Jobless rate seen elevated

By Michael Babad
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Global unemployment may well have been an almost 10-year scourge when all is said and done.

And Canadians can expect at least 18 months more of an elevated jobless rate, according to new forecasts.

In a new annual outlook today, the Organization for Economic Co-operation and Development projected unemployment in Canada would end this year at 7 per cent, and next year at 6.6 per cent.

Other projections suggest that, while high, the OECD forecasts may be on the optimistic side.

In new forecasts just yesterday, for example, both Toronto-Dominion Bank and Bank of Nova Scotia predicted a jobless rate of 7.1 per cent in each of this year and next.

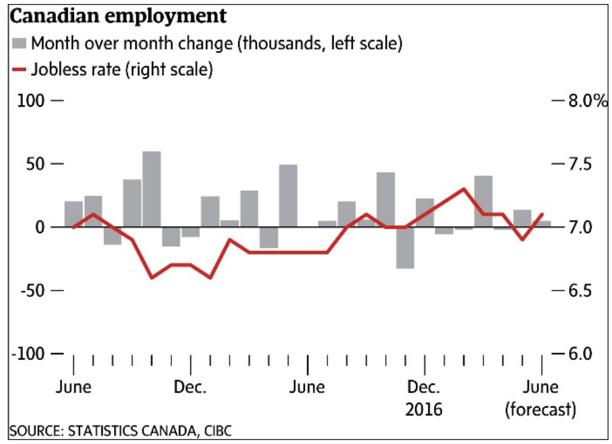
And who knows how long this will run, given that 2017 is simply the end of the forecast period for all three groups.

“Labour market conditions remain soft, with most goods-producing sectors still cutting back their payrolls,” Scotiabank’s Derek Holt, Adrienne Warren and Mary Webb said in their report.

“While we anticipate a modest pickup in employment growth in 2017 as the pace of energy-sector layoffs wanes, competitive pressures in both domestic and export markets are expected to slow the recovery in wage and income gains.”

Canada’s job market, of course, bounced back after the recession, only to be whacked again by other factors, notably the oil shock.

And it’s not just the number of jobs, or the more than 1.4 million Canadians who are still searching for work, but also the “quality” of the jobs created and the hit to wages.



The OECD report, which looked at job quality in terms of earnings, security and working environment, found that Canada, along with several other countries has had an “average performance” on that score.

While that’s better than many others, it trails countries such as Australia, Austria, Denmark, Finland and Germany.

Unemployment varies across Canada, of course. TD projected a low of 5.9 per cent in Manitoba this year, and a high of 12.8 per cent in Newfoundland and Labrador.

In B.C. and Ontario, the two provinces economists believe will lead the country in economic growth, unemployment is projected at 6.2 and 7.4 per cent, respectively.

And in Alberta, where the jobless rate has spiked amid the oil shock from just 4.6 per cent in 2013, TD forecasts unemployment of 7.7 per cent this year and 7.3 per cent next.

Globally, the OECD said, employment is recovering from the recession, though in “a painfully slow manner in many OECD countries” amid slow economic growth.

“While progress has been made in reversing the crisis-related increase in unemployment, little progress has been made in recouping the lost ground on wages," Stefano Scarpetta, the OECD's director for employment, labour and social affairs, said in the report.

"Over all, three-quarters of OECD countries still face either a sizable unemployment gap – an unemployment rate that is two percentage points or more above the pre-crisis level – or a sizable wage gap – average wages at least 5 per cent below the level they would be at if they had continued the trend increase during 2000-07 – or both."

One wonders, too, if anyone had thought we would be where we are today when Lehman Bros. collapsed and sparked the global crisis.

According to today's report, the jobs gap will finally close in OECD member countries next year, or almost a decade since the Lehman spectacle.

"While this is welcome news, the fact that the Great Recession depressed employment for nearly 10 years testifies to its severity and the price workers have paid," it said, citing the fact that 40 million people, or almost eight million more than at the end of 2007, are still unemployed.