

# Reports of rapid tech change causing the demise of traditional employment are greatly exaggerated

By Andrew Jackson

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There is a lot of talk these days about the end of jobs and the decimation of traditional employment due to rapid technological change, the much-feared rise of the robots and the emergence of new and more insecure forms of work in the so-called gig economy. But the statistics suggest that the extent of real change in the job market to date has been greatly exaggerated by many pundits.

The Canadian national unemployment rate has been at or below six per cent since November of last year, and stood at 5.8 per cent in July. This is the same as the previous cyclical low of 5.8 per cent more than a decade ago in October, 2007, just before we were hit by the global financial crisis and the Great Recession. The unemployment rate has been steadily declining from a peak of 8.7 per cent in mid-2009.

The national employment rate – the percentage of the population with a job, any job – was 61.6 per cent in July, a bit down from the high of 63.7 per cent in February, 2008. However, the employment rate of core age workers between the ages of 25 and 54 was 82.6 per cent in July, basically unchanged from the previous cyclical peak of 82.4 per cent. (The employment rate for this age group has increased slightly for women and is unchanged for men.)

The employment rate of workers over the age of 55 has jumped significantly above the previous cyclical peak, partly because of a desire to remain longer in the work force, and no doubt partly owing to growing lack of access to decent pensions. Regardless, more seniors are seeking and finding work than ever before.

If there is a problem of shrinking job opportunities, it is mainly among young people ages 15 to 24. Their employment rate has fallen from the previous high of 59.9 per cent in 2007

to 56.6 per cent today. The decline was significantly greater among teenagers than those aged 20 to 24, and likely reflects an increased participation rate in full-time education, as well as increased difficulties finding work for those who lack basic qualifications and experience.

Many argue the unemployment rate might be low and the employment rate high, but that this masks a decline in the quality of jobs as full-time, relatively secure jobs give way to more insecure and precarious forms of employment. It is true that full-time, permanent employment has fallen compared to a generation ago, and that many workers in supposedly “permanent” jobs feel insecure with good reason, but changes in the form of employment since the Great Recession have been exaggerated to a degree.

Not to be misunderstood, far too many workers do have precarious jobs. Many part-timers have limited control of their hours of work and would prefer to work full-time, and many workers have temporary jobs with no job security, or work as self-employed workers with uncertain access to a decent income. Women, racialized minorities and youth are much more likely to be in low paid and insecure jobs.

These are major issues that must be addressed. But there has not been a large further shift to precarious work over the past decade.

The proportion of all jobs which are part-time today is unchanged from 2007 (17.9 per cent) and the proportion of all employees working in temporary jobs is also essentially unchanged over this period, from 15.6 per cent in 2007 to 15.7 per cent today. The proportion of self-

employed workers actually fell a bit to 15.3 per cent last month from 15.6 per cent in 2007.

The big picture, then, is that the labour market has basically not changed much from the previous cyclical peak in 2007 in terms of the quantity of jobs and the quality of jobs as defined by the form of employment. This is hardly great news, but it does put in doubt claims that massive and irresistible structural changes for the worse are under way.

One might add that there is no sign in the statistics of increased substitution of capital for labour in the economy, which would show up as a sharp rise in labour productivity or output per hour worked. To the contrary, Canadian productivity growth has been dismal.

The big problem we face is not so much a fundamental shortage of jobs or changes in the form of employment, but rather stagnant wages in most jobs. These have lagged even low productivity growth. The census showed that median or mid-point annual employment income of individuals (half earned more and half earned less) rose in inflation-adjusted terms by just 5.9 per cent over the entire decade from 2005 to 2015, from \$31,798 to \$33,684.

While wages rose very modestly for middle- and lower-income workers, pay gaps widened as incomes grew fastest for the top 10 per cent, and even more for the top 1 per cent. The total income of the top 1 per cent of individuals rose by 14.5 per cent in real terms over the same period, or by more than twice as much as the median wage.

Canada continues to face serious problems in terms of unemployment and the quality of jobs, particularly among young people, recent immigrants, Indigenous persons and those without good skills. The incidence of low-wage work is scandalously high. But these issues can be addressed through sound labour-market policies such as higher minimum wages, support for unions and ensuring much greater access to employment standards protection and skills training.

The problem with the “end of jobs” narrative is that it disarms us by suggesting that massive technological forces out of our control are most to blame for our problems. That is not the case.

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