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RELEVANCE OF FULL EMPLOYMENT

INQUIRY—DEBATE CONCLUDED

Speech by:

The Honourable Diane Bellemare

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THE SENATE

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[Translation]

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Hon. Diane Bellemare (Legislative Deputy to the Government Representative in the Senate): I will try to be brief.

Honourable senators, I rise today to exercise my right of final reply in the context of this inquiry into full employment.

Honourable colleagues, let me begin by thanking Senators Cormier, Bovey and Petitclerc for their contributions. Their speeches shed light on the realities that so many people face in the labour market, including artists, indigenous peoples, and persons with disabilities. You shed light on the gap between the living and working conditions of these people and the concept of full employment.

[English]

The question asked in this inquiry is the following: Is it still relevant to talk about full employment in the 21st century? We can understand from the speeches of our colleagues that the concept of full employment is more understood as an ideal situation that we would like to happen but that doesn't inspire actual public policy.

Senator Cormier said, and I quote:

In talking to my fellow Acadians, I came to realize that they saw the concept of full employment more as a long-term ideal for a community than as a short-term economic development strategy.

[English]

According to Senator Bovey, full employment is an admirable goal but perhaps not attainable. As she explained, she considers that a guaranteed minimum income would have a favourable effect on the situation of employment in Canada.

In fact, both of my colleagues are right insofar as this goal was not sought after very hard for many decades.

[Translation]

That is why Senator Petitclerc quite rightly remarked, and again I quote:

Many governments are working toward full employment. Belgium has set a goal of achieving full employment by 2025. Germany has set a similar goal. Canada joined 192 other countries when it committed to achieving the United Nations' Sustainable Development Goals. One of these goals is to achieve full, productive employment and decent work for all, including for young people and persons with disabilities.

Therefore, it is clear that the concept of full employment remains relevant today within the United Nations. Essentially, it means that anyone who wants to be gainfully employed should be. This goal is even more important in the 21st century, considering the immense challenges we face related to the environment and climate change adaptation. It is clear to the United Nations that achieving specific environmental targets goes hand in hand with social and economic targets, such as full and productive employment and decent work for all. Environmental challenges will be difficult to overcome in a context of unemployment and poverty. That is part of the rationale behind the 2030 Agenda for Sustainable Development, which helps reconcile environmental, economic and social concerns.

That said, and to conclude this inquiry, I would like to explain how we can achieve full employment. More specifically, I would like to briefly explain that strategies for economic growth are necessary, but they are not enough to achieve and maintain full and productive employment and decent work for all. Active labour market policies are indispensable. Lastly, I will explain why it is important for Canada to align its employment policies with the needs and reality of the 21st century.

To begin with, full employment can be achieved, but it does not automatically result from economic growth. Economic strategies to foster growth are necessary, but they are not enough. Why? Because economic growth will come to a stop even before everyone who wants to work finds a job. That is readily understood. Not everyone has the skills businesses are looking for or lives in places where jobs are abundant. That is currently the case in Quebec. Some regions have full employment even though many people remain unemployed, including young people, immigrants, Indigenous peoples, persons with disabilities, and people who live in large cities like Montreal and do not want to move. This is known as structural unemployment.

An economic growth strategy cannot fix this problem. Under such circumstances, economic growth could peter out because of a skilled labour shortage, or those responsible for setting monetary policy may react and slow down economic growth by raising interest rates for fear of seeing salaries and prices increase too much. Currently, in a number of regions of Quebec, the skilled labour shortage is jeopardizing economic growth. Companies that can't find skilled labour may decide to reduce production or set up shop elsewhere.

In Canada, although the unemployment rate is relatively low at the moment, we are not yet at full employment. To many economists, full employment is when the number of job vacancies equals the number of unemployed workers. By that definition, Canada has roughly 2.5 unemployed workers per job vacancy. Quebec has 2.7 unemployed workers per job vacancy. The labour market situation has vastly improved in the past few years. For example, in 2012, Canada had nearly six unemployed workers per job vacancy. Things are looking up.

