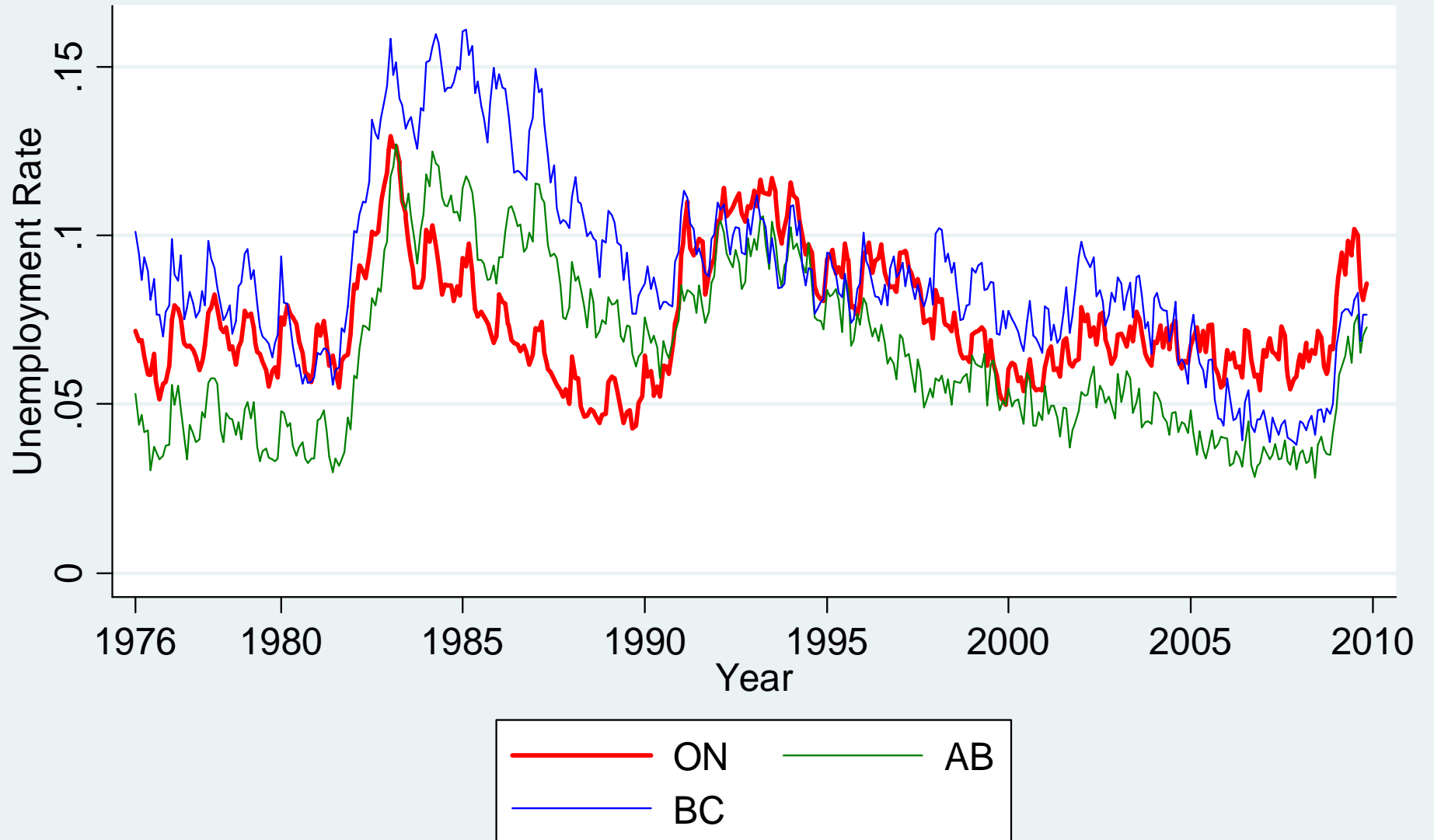


Source: Author's Compilation using Statistics Canada's Labour Force Survey



# Unemployment Rates (both sexes, 15+)

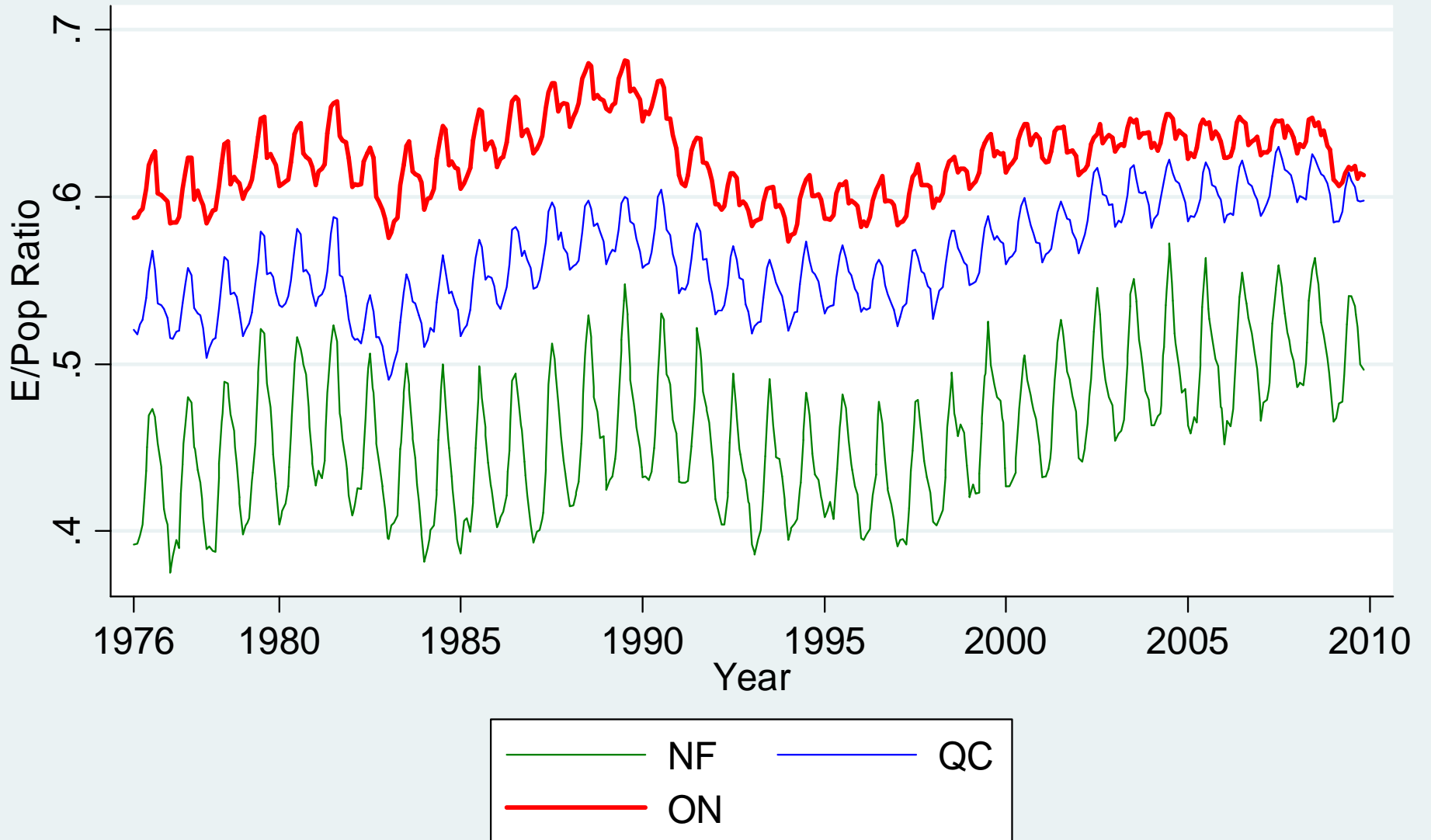
Selected Provinces, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# E-Pop Ratio (both sexes, 15+)

