



Workers and Skills in an Ugly Global Economy: Sorting Out Myth From Reality

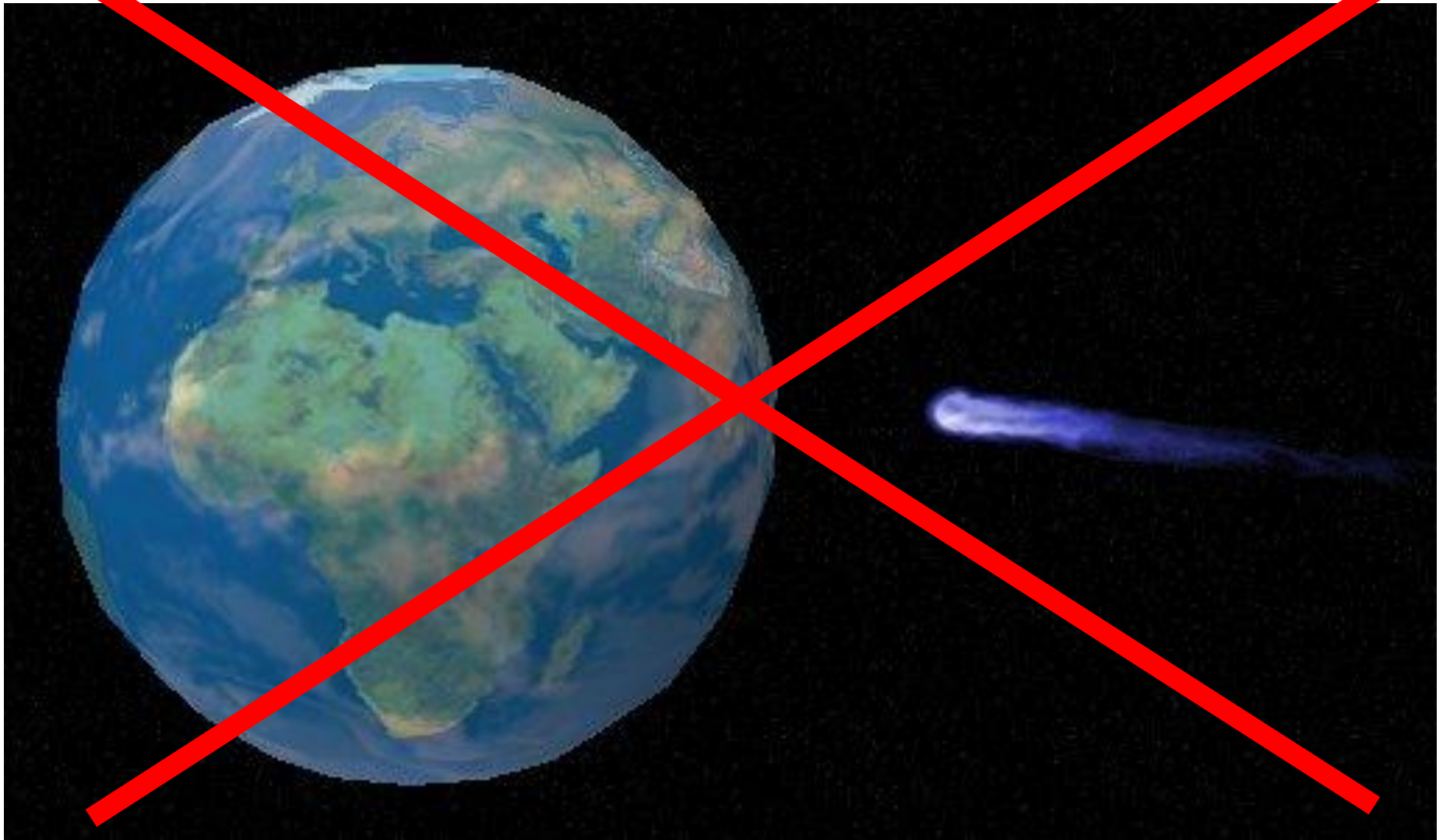
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For Colleges Ontario
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An Upside-Down World



- Business caused the crisis - yet now capitalizes on it to reinforce its power.
- Business is making more profit - but reinvesting less of it.
- There are lots of things we need, and millions unemployed to do the work - yet we're told to do less, not more, and we're told there are not enough workers!

