

Unemployment Rates - Canada, Ontario, South-Western Ontario

Figure 1 plots the unemployment rate for Canada, Ontario and South-Western Ontario (Kitchener, Hamilton, London and Windsor) from January 2007 to September 2010.

Unemployment rates peak in August 2009. SWO appears to have been particularly hard hit by the recession—its unemployment rate hits 10.5% whereas Ontario's and Canada's peak at 9.3% and 8.6%. As the economy recovers the unemployment rate has dropped but remains substantially higher than before the recession. The unemployment rate in SWO has fallen quite rapidly. The unemployment rates in Canada, Ontario and SWO have changed little over the last quarter.

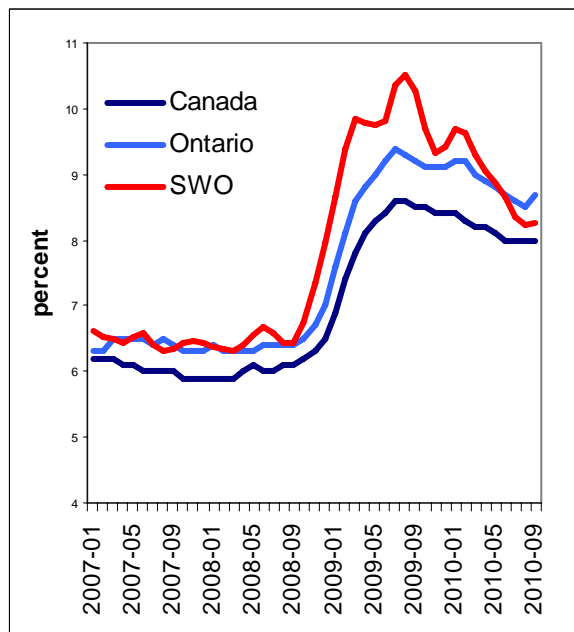


Figure 1: Trends in Unemployment Rates

This issue:

- Little change in unemployment rates in September
- Examining the effect of the recession and recovery on employment in Ontario.

Special feature:

Unionization in Ontario: Health Check

Labour Market News is published quarterly, providing an economist's view of labour market trends and policy issues.

Recession and Recovery in Ontario : Differences between the public and private sectors.

Figure 2 shows how employment levels have changed within the public and private sectors every six months (March, September) relative to March 2007. The public sector includes utilities, education, health and public administration.

It is clear in the plot that the recession in 2009 was largely a private sector phenomenon. Employment in the private sector fell by 3 percent compared to its level in March 2007 and 5 percent from its peak in September 2008. Employment in the private sector is only now returning to its March 2007 level.

The public sector was, to a large part, insulated from the recession. There was a decrease in employment in the public sector in September 2009. Even so public sector employment remained 6 percent above its March 2007 level. The public sector quickly recovered—by March 2010 employment exceeded its previous peak in March 2008. Since March 2007, public sector employment has grown by 12 percent in Ontario.

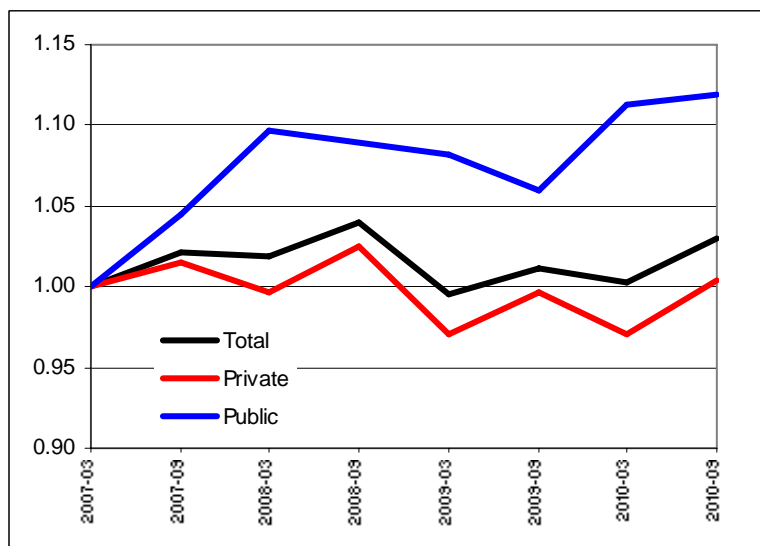


Figure 2: Changes in Employment in Ontario

Labour Market News

Unionization in Ontario: Health Check

Examining the Health of Ontario's Labour Movement

Unions affect labour market outcomes, play an important role in politics and influence broader society.

