

## **REAL RATE OF UNEMPLOYMENT IN CANADA: TYPICAL EXAMPLE**

The monthly Labour Force Surveys from Statistics Canada show only the numbers officially employed (**Employment**) and the **official unemployed (Unemployment rate)**, and come with graphs showing the trends. The example graphs shown below are for February 10th, 2006

**We need a little more information and analysis to get a clearer and more complete picture, which partly means considering the rest of the population :-**

Reference URL as at Feb 23, 2006 :-

<http://www40.statcan.ca/l01/cst01/famil01.htm>

Total population, whole of Canada, 2005: 32,270,507

**Figures below are in thousands of persons**

Reference URL as at Feb 23, 2006 :-

<http://www40.statcan.ca/l01/cst01/demo10a.htm>

<b>Population by sex and age group</b>						
<b>Total</b>	<b>32,270.5</b>	<b>15,979.5</b>	<b>16,291.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
0–4	1,698.4	868.4	830.0	5.3	5.4	5.1
5–9	1,882.3	963.0	919.3	5.8	6.0	5.6
10–14	2,104.8	1,079.1	1,025.7	6.5	6.8	6.3

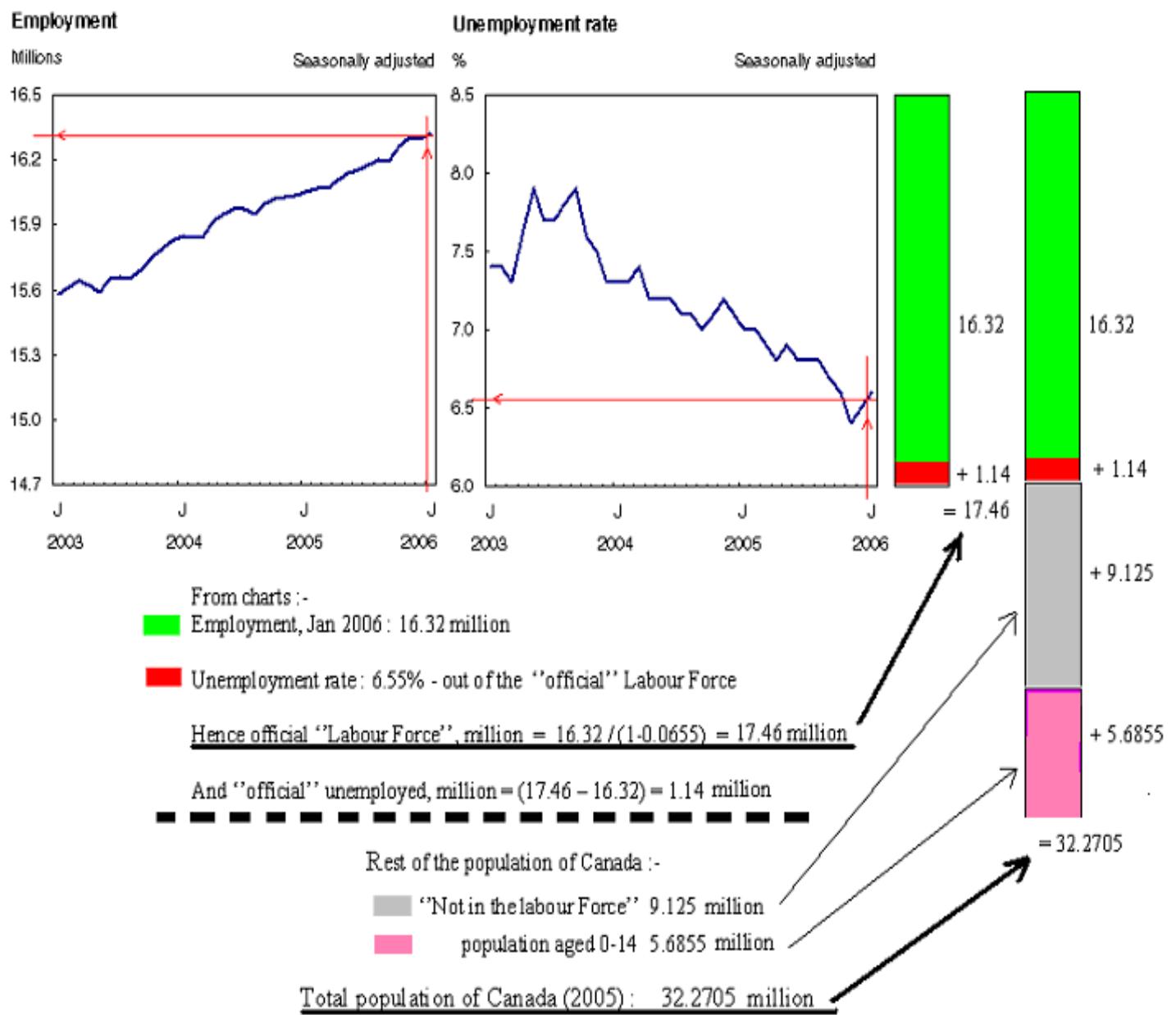
Working-Age Population (excludes persons aged 0-14) = Population aged 15+