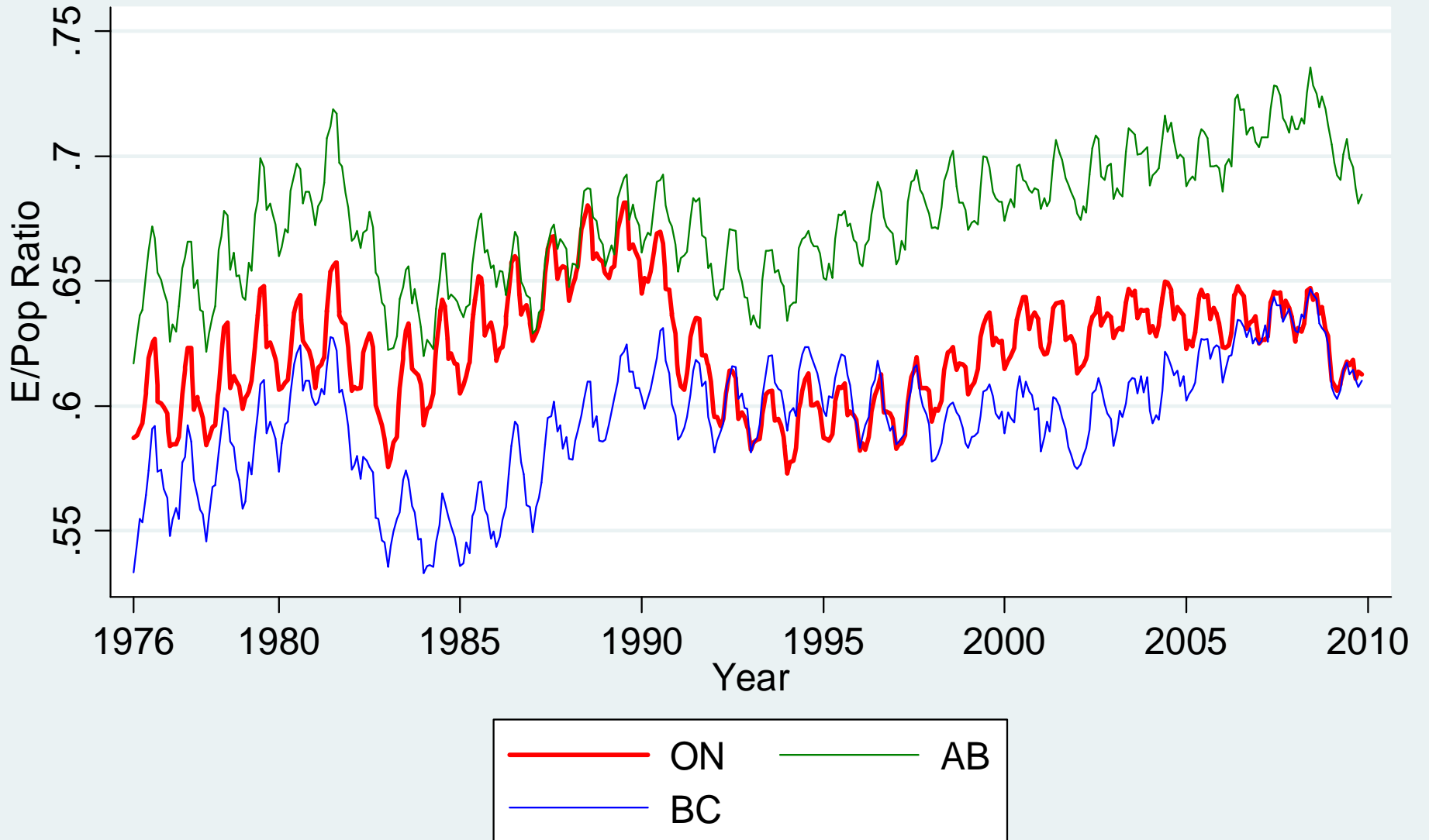
Selected Provinces, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# E-Pop Ratio (both sexes, 15+)

## Selected Provinces, Jan 1976-Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Comparing Unemployment Rates

## Jan 2008 - 3 Month Average UR by EI Region (%)

<b>Non-Ont Cities</b>	<b>UR</b>	<b>Ontario EI Rgns</b>	<b>UR</b>
ST. JOHN'S	<b>6.8</b>	OTTAWA	<b>4.7</b>
HALIFAX	<b>4.5</b>	EASTERN ONTARIO	<b>6.2</b>
QUÉBEC CITY	<b>5.5</b>	KINGSTON	<b>5.9</b>
MONTRÉAL	<b>7.0</b>	CENTRAL ONTARIO	<b>6.6</b>
FRED-MNCTN-ST JOHN	<b>5.3</b>	OSHAWA	<b>6.0</b>
		<b>TORONTO</b>	<b>6.7</b>
WINNIPEG	<b>4.7</b>	HAMILTON	<b>5.9</b>
REGINA	<b>4.4</b>	ST. CATHARINES	<b>6.6</b>
CALGARY	<b>3.0</b>	LONDON	<b>6.4</b>
EDMONTON	<b>4.0</b>	NIAGARA	<b>8.0</b>
VANCOUVER	<b>4.3</b>	WINDSOR	<b>8.2</b>
VICTORIA	<b>3.5</b>	KITCHENER	<b>5.3</b>
		HURON	<b>6.2</b>
		S CENTRAL ONTARIO	<b>4.5</b>
		SUDBURY	<b>5.3</b>
		THUNDER BAY	<b>6.9</b>
		NORTHERN ONTARIO	<b>10.9</b>