However, as the Governor of the Bank of Canada, Stephen Poloz, said in a speech he gave in March 2018 — and his conclusion was similar to mine — at least 100,000 young Canadians could have jobs. Also, many other Canadians who are not counted in the unemployment statistics because they have given up could also join

the workforce and be gainfully employed. If all of these people can't find jobs, it is generally because they don't have the desired skills or do not live in regions where there is a labour shortage. What can be done in such circumstances?

The short answer to this complex question is that, to address structural unemployment, we need the right employment policies. These include employability, labour force integration, workforce training, skills development, official-language learning, labour mobility and information programs.

Despite the commendable efforts that have been made in that regard, the labour force investments made in Canada are low compared to those made in performing countries. Canada invests half as much in active employment integration measures than the average for OECD countries. In fact, Canada spends much more on so-called passive labour market measures, or income transfers, such as employment insurance and social assistance, than it does on what are referred to as active labour market integration measures.

For example, according to OECD data, Canada invests 0.24 per cent of its GDP in active measures compared to 0.62 per cent in income support measures. It invests three times more in passive measures than in integration measures. In contrast, Sweden invests more than 1 per cent of its GDP in labour market integration measures. The same goes for Germany and a number of other countries.

Labour policies are crucial because artificial intelligence and climate change mean that Canada will be facing some major challenges that are sure to affect the job market. We need labour policies that develop new skills and enable people who lose their jobs to move. We need to invest much more in workers than we do now. We also need to plan for major structural changes to training services.

Our employment policies also need updating. That is the third point I want to raise. If we want effective employment policies, they have to be informed by the realities of the 21st century and what workers and businesses really need now and in the future. They have to align with and complement businesses' human resource policies. Unfortunately, our employment policies are still based on the notion of a labour market with an oversupply of workers and less sweeping technological change than we can expect to see with artificial intelligence.

Today, and even more so in the future, skilled labour shortages will be one of the main challenges for employment policies, which will have to address ongoing adaptation in a rather unpredictable world.

Lifelong learning is becoming the major challenge and will have to be reflected in employment policies. Public and private sector policies will have to be complementary and mutually reinforcing in order to reduce to the extent possible the structural unemployment that would otherwise likely grow significantly.

On that, a recent study by McKinsey Canada lays out this challenge as perceived by major corporations around the world. The report states:

[English]

Companies view lack of talent and skill mismatches as barriers to reaping the benefits of automation.

If they cannot source the talent they need to deploy the new technologies, and if they cannot upgrade the skills of their workers fast enough, business leaders worry that this could hurt their financial performance, impede their growth, and lead to the departure of top-performing employees. Their main concerns include employees who do not upgrade skills fast enough, are not sufficiently adaptable to move to new types of work, or lack requisite technical skills.

[Translation]

The Fédération des chambres de commerce du Québec came to the same conclusions and emphasized the development of basic skills. The Canadian federation of chambers of commerce agrees.

We must start right now and emphasize the development of tools and strategies for skills development in our employment policies, or Canada and most of its provinces could end up falling behind.

Policies on employment and ongoing training will also have to cover a large proportion of the workforce, and not just EI recipients, as is the case now. This was recommended by the Advisory Council on Economic Growth, which advises the Minister of Finance.

I would remind you that, according to the OECD's Programme for the International Assessment of Adult Competencies, which I mentioned a while ago, one out of two people of working age in Canada does not meet the minimum requirements to obtain a decent new job today. This means that one person in two who loses a job will have a hard time developing the skills needed to get a decent new job.

The vast majority of these people are not entitled to the employment services funded by EI. As a society, we must do much better. According to a study on work ethic that I commissioned in 2014, Canadians said that they were prepared to train if they were given the tools.

Canada and the provinces have a lot of work to do and must make a concerted effort to better serve Canadians and strive for full employment. An economic growth strategy is necessary for achieving full employment and should encourage employers to improve employment conditions. However, as the senators who took part in this inquiry have pointed out, modern societies like Canada have a lot of work to do to achieve decent employment.

Pursuing full employment on a macro-economic level is not enough. On the other hand, the growth and prosperity that results from full employment cannot be shared equitably without social dialogue. It seems Canada has some catching up to do in terms of social dialogue. However, fear not, that is for the next inquiry.

On that note, honourable senators, thank you for your attention, and I hope that you are now a little more persuaded of the relevance of full employment and the significance of this economic and social objective.

Thank you.