Where Did This Crisis Come From, Anyway?



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Wha' Happened?



- Speculative bubble (again):
 - Centred in U.S. housing
- Fueled by aggressive, irresponsible lending
- Speculators borrowed at 50:1 or more
- U.S. housing prices began falling in 2006
- Chain reaction of collapse, deleveraging
- Blow to wealth, confidence, lending, investment, spending → **RECESSION**
- Globalization made things far worse
- Global austerity: new phase of same crisis.

Still Stuck in the Mud



- After initial burst in 2010 (fueled by stimulus), world economy lost momentum.
- Still can't find widespread traction.

The Economic "Recovery"...

(Has anybody seen it???)

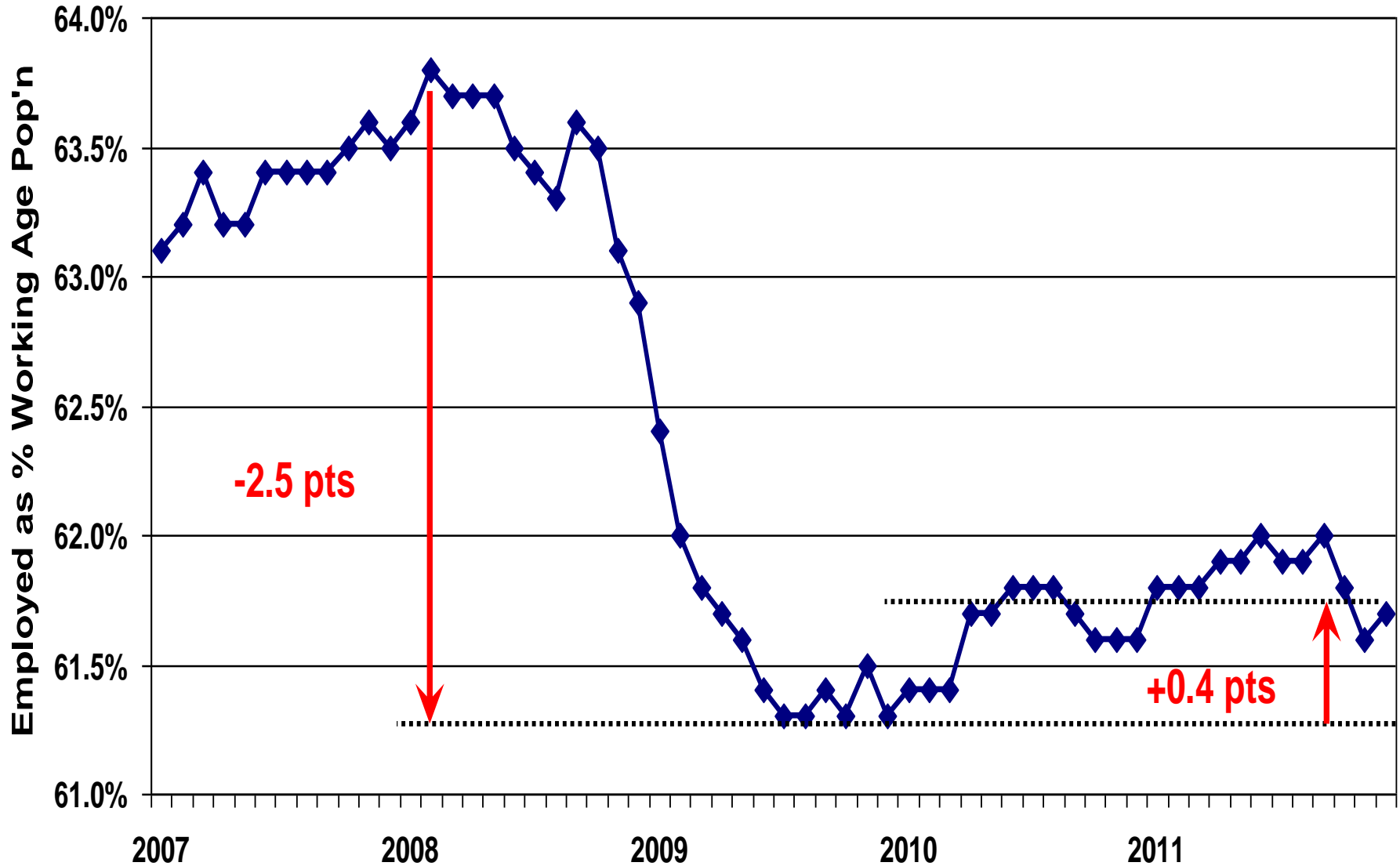


The "Claim"