NOTE: Rural areas tend to have much higher URs.  
e.g. Rest of Nfld is 17.8%

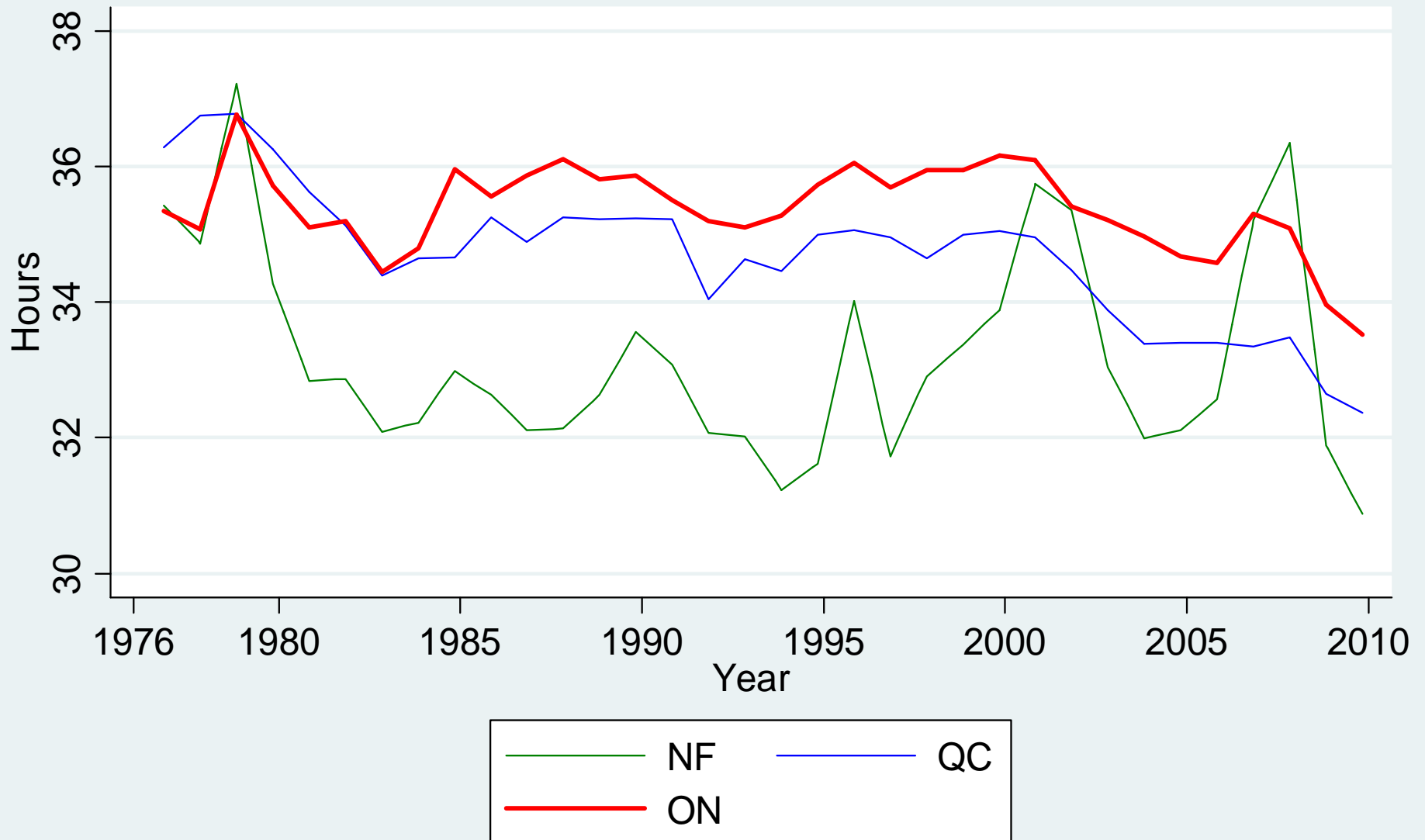
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# Hours Worked (for employed)

- Next two are for Nov each year
- For all workers
  
- Not sure how to interpret these yet
- But, some concern at decline

# Avg. Total Hours Worked in Nov. (both sexes, 15+)

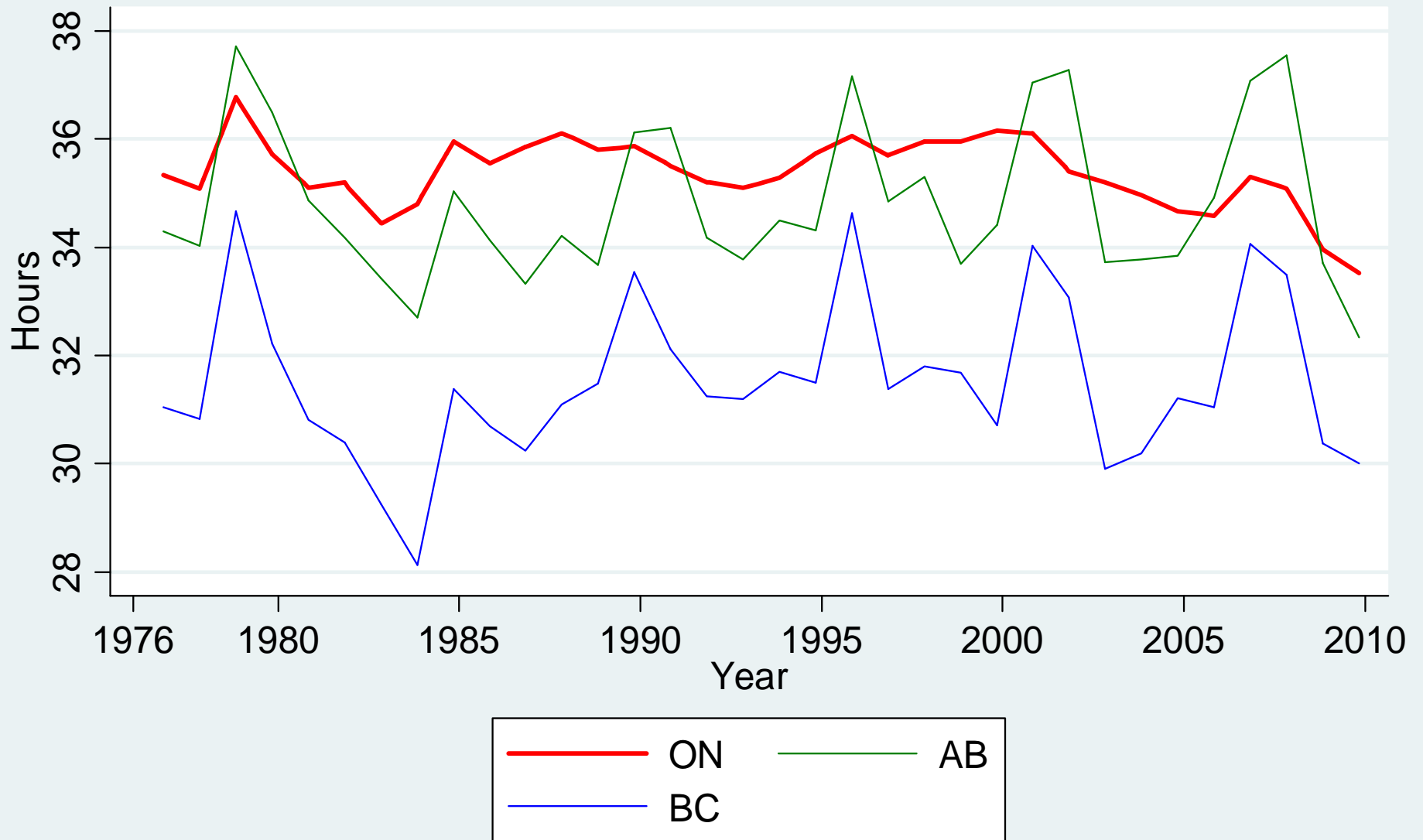
## Selected Provinces, -Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Avg. Total Hours Worked in Nov. (both sexes, 15+)

