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## Long-term joblessness on the rise

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It's bad enough to lose a job. It's infinitely worse to lose it and not find another.

Canada has won back all the jobs lost during the economic meltdown, but for the country's 1.5 million unemployed the recession's shadow lingers.

More Canadians are remaining jobless for longer stretches of time, leaving long-lasting scars on thousands of the country's workers.

The growing strain to find new work reaches far beyond the manufacturing sector, where workers by the tens of thousands have lost their jobs as factories close and companies shift production to lower-cost countries. Long-term unemployment has spread to accountants, executives and educators, many of them older workers who haven't before had to cope without a job for long.

The duration of unemployment is now running at a 10-year high. The number of workers who have been jobless for at least 12 months has swelled by a third in the past year, Statistics Canada figures provided to The Globe and Mail show.

The increase in longer-term unemployment has many implications. The longer individuals are out of work, the more skills they lose, making it tougher to find work. Many workers may be forced to accept jobs beneath their skills or take a pay cut. Confidence ebbs, health can suffer and marriages fall apart. The consequences also affect the broader economy as more people move to social assistance, depend on family members or live off savings and sell assets as they try to re-enter the job market.

"This is human capital, which is being depreciated," said Stephen Gordon, economics professor at Laval University in Quebec City. "You might have been highly skilled and trained in the latest technology, but after two years you're no longer skilled - and that's a productive resource we don't have any more."

Two short years ago, David Dickson was a director of finance at PepsiCo Inc., where he earned about \$180,000 a year. He lived well, drove a BMW and took his three kids to hotels each month, eating out every week.

Then the recession hit. Not only did the 41-year-old lose his job, he also lost nearly a quarter of a million dollars in investments. Home renovation costs forced him to cash in \$40,000 in retirement savings, and he ran up \$60,000 in debts to survive. His health suffered - insomnia and anxiety forced him to seek therapy. A year and a half of unemployment eventually forced him to use a food bank.

He has since found a job, after offering to work the first three months for free, though a pay cut and lingering debts means he "may never recuperate."

More economists are taking note with the country's jobless rate stuck at 8 per cent - two percentage points higher than before the recession - as the labour force has grown with more people seeking work. Many companies protected profits by shedding employees during the recession, and they're averse to boosting costs by adding employees amid the sluggish economic recovery.

As of September, 300,000 of Canada's 1.5 million jobless workers have now been out of a job for 27 weeks or longer - a proportion that's doubled from prerecession levels.

The number of people who have been out of work for 53 weeks or more has jumped by more than a third to 101,700 from last September. Nearly two-thirds of them are men, with the majority in the 25- to 54-year-old age category.

Ontario, Quebec and British Columbia have the greatest number of people who have been out of the work force for more than a year, StatsCan's figures show.

The average number of weeks of unemployment rose to a decade high of 21.4 weeks in September, from 18.4 weeks a year earlier. The spell is longest for men and women over 55, who tend to experience 35 weeks of unemployment. The duration is longest in Quebec.

Getting rehired is trickier as companies are still keeping a tight lid on costs, making them more reluctant to boost payrolls. At the same time, competition for jobs - especially high-quality, permanent jobs - is more fierce.

The situation isn't as dire as in the U.S., where almost half of jobless workers have been out of work for six months or longer. But it's a sticky problem that continues to worsen in Canada. And while the issue is much discussed south of the border, it has merited scarcely a mention in Canada.

The situation is most acute among the country's factory workers, where employment has tumbled to a 30-year low.

The Canadian Auto Workers has 20 job centres open in Central Canada to help displaced workers find a new job or career. It's been rough going, says Laurell Ritchie, labour adjustment expert with the CAW. She rattles off several trends emerging at the centres. One is that, "short of moving from Oshawa to St. John's," decent job opportunities are scarce. Many people are turning to minimum-wage jobs, such as Burger King or newspaper delivery, and are falling behind in mortgage payments.

Another trend is the rise of temporary jobs - a shift under way across the country. About 211,000 permanent full-time jobs have disappeared since October, 2008, while temporary full-time positions have risen by 177,000, Ms. Ritchie says.

Then there are the financial and social costs. Sitting on the sidelines of the labour market means more people are being forced to use up savings, cash in retirement savings and sell off assets. The loss of benefits has meant delaying medical procedures. Job centres are reporting more depression, anxiety, marital breakdown, distress among children and discouragement.

Jan Crawford, 50, knows that situation first hand. The accountant was laid off in September, 2008, after three continuous decades with mattress manufacturer Simmons Canada. Last month, she cashed in her retirement savings. And she's worried she's losing her familiarity with new accounting and payroll rules.

"I've applied to Zellers, Staples. ... I will go apply to Tim Hortons if I have to," she says. "After a while though, you start to doubt yourself."

That's just why long-term joblessness is such a worry, says Craig Riddell, an economics professor at University of British Columbia.

"The big concern is peoples' skills deteriorate. The worry is if they're out of the labour market for an extended period of time, firms may be reluctant to hire them, they may think there's something about them. Skills decline, motivation declines, and they get discouraged. They get disengaged from the work force."

In this technological age, skills deteriorate even more rapidly - a computer programmer, for example, would quickly fall behind in developments around smart phones or the iPad.

Past Canadian studies have shown displaced older workers who can't find new jobs see a significant hit to their income. These high-seniority, displaced workers generally experience wage losses of between one-fifth and one-third - losses that have clear implications for retail spending and the housing market.

The key question, then, is how to get people back to work. Various solutions, from extending jobless benefits to retraining and introducing a wage insurance, are being floated.

One possible result may be the most brutal of all - past recessions show the problem fades as people, particularly older workers, simply give up ever rejoining the labour market.

"A lot of the adjustment will be brute-force attrition," says Laval's Prof. Gordon.

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