- All jobs lost in the recession have been won back.
- Canada's done better than anyone else.



Employment Rate Decline



Do the Math

- Official unemployment: 1,500,000
- Lost participation: 350,000
- Involuntary part-time: 375,000
- Waiting for a job to start: 130,000
- True unemployment: over 2 million (12%)
- No improvement in "employment rate" since summer 2010.
- Canada's performance has been "ho-hum"

Mediocre is the Word

- Comparisons of Canada to other countries must take into account our faster population growth.
- Relative to population growth, our performance has been mediocre:
 - 17 out of 34 in real per capital GDP since 2007
 - 17 out of 33 in employment rate since 2008
- We did better than others that experienced all-out bank failures:
 - US, UK, Ireland, Iceland, Italy
- Compared to the rest, we've done badly
 - Germany, Korea, Australia

Canada in the World...



We're Number One!



We're Mediocre!

Employers and Labour Scarcity

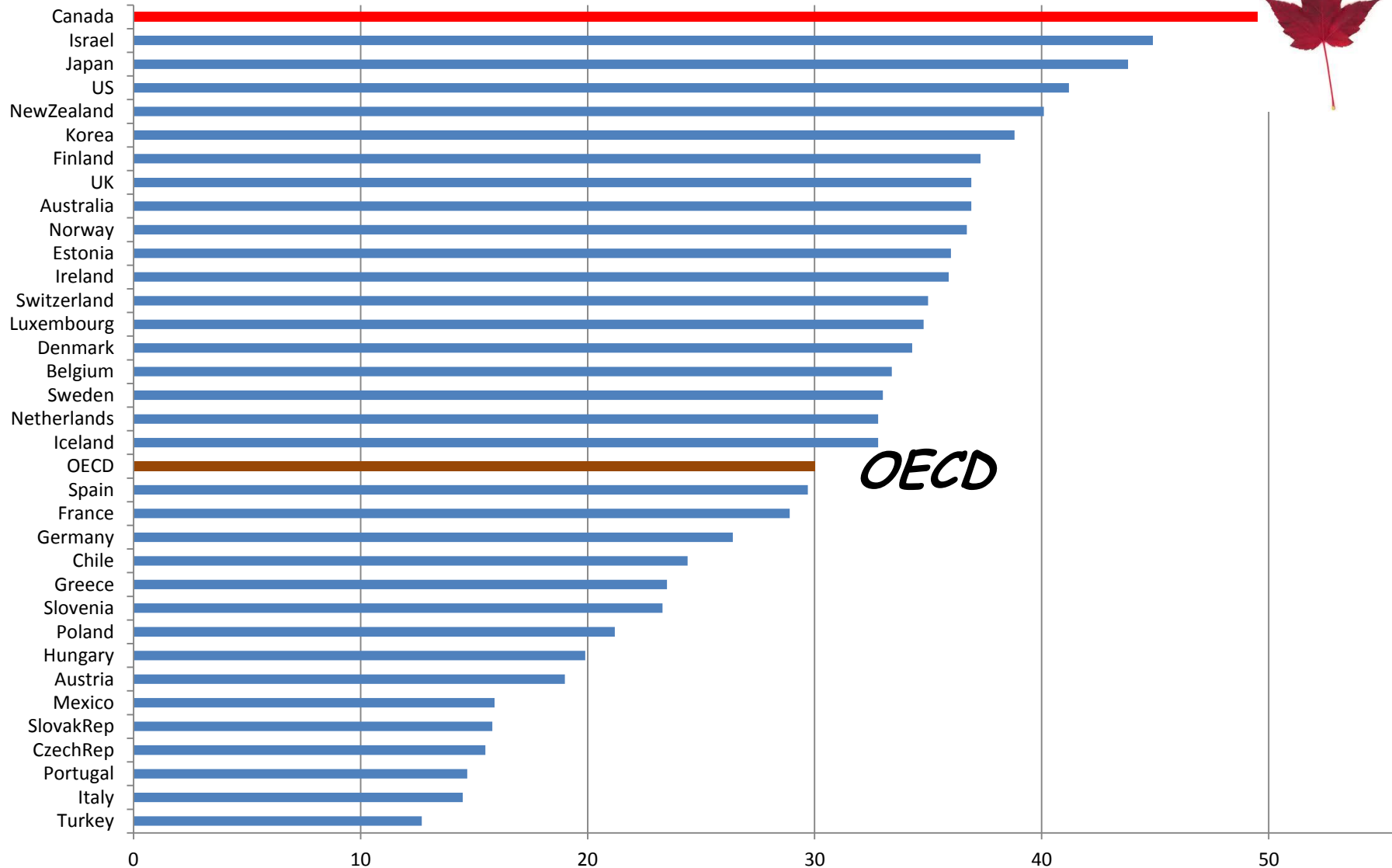
- “Normal” labour market for employers:
 - Advertise a job, and get 50 applications the next day offering to do the job for less.
- “Tight” labour market for employers:
 - Anything less than that!
- In reality, there is no labour shortage.
 - Employers must take some responsibility for their own labour force development.