## Selected Provinces, -Nov 2009



Source: Author's Compilation using Statistics Canada's Labour Force Survey

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# Ontario and Toronto

- In my mind should NOT focus exclusively on the “recession problem”
  - Presumably that is a global phenomenon that will turn around for reasons that have little to do with local or provincial policy
- Rather, Ontario and Toronto need to focus on the 10, or 20, year problem
  - Long slow decline in relative labour market performance within Canada
  - Position to **not only** get out of the recession, but for strong labour force post-recession



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- Personally, I am more worried about the E/Pop numbers than the UR
  - UR tells only part of the story
  - Need more people working

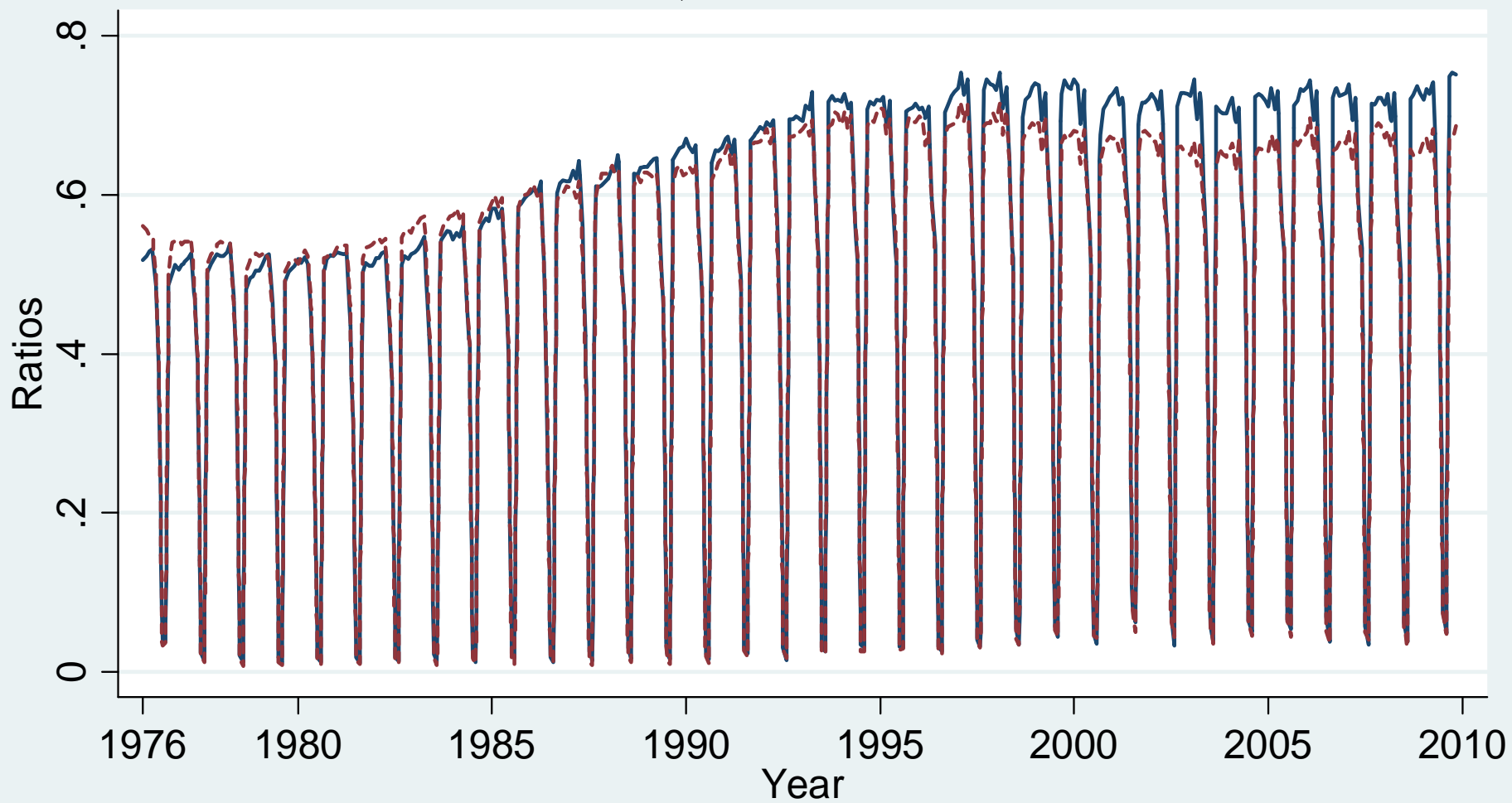
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# School Enrolment

- Monthly data – unusual format
- Full-time first, then part time
  
- Note: No business cycle (almost everywhere – but look at 30-54 year olds) in full-time enrolment
  - Should there be?