From the table above, total population aged 0-14 = 5,685.5

Hence Population aged 15+ =  $32,270.5 - 5,685.5 = 26,585$   
(again, these figures are for 2005)

For January 2006, if you now look at the figure below and read off the two graphs, we see that :-

1. The employment picture alone might be represented by the left-hand bar chart
2. The whole population might then be represented by the right-hand bar chart. The figure for the grey part - *Not in the Labour Force* – comes from the total population minus the *official* labour force minus *population aged 0-14*

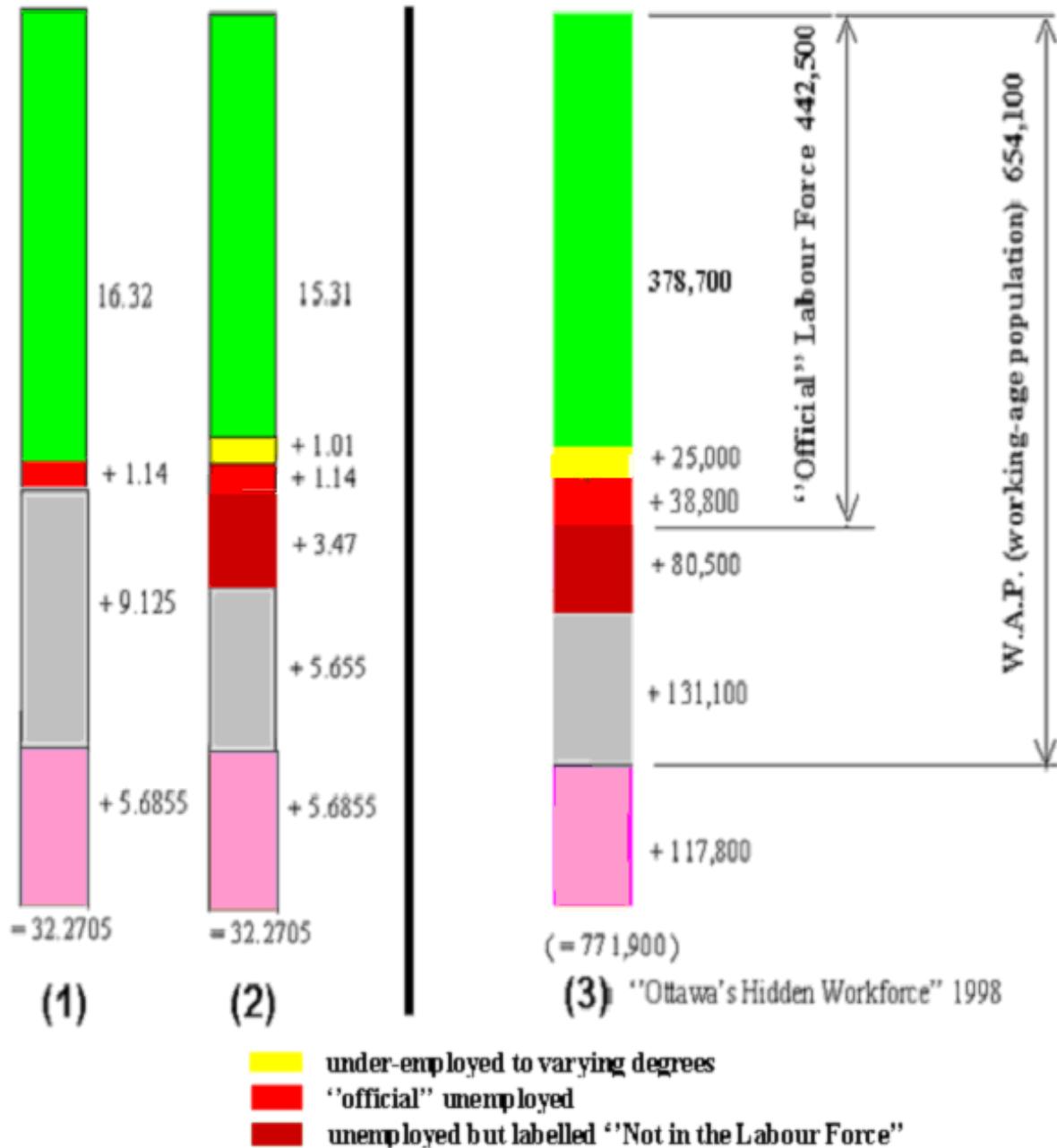


In terms of actual numbers of people completely out of work, or under-employed, **several things do not appear in this kind of official picture released each month :-**

