

# Huge increase in Canadian youth unemployment and student indebtedness

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The global recession unleashed by the financial crisis of September-October 2008 has drastically impacted on Canadian society. This is particularly evident in the situation facing Canadian students and youth.

Currently, the official unemployment rate for persons aged 15 to 24 is 15.1 percent, nearly twice the figure for the labour force in general.

This figure only begins to describe the social crisis which confronts the newest generation of Canadian workers.

In July 2009, when youth participation in the labour market peaked at 75.3 percent, youth unemployment hit 17.0 percent, an increase of 6.7 percentage points from July 2008. For students in secondary and post-secondary institutions, the unemployment rate was even higher—19.2 percent. Joblessness among youth has risen faster than any other segment of the Canadian population.

Even after youth participation in the labour market fell by 11 percent in September, as students returned to school, unemployment rose over the course of the first semester, going from 14.9 percent in September to 16.0 percent at the end of December.

Commentators for the mainstream press have cynically trumpeted the addition of 29,000 jobs for youth in January, which (along with a 1.3 percent drop in the number of youth looking for jobs) pushed the unemployment rate to its current figure. Buried in their commentary is that fact the new jobs are exclusively insecure, part-time positions in the service sector—the vast majority paying minimum wage and offering only sporadic hours. No full time jobs were created in the month of January for any Canadian worker.

The “addition” of these low-paying jobs pushed the median weekly earnings of Canadian youth down \$7.00, and the median work-week for Canadian youth down a full hour.

This trend should not shock any young person with experience in the Canadian labour market. Youth unemployment is particularly high in the Atlantic provinces of Newfoundland and Labrador (24.8 percent), New Brunswick (19.7 percent), Prince Edward Island (18.6 percent), and Nova Scotia (17.6 percent), where the long-term collapse of mining, fishing and forestry has forced a generation of young workers into internal emigration.

In what was once considered the industrial heartland of Canada, the provinces of Ontario and Québec, youth unemployment has risen to levels above the national average (17.6 percent and 15.2 percent respectively). The manufacturing jobs which once allowed a generation of workers the chance to own a home and send their children to university or college have disappeared. In their place have come insecure, temporary contract positions in the service sector.

In the automotive industry, years of concessions contracts imposed by management and sanctified by the reactionary CAW bureaucracy in the name of “saving *Canadian* jobs” have led to the erosion of the wages and benefits won through decades of struggle. These contracts, under which the wages of new hires at GM have been slashed by 30 percent for their first six years of work, will set the precedent across the crisis-ridden Canadian manufacturing sector.

It is increasingly clear that Canadian youth, in order to independently support themselves or a family, must undergo years of post-secondary schooling. However, the situation for Canadian students is just as dire as that of the youth as a whole.

In the summer of 2009, when most students were expecting to take advantage of a break from their studies to work and save money for the next year, nearly a fifth of students who looked for work could not find any. For those lucky enough to land a job, the average work-week

fell to just 23.4 hours. A student working the average work-week for 16 weeks last summer would have amassed just \$3,744.00 if he was paid at a rate of \$10.00 per hour (which is higher than the minimum wage in every province). Such a sum would not even cover tuition costs, let alone living expenses for the school year to come.

To cope with these starvation wages, Canadian students have been forced to amass a shocking amount of debt. In January 2009, the federal government estimated that it has loaned nearly \$13 billion to students—this figure does not include loans from the various provincial governments or private banks. On average, this figure continues to grow at a pace of more than \$1.2 million *per day*. Last year, nearly 360,000 students took out a loan from the federal government.

The average debt of a student upon graduation rose 49 percent from 1995 to 2005, to \$18,800. The proportion of student borrowers with debt loads over \$25,000 increased to 27 percent, from 17 percent a decade earlier.

These levels of debt have dramatic ramifications for the rest of a student's life. The same study reveals that in 2007, of post-secondary graduates aged 20 to 45 who borrowed to finance their education, 58 percent had no savings or investments for the future.

In spite of this increasingly desperate situation, the cost of an education continues to rise precipitously. A major reason for this are the massive cuts to public spending—including to the transfers Ottawa makes to the provinces to help pay for post-secondary reduction—implemented by the Liberal government of Jean Chrétien and Paul Martin beginning in 1995 and 1997 and by provincial governments of all political stripes: Liberal, Conservative, Parti Quebecois and New Democrat (NDP).

The average tuition fee for post-secondary education has long been rising four times faster than the rate of inflation. From an average of \$4,400 a year in 2006-2007, tuition fees have risen to an average \$4,917 for the 2009-2010 academic year. The province of Ontario has led the way, with average tuition fees jumping from \$5,155 in 2006 to \$5,951 in 2010.

Mounting budget deficits at the federal and provincial level ensure that government funding for universities and colleges will remain locked in its downward spiral. In conjunction with the sharp fall in private donations and institutional endowments brought on by the financial collapse of 2008, the austerity measures to be implemented when the Canadian economy “inevitably

recovers” will make drastic budget cuts and fee increases an iron necessity for universities and colleges across Canada.

The Canadian Federation of Students (which represents 80 university and college student unions) has petitioned Conservative Finance Minister Jim Flaherty for an increase in federal transfer payments for education, alongside increased funding for graduate students, aboriginal students, and student summer jobs. Their pleas have fallen on deaf ears. The various programs aimed at students and youth in the Conservative government's economic stimulus package (the so-called Economic Action Plan) have produced few results, are intended as temporary measures, and will be quickly forgotten in the orgy of social spending cuts now being planned.

The leaders of the Canadian Federation of Students promise that student protest, if mobilised on a wide enough basis, can force the federal and provincial governments to adequately fund education. This perspective is an ill-founded and dangerous illusion.

The International Students for Social Equality rejects the strategy of pressuring the various federal and provincial governments for pitiful reforms that amount to nothing compared to the immense social crisis facing students and youth in Canada. The Liberals, NDP and Parti Quebecois are just as committed to the right-wing program of “fiscal responsibility” and “corporate competitiveness” as are Stephen Harper's Conservatives. Students must reject these parties of the political establishment, who regardless of their rhetoric serve the interests of Canada's financial and corporate elite.

The social crisis and the consequent crisis in education are the inevitable result of the capitalist economic system, in which the fundamental needs of the overwhelming majority of the population are subordinated to the profits of a tiny minority. There can be no solution to the problems facing students and youth apart from a political movement of the working class across North America and internationally to radically reorganize socio-economic life to meet social needs rather than produce profits for a few.



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