# Full-Time School Enrollment

Canada, Jan 1976-Nov 2009

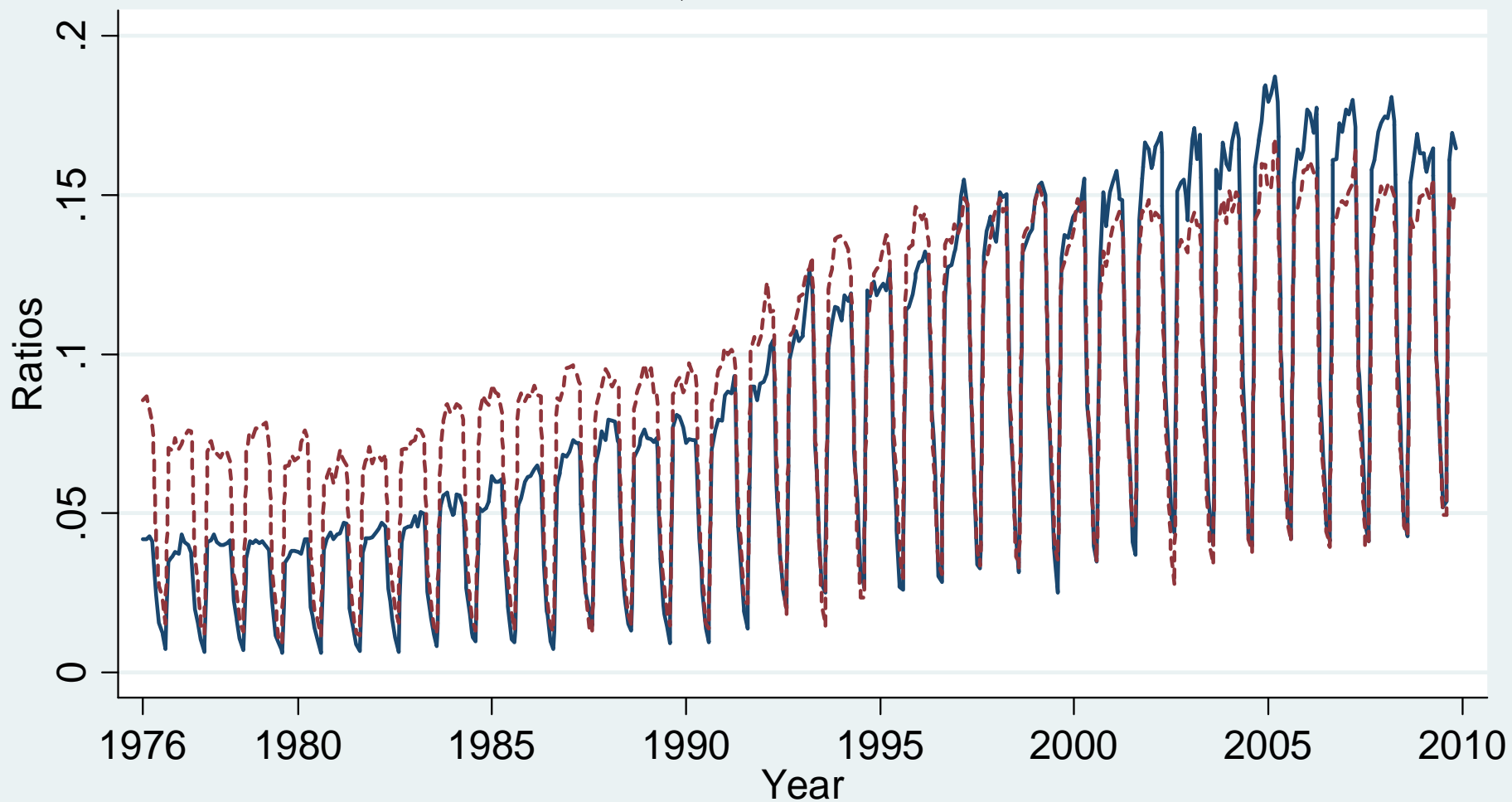


— Females 15-21      - - - Males 15-21

Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Full-Time School Enrollment

Canada, Jan 1976-Nov 2009

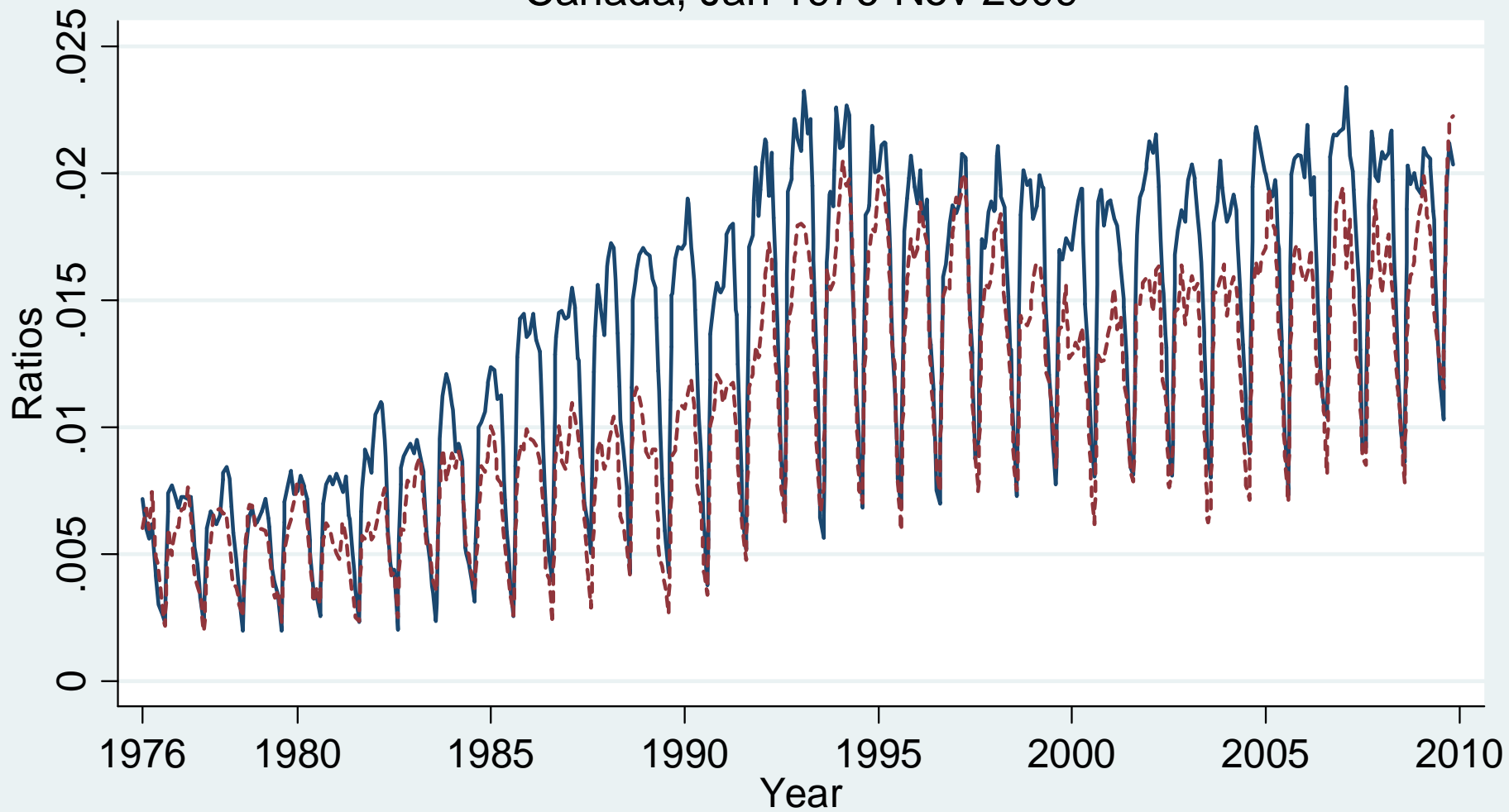


— Females 22-29      - - - Males 22-29

Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Full-Time School Enrollment

Canada, Jan 1976-Nov 2009



— Females 30-54      - - - Males 30-54

Source: Author's Compilation using Statistics Canada's Labour Force Survey