1. Some people counted within the group *Employment* - 6.2%, based on the *Ottawa's Hidden Workforce* report of Fall 1998 (list item 1998/10-01 - are under-employed to varying degrees. This was before the high tech *slump* started in early 2001. If this figure of 6.2%, which now might be too small, is applied to the whole of Canada, this means **about 1.01 million people under-employed to varying degrees**. The official definition *Employed* includes some people having as little as 1 hour per month of *insurable* employment, those employed full-time, and everyone else in between.
2. **Much more important in numerical terms**, according to the *Ottawa's Hidden Workforce* report of Fall 1998 (list item 1998/10-01), an estimated 38% of the group *Not in the Labour Force* were people in practical terms unemployed - mostly *discouraged workers* and *employable social assistance recipients*. That means an estimated additional 3.47 million people actually unemployed, as at January 2006.

If we now look at the three bar charts below, chart 2 is a bit more representative of the true picture; chart 1, already shown above, is repeated below for comparison.

Chart 3 represents the findings of *Ottawa's Hidden Workforce* 1998; the actual numbers of people are shown



#### Additional background and comments.

- There is no question that this stuff about *Ottawa's Hidden Workforce* (1998) is true. In fact, the then-R.M.O.C. Chair, Bob Chiarelli – now (2006) City of Ottawa Mayor Bob Chiarelli – challenged Ottawa area businesses to create 145,000 new jobs, through a newspaper article in *The Ottawa Citizen* on October 3rd, 1998.

- There is reason to think that this was representative of what was happening in Ontario, and was approximately true for the whole of Canada

Of two newspaper articles which appeared in July 1995, one refers to 1.4 million *official* unemployed in the whole of Canada at that time. The second one refers to **1.3 million people receiving social assistance benefits IN ONTARIO ALONE.**

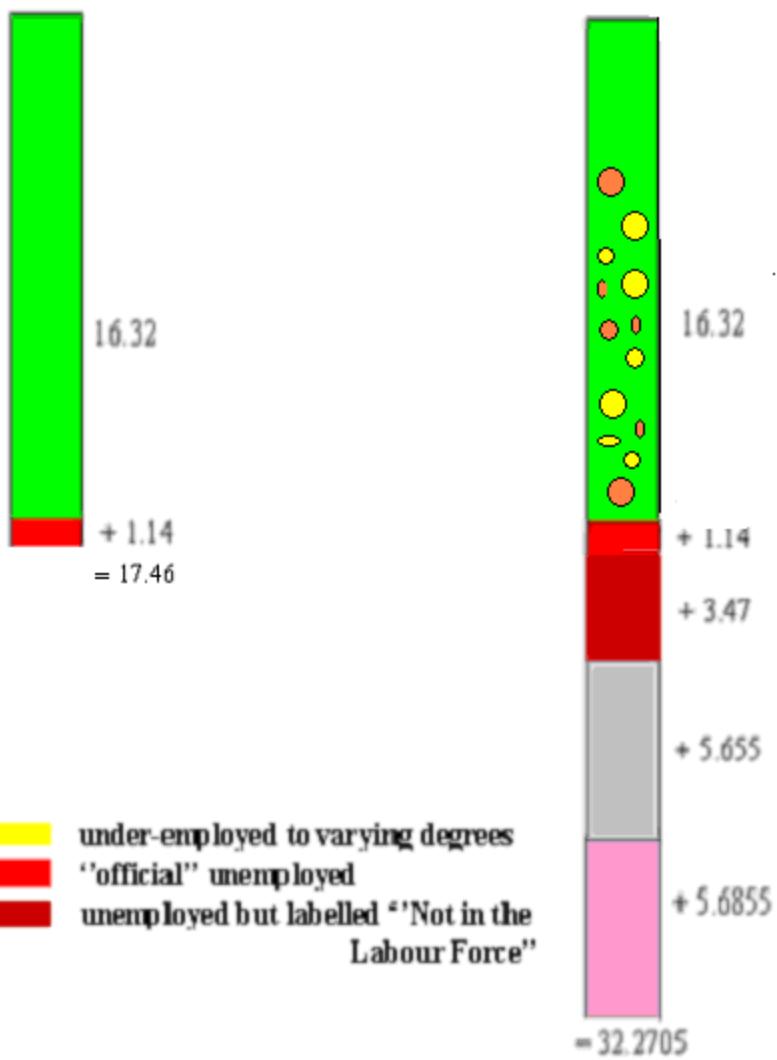
Ontario accounts for roughly 40% of Canada's total population, hence a rough estimate of the total number of such people in the whole of Canada at that time would be 2.5 times this, or 3.3 million. They were clearly in that position due to not having gainful employment. Yet these people were/are not included in the count of *official* unemployed. In fact, as you can now see, 4.6 million unemployed would have been nearer the truth. This of course assumes that the other provinces in Canada had the same percentage of people receiving social assistance; the truth would have been that some provinces were doing significantly worse, others a bit better than this.