One measure of the health of the labour movement is 'union density' - the number of employees covered by collective agreements relative to the labour force (LF) [excluding those who are self-employed]. Today approximately 26 percent of the labour force in Ontario is covered by collective agreements. Figure 3 shows that total union density in Ontario has been remarkably stable over time—from 1997 to 2010 it falls by only 1.3 percentage points. However the stability of total union density masks very different long-run trends

Differences between the Public and Private Sectors

As shown in Figure 3, from 1997 to 2010 public sector density (covered employees in the public sector / LF) rose by 2.3 percentage points while private sector union density (covered employees in the private sector / LF) fell by 3.6 percentage points. Long-run trends in each sector are influenced by changes in coverage rates (covered employees/employment) and employment rates (employment/LF) in each sector. An examination of the evidence shows the increase in public sector density and the decrease in private sector density have been influenced by different factors.

The increase in Ontario public sector density can be traced to an upward trend in the public sector employment rate which increased by 3 percentage points (20 percent) from 1997 to 2010. The Ontario public sector is heavily unionized; 7 in 10 workers are covered by collective agreements— this coverage rate has remained constant over time. Therefore when the employment rate increased so did public sector density.

In contrast, the decrease in Ontario private sector union density can be linked to a decrease in the Ontario private sector coverage rate. Over time the coverage rate has decreased by 4 percentage points (about 20 percent). The Ontario private sector is not heavily unionized; less than 2 in 10 workers are covered by collective

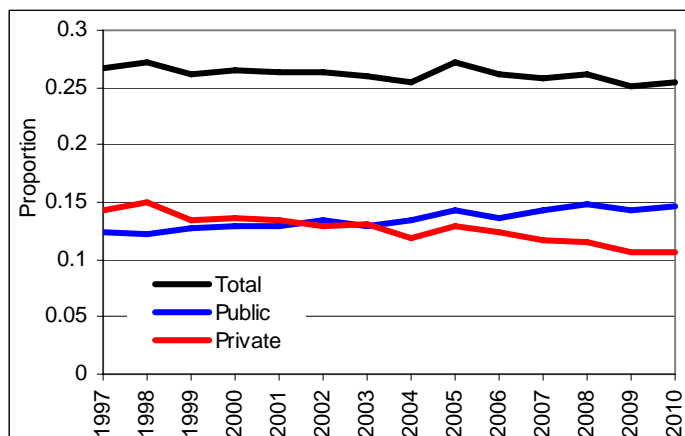


Figure 3: Ontario Union Density by Public/Private Sector

agreements. Private sector employment rates are sensitive to short-run fluctuations in the business cycle, but over the long-run the private sector employment rate remains fairly constant at about 70 percent. So the downward trend in private sector union density is accounted for by the decrease in the coverage rate.

Why has the private sector coverage rate decreased?

A number of factors may have contributed to the fall in the private sector coverage rate in Ontario. First the shift from goods-producing industries to services has eroded coverage in the traditional union stronghold of manufacturing. Organizing the service sector has proved to be difficult. Second, in November 1995, Ontario changed the way unions are recognized from card check to mandatory votes. Empirical studies have shown that unions are much less likely to succeed in obtaining certification under mandatory votes. Third, there is some evidence that over the last three decades the Ontario industrial relations environment has become increasingly hostile to unions. This is shown by an increase in filings of 'Contraventions' of the Ontario Labour Relations Act—by unions claiming that employers have engaged in unfair practices during organizing drives and by employees claiming that a union has not fairly represented them in their relationship with the employer. Finally as coverage rates fall unions have less financial resources and this may limit their ability to organize.