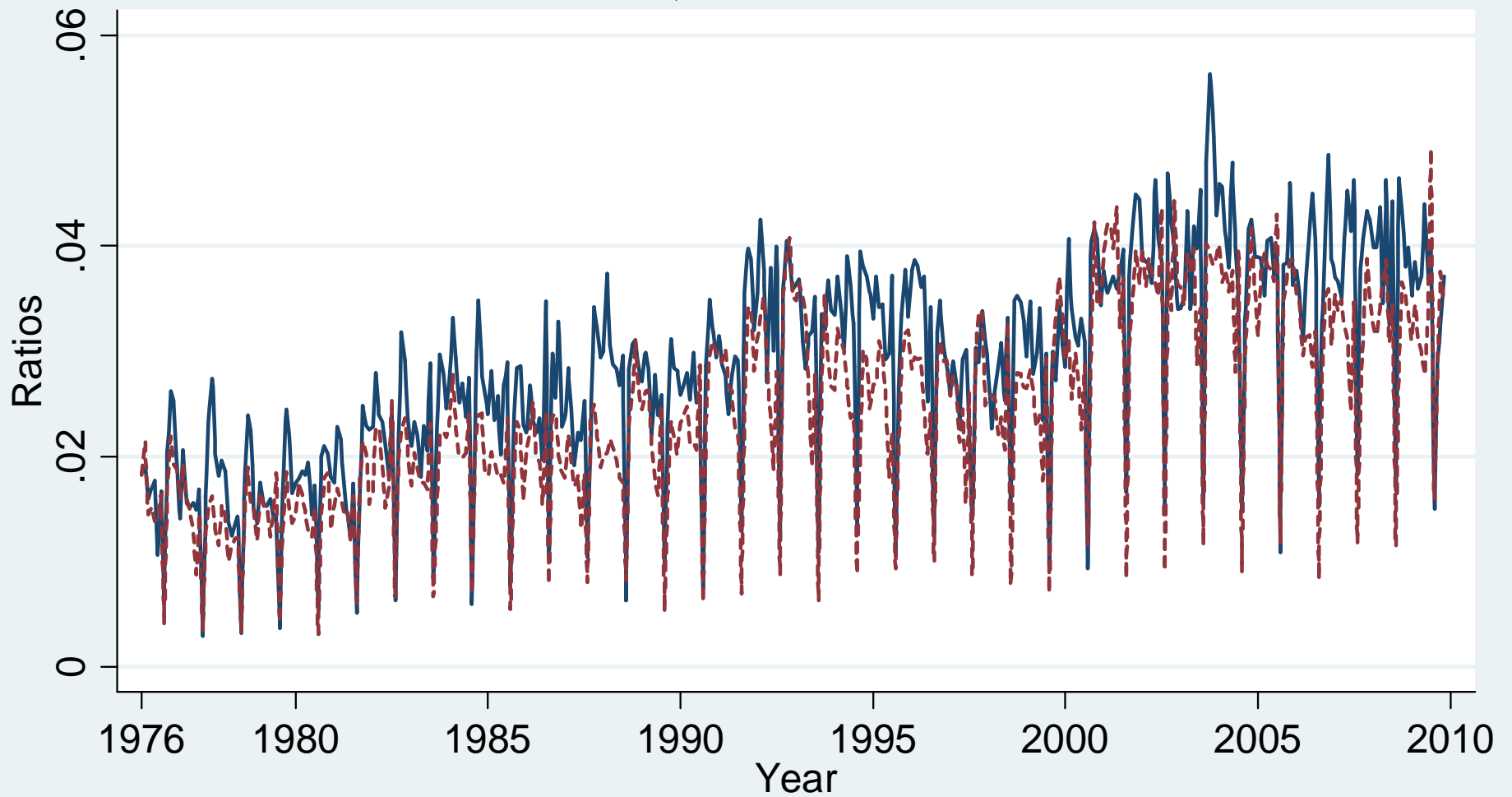
- 
- Youth are most affected by recession
    - UR & E/Pop ratio
    - BUT, no business cycle in full-time enrolment
    - I believe this comes mostly from the way we fund and manage post-secondary
  
  - (I'm skipping PT school, but do NOT see big business cycle effects)
  
  - Overall, school does NOT (in the aggregate) appear to be the “safe port in a storm” that might have been expected
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# Part-time Schooling