This also does not include people in poverty but wanting to work and neither counted as *official* unemployed nor receiving social assistance benefits, due to not *qualifying* for some reason.

Since 1995, at least in Ontario, the rules for qualifying for social assistance have been tightened up which will have decreased the count of people getting it. But that does nothing to alter the true unemployment picture; it is not possible to simply make people *disappear* like this.

- The current (April 2006) extent of under-employment in Canada (the **yellow** parts in the charts above) may be much higher than the 6.2% of people officially *employed* indicated by *Ottawa's Hidden Workforce* of 1998. A five-year study by Statistics Canada, "**Work Hours Instability in Canada**" released in March 2006, list item **2006/03-1**, indicated that **AS FEW AS ONE-THIRD of Canadians officially Employed (green or yellow)** in the charts above **are working regular and normal full-time hours, considered to be between 34 and 46 hours per week in the report.** The remaining two thirds were apparently in trouble with varying degrees of under-employment, or subject to large fluctuations in annual working hours, or over-worked; this is leading to severe stress and financial planning / budgeting difficulties for the people affected. In terms of numbers affected, it seems as bad or worse than the *hidden unemployed* classed as **Not in the Labour Force**.

So the true picture is really something like THIS:-



So the nice, neat original Stats Can presentation, shown on the left, is really not representative of reality, shown on the right. The official definition of *employed* in Canada actually includes people with as little as 1 hour PER MONTH of employment, as compared with *full* employment of between about 140 and 184 hours per month. The reality actually resembles a well-known type of waste disposal system, with large bits of muck floating about in it.

Conversations in late 2005 between the author and Andrew Jackson, Chief Economist of the Canadian Labour congress, indicated that the Canadian Labour Congress sees under-employment as the major problem (as opposed to the *hidden unemployment* referred to above); based on this latest report from Statistics Canada, it is easy to see why. It indicates that as many as about 11 million working Canadians ( $\frac{2}{3}$  times 16 million) could be in trouble over more-or-less severe under-employment.

This same view is also evident in Mr. Jackson's May 2005 book, ***Work and Labour in Canada: Critical Issues***, in which he reports many specific examples of under-employment in different industries.

What seems clear from the above is that the problem may affect roughly three times as many people (11 million) as compared with *hidden unemployment* (about 3.4 million). However, the detailed information needed to arrive at an equivalent number of satisfactory full-time jobs, to solve the under-employment problem, does not seem to be available.

- In Canada we occasionally see reports from Statistics Canada, which refer to people out of work for a year or more as people who...***may have given up looking for work and dropped out of the labour force***. This is bad reporting and bad analysis because :-

- (a) It can only give the impression that people in that position are defeatists or drop-outs, that they are lazy, that there is ...*something wrong with their attitude*, or some such; further, such reports imply that the people referred to *don't need* jobs because they *are not unemployed any more*.
- (b) It is not supported by any research and the assumptions behind the statement ...*may have given up looking for work and dropped out of the labour force*... are not stated.

Further, the lack of comment in the media observed by the author, concerning such statements, indicates that everybody accepts such statements as ***fact*** without questioning them.

Further, it would also appear to indicate that anyone who has lost a job (due, for instance, to being laid off) is automatically categorized as *Not in the Labour Force* after being out of work for a year, so as to remove them from the count of people in the *official* unemployed category.

Then everybody continues to comment on the incidence of child poverty in Canada and the difficulties that foreign-trained professional immigrants have with getting work; with respect to the latter, the difficulties reported always focus on problems with recognition of foreign credentials, discrimination based on *lack of Canadian experience* etc., whilst NOBODY recognizes the root cause of the trouble – lack of jobs relative to the numbers applying, because nobody is aware of the numbers of jobs required.

Result : the whole Canadian system behaves like the proverbial dog chasing its own tail – constantly running after solutions but never attaining them, then failing to understand why.

- Statistics Canada occasionally admit that the real number of unemployed is higher than the *official* unemployed quoted in the monthly Labour Force Survey. In one such instance from 1998., the actual unemployment rate is quoted as ...*in excess of 13%*... when people who ....*have simply given up looking for work*... are included, **as opposed to the official unemployment rate of nine percent**. This higher figure still excludes employable social assistance recipients, among others noted in *Ottawa's Hidden Workforce* of 1998 referenced above.