Are We Really Short on Skills?

- >2 million true unemployment.
- Millions of Canadians underemployed, not using their skills.
 - Especially young graduates.
- Of course, there are very particular skill sets that are in short supply.
- But the claim that Canada's economy is being held back, in aggregate, by a shortage of skills, is not credible.

Tertiary Education Attainment

% of population 25-64



Skills: Myth and Reality

- There will be millions of jobs that do not require advanced education.
- In many cases, higher education serves a queuing function.
 - Produces a private benefit (butt to front of line of applicants).
 - But no social benefit.
- We can (and should) make a social choice to ensure that so-called "low-skill" jobs are still decent, secure, recognized.

Where are the Jobs of Tomorrow?

Top Ten Growing Occupations

Occupation	Growth Employment
Nurse supervisors and registered nurses	71,200
Computer and information systems professionals	67,800
Assisting occupations in support of health services	50,400
Motor vehicle and transit drivers	45,000
Administrative and regulatory occupations	44,900
Paralegals, social services workers and occupations in education and religion, N.E.C.2	43,300
Auditors, accountants and investment professionals	41,800
Retail salespersons and sales clerks	38,000
Sales and service supervisors	36,300
Secondary and elementary school teachers and counsellors	34,300

Source: Looking Ahead: 10-Year Outlook for the Canadian Labour Market (2006-2015), HRSDC.