# Part-Time School Enrollment

Canada, Jan 1976-Nov 2009



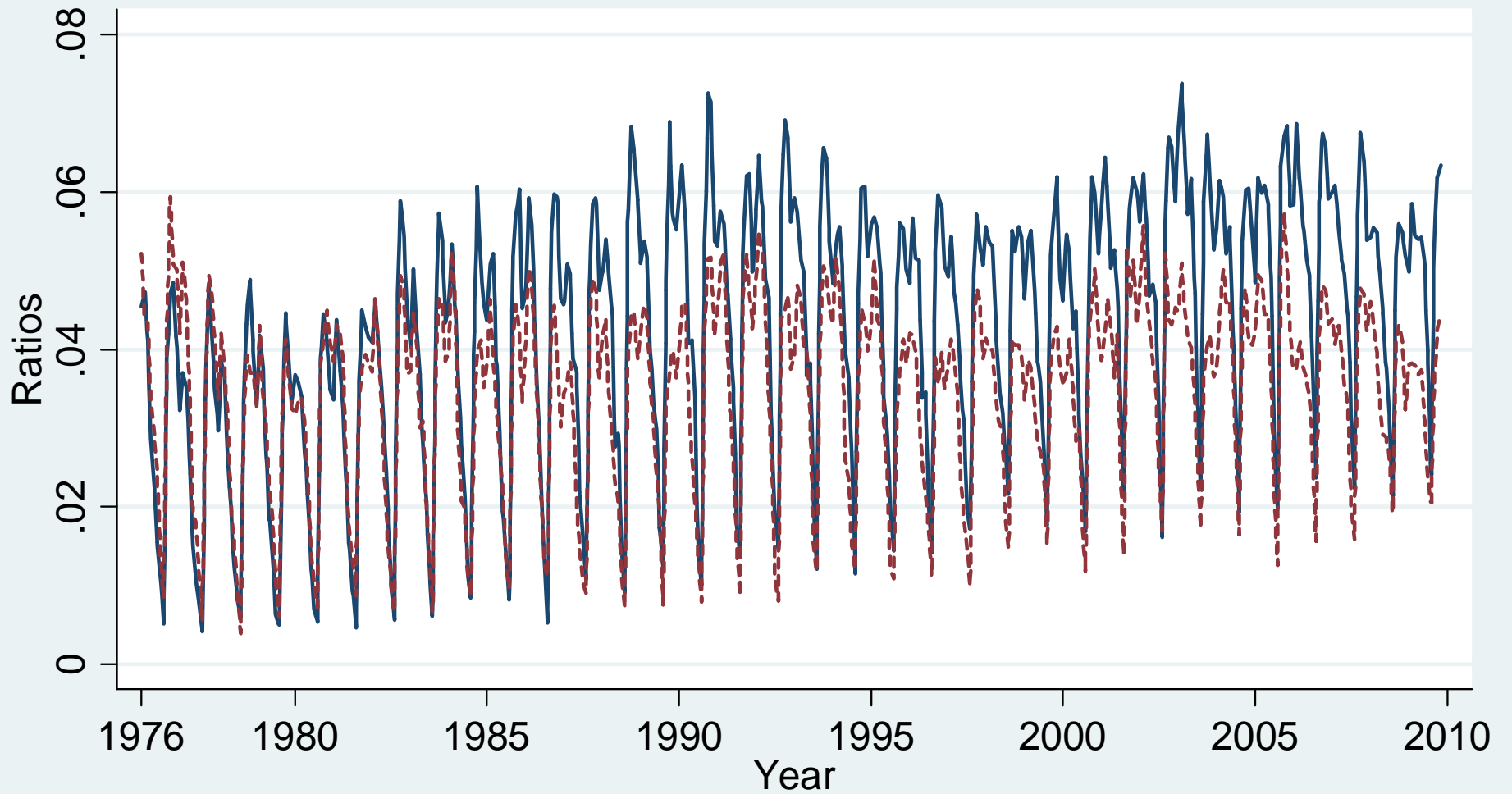
— Females 15-21      - - - Males 15-21

Source: Author's Compilation using Statistics Canada's Labour Force Survey



# Part-Time School Enrollment

Canada, Jan 1976-Nov 2009

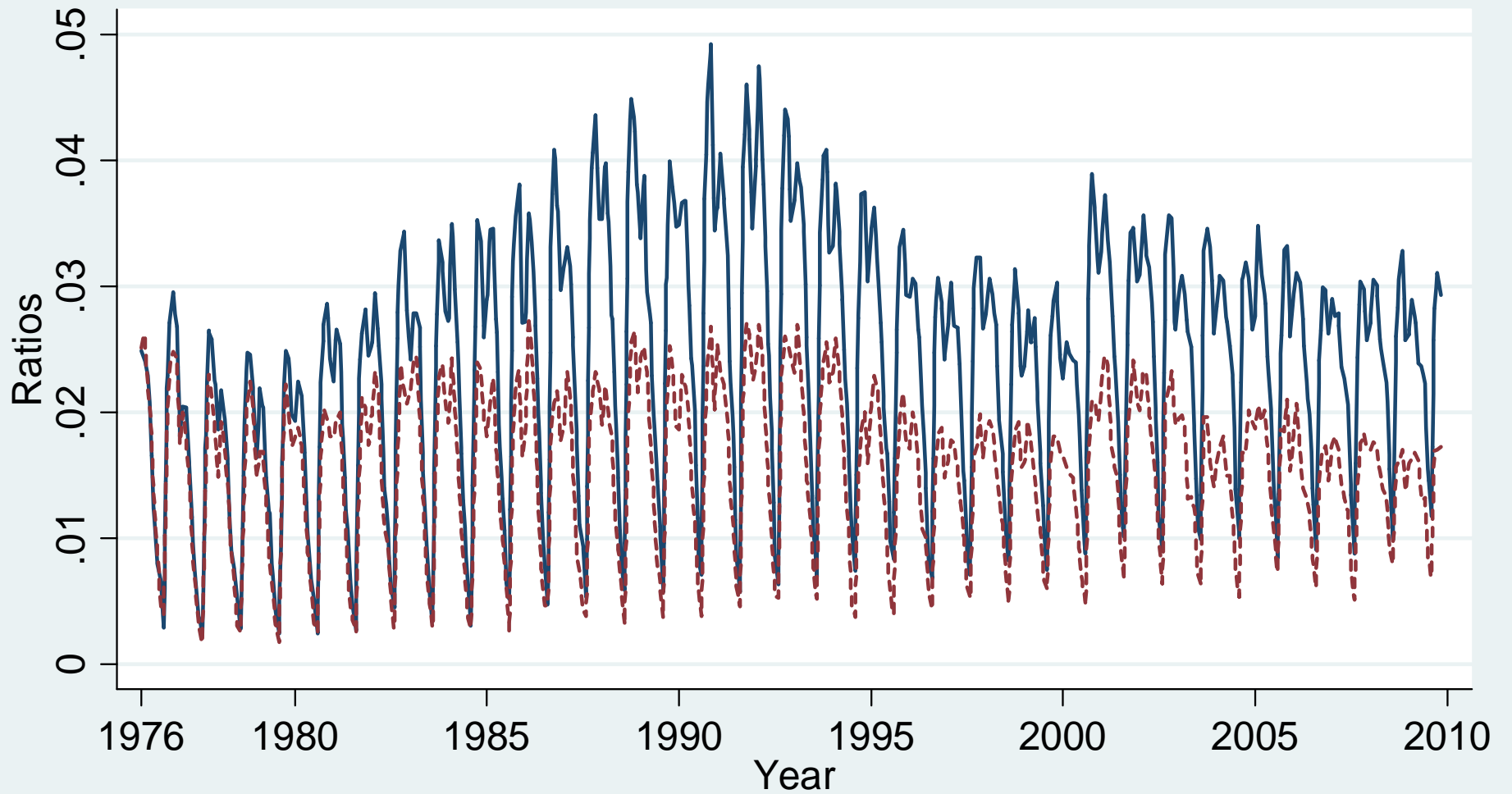


— Females 22-29      - - - Males 22-29

Source: Author's Compilation using Statistics Canada's Labour Force Survey

# Part-Time School Enrollment

Canada, Jan 1976-Nov 2009



— Females 30-54      - - - Males 30-54

Source: Author's Compilation using Statistics Canada's Labour Force Survey

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## Part II

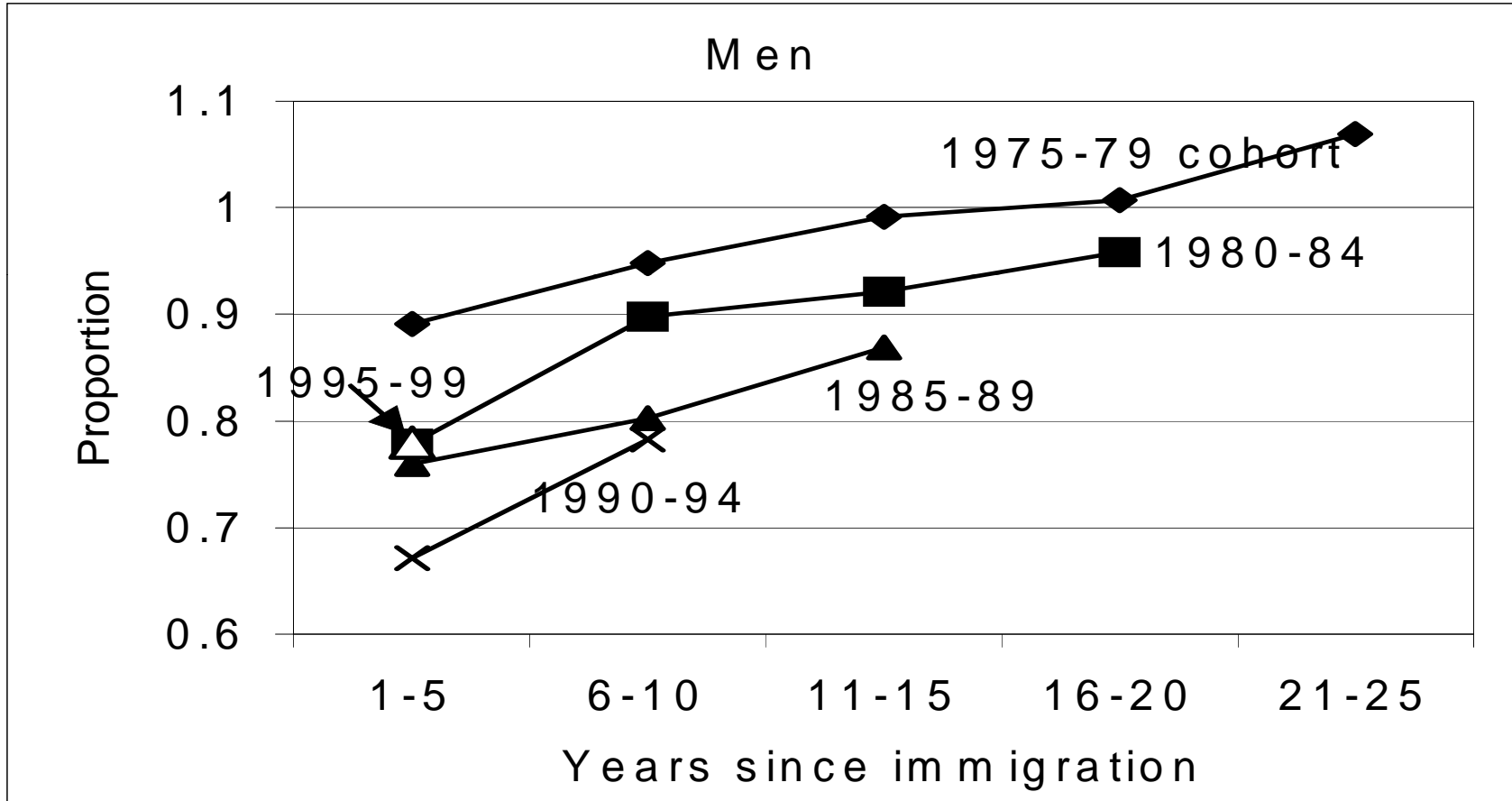
- What else do we know?
- What should we do?

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# Immigrant Situation

- Well know that since 1970s or early 1980s the labour market outcomes of new immigrants have declined
- Slightly less well known is that immigrants appear to have labour market outcomes that are more sensitive to the business cycle than those of the Canadian born

# A “Years Since Migration” earnings plot for full-time, full-year males



Statistics Canada: Picot & Sweetman 2005; Frenette and Morissette, 2003

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# Post 2000? Did Outcomes Improve?

- We had hoped that labour market outcomes would improve
  - But, they did not
  
  - Arguably, the decline continued
    - Or, at least it didn't get better
  
  - IT Bust played a role (relative decline in outcomes for most educated)
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## What else do we know?

- Ferrer, Green & Riddell show (convincingly I think) that language is the key element in improving immigrant economic rates of return to education
  - Not only “do you speak English (French)?” but “How good are your reading and writing skills?” etc.
  - Controlling for language, differences in the rate of return to education between immigrants and the Canadian born disappear (within sampling error).
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## For Canadian born

- There are enormous labour market benefits to increased fundamental literacy and numeracy skills (for those with low skills)
- Also, skills help in re-training after job loss



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# For everybody

- Lots of effort to help those in need of improved fundamental literacy and numeracy skills
- Not too much concentration on one area of specific skill training (IT Bust is warning)

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# Economic evaluation of training/ education and related programs

- Two major criteria
  - Helps those in the program
  - Does not hurt (or at least not too much) those outside the program
- Both are hard to measure, but second is especially difficult
- Rarely implement, but good conceptual guidelines nevertheless

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## ■ Helping participants

- ❑ Good outcomes are prima facie NOT evidence of helping participants
- ❑ Might have had good outcomes (better outcomes) without the program
- ❑ Need to show improved outcomes compared to those without program
- ❑ i.e., need “impact” or “value added”

- 
- Not hurting those outside of the program (or not hurting too much)
    - This is frequently not taken seriously enough
    - E.g., displacement
      - Lay off worker to hire another who has a wage subsidy
    - E.g., Too great an emphasis on a narrow field can flood the market and depress wages
      - IT & high tech special immigration program in late 1990s and early 2000s

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# Culture of innovation and entrepreneurship

- Hard to foster, but many believe possible to do so
- In the end a good “product” matters (usually)
- Real skills, not “just” enthusiasm
  
- Courses/ programs in this area

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## Worried about low income (& others) making bad human capital investments and carrying the consequences

- Expect OSAP/CSLP default rates to go up in recession
- This can be very hard on individuals involved
- Governance and regulation and information are provincial responsibility
  - Ont. among best of provinces, but could improve

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# 2008 Canada Student Loan Repayment Rates – Ontario (selected)

<b>Educational Institution Name</b>	<b>Repayment Rate</b>	<b>Number of Borrowers</b>	<b>Total Loan Dollar Value</b>
Academy of Learning (Barrie)	23.50%	15	\$105,863
Academy of Learning (Etobicoke - Albion Road)	65.40%	78	\$510,102
Academy of Learning (Guelph)	54.10%	20	\$149,832
Academy of Learning (London)	12.30%	19	\$139,230
Academy of Learning (Mississauga East)	57.20%	35	\$259,665
Academy of Learning (Orillia)	48.70%	11	\$79,784
Academy of Learning (Scarborough)	52.50%	47	\$333,970
Academy of Learning (Toronto/Finch Ave. West)	63.30%	56	\$380,636
Academy of Learning (Toronto - Sheppard Ave.)	67.60%	24	\$196,794
Algoma University College	73.00%	121	\$1,150,660
Algonquin Careers Academy - Mississauga	96.00%	16	\$83,648
Algonquin Careers Academy - Ottawa	74.90%	47	\$221,248
Algonquin College of Applied Arts and Technology	78.60%	2,419	\$19,896,295
Automotive Training Centre	58.10%	18	\$51,911
Avola College of Hairstyling & Esthetics	49.20%	19	\$78,112
Bar Admissions Course (Law Society of Upper Canada)	84.80%	20	\$56,253
Brock University	87.70%	1,397	\$15,230,189



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- [http://www.canlearn.ca/eng/main/repayment\\_rates/index.shtml](http://www.canlearn.ca/eng/main/repayment_rates/index.shtml)

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# Labour Market Information

- Investment in education, and many other areas, can benefit from improved labour market information
- Good information is NOT ONLY about getting the facts right
- ALSO, how and when communicated
  - Messages need to be received and understood
- Not expensive, and can be beneficial (under appreciated as government policy )

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# Conclusion

- Recession is not as bad a in US, need to be careful to base policy on Canadian/Ontario evidence, not US broadcasts (& e.g., G&M too influenced by US in discussing the recession)
- Financial Crisis is best viewed as related, but distinct, from recession

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# Medium and long term trends

- I'm more worried about medium and long term (relative) labour market trends in Ontario and Toronto than I am about the recession (worried about both, but ...)
- See drop in E/Pop ratio as most serious problem
  - Some good news, but overall decline is worrying
- Need policy for beyond the recession

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# What to do?

- Essential literacy and numeracy training
  - English (French) language skills key for non-English speakers
- More procyclical education/ training funding
  - Wary of short-term models with “unstable” suppliers
- Need to keep evaluation criteria in mind in developing programs/policy

- 
- Stimulating innovation and entrepreneurship are medium term goals with short-run implications
  - Labour market information is an old story, but I think it might have real benefit at relatively low cost
    - BUT, needs more focus on delivery (content too, but content only is not enough)