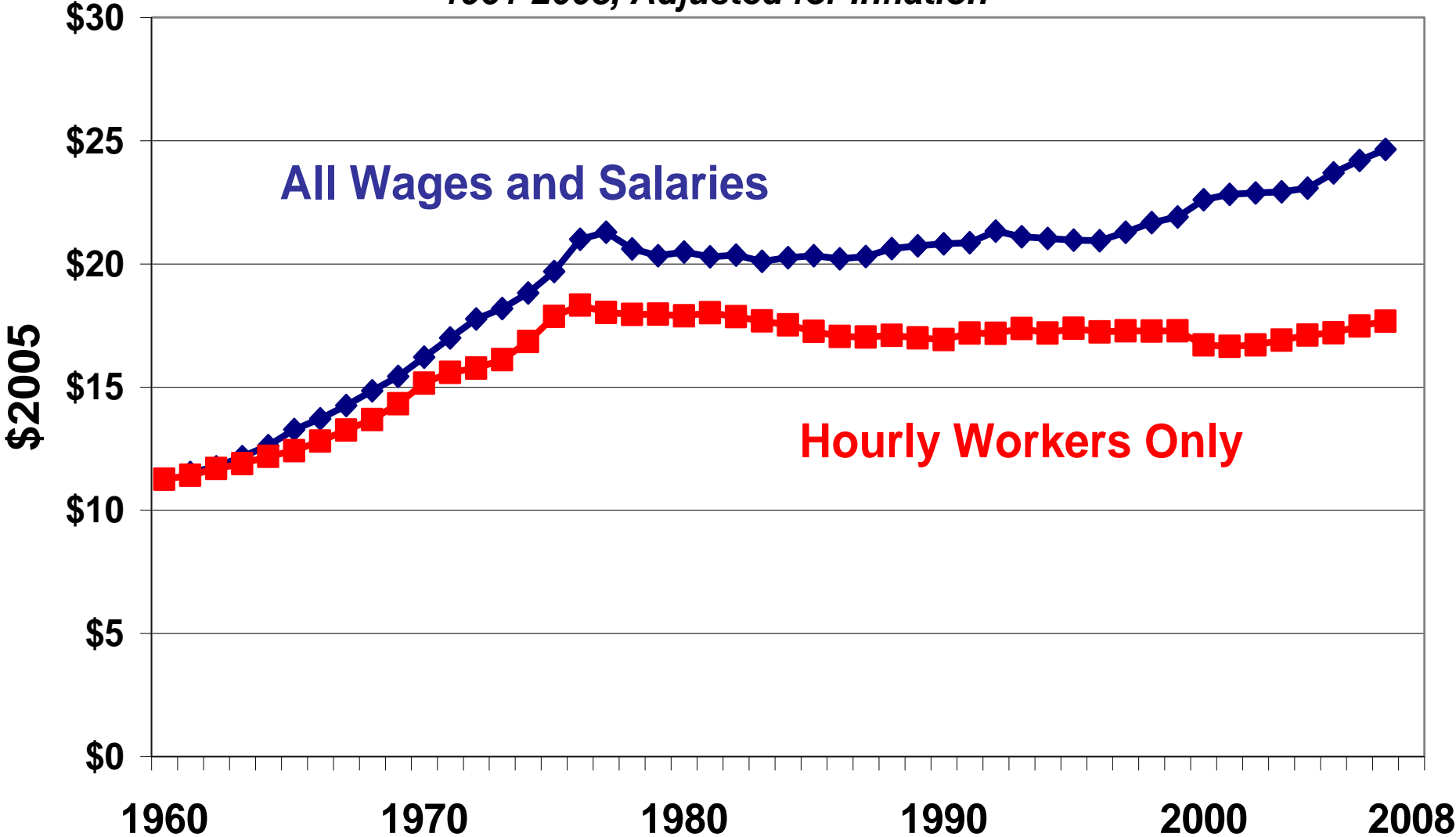
"Laws of Supply & Demand"

- If something is truly scarce...
- You line up for it.
- And you pay more for it.



Real Wages in Canada

1961-2008, Adjusted for Inflation



Source: Sharpe et al. (2008), author's calculations from Statistics Canada CANSIM Tables 281-0008, 281-0030 and 281-0022. Hourly worker wages from 1961-83 extrapolated on basis of manufacturing trend.

The New Cheap Labour Strategy

- Goal: Support employers in age-old problem:
 - Recruit & supervise workers easily
 - Extract maximum labour effort & discipline
 - At minimum cost
- New techniques:
 - Temporary Foreign Workers (1/4 net jobs 2007-11!)
 - EI cuts & "Big Brother" policing of claimants
 - Deunionization
- Justified by myth of "looming labour shortage."
- Blame the victim: if you're poor, it's because you didn't get the right skills.

Valuing Labour

- If labour and skills are genuinely scarce, then we should value it, not devalue it.
- That will help us use labour more productively, too.
 - Canada's productivity growth since 2000: 0.5% per year.
 - 28th out of 34 OECD countries.
 - Treat & price labour like a cheap, throw-away, just-in-time resource, then why would any employer use it carefully & productively?

A Genuine Skills Strategy for Canada

- Match words with money:
 - Need strong & consistent funding for all PSE
 - Not just universities, not just glamour buildings.
- Stronger links with employers (public and private) in planning & curriculum.
 - Skilled trades.
- Ensure graduates have jobs that use their skills.
- Policies & structures to lift standards and incomes (not cut them).



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