

No recovery for young workers and students in Canada

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Even as Canada's Conservative government and the corporate media crow about "economic recovery," the latest jobless figures from Statistics Canada shed light upon the precarious situation facing young workers and students.

At 13.9 percent, the unemployment rate in May for workers aged 15 to 24 continued to be approximately twice the national average. For 20 to 24 year-old students the unemployment rate was 15 percent in the first month after college and university classes ended.

A government press release, noting a meager decrease in comparison with May of last year, presented these figures in glowing terms. But if one takes August 2007, before the systematic breakdown of the capitalist economy swept the globe, as the basis for comparison, the youth unemployment rate has risen 27.5 percent (from 10.9 to 13.9) and the student unemployment rate has nearly doubled (from 7.7 to 15.0).

The government's unemployment statistics, which count only those youth that have remained in the labour force, only tell part of the story. The proportion of youth participating in the labour force fell from 67.0 percent in August 2007 to 64.5 percent in May 2011, even as the number of youth grew, over the same period, by more than 120,000. A significant layer of youth, discouraged by years of rejection at the hands of employers, has turned to their parents or borrowed money for their subsistence.

In conjunction with this exodus from the job market, the proportion of youth attending school full-time increased from 58 percent in 2009 to 63 percent in 2010. Faced with dismal prospects as part of the workforce, young workers have turned to post-secondary education to "seek shelter." The painful contradiction these youth soon encounter is that, just as

their opportunities to earn income have dried up, the cost of a post-secondary education has increased dramatically.

Tuition fees rose 4.0 percent last year, twice the rate of inflation, from a national average of \$4,942.00 for the 2009/2010 academic year to \$5,138.00 for 2010/2011. Students in Ontario's post-secondary education system paid the highest fees, an average of \$6,307.00, followed by students in New Brunswick, where fees averaged \$5,516.00. Since 1999, when the average tuition was \$2 591.00, tuition costs have nearly doubled.

The widening gap between student income and the cost of education has led to an explosion of student debt. Between 1995 and 2005, that is even prior to the onset of the current recession, the proportion of students borrowing to finance their education rose from 49 percent to 57 percent. Over the same time period, the proportion of student borrowers who graduated with a debt burden of \$25,000 or more increased from 17 percent to 27 percent.

These figures, once updated to include the years after the economic crisis, are sure to rise. To give one indication, the Canada Student Loans Program, administered by the federal government, had 20,000 more full time student borrowers in the 2008/2009 academic year than it did in 2006/2007 (an increase of almost 6 percent).

Currently, over 2 million Canadians have student loans. When loans owed to the federal government, the provinces, and the major banks are taken together, they total over \$20 billion. The amount of loans owed to the federal government, currently \$14 billion, grows at an average of \$1.2 million a day.

Of this total, \$149.5 million is deemed unrecoverable due to the total inability of the borrower to make his or

her payments. This number, as large as it is, does not yet reflect the true impact of the recession. By law, student loans cannot be discharged through bankruptcy, thus becoming “unrecoverable,” until seven years after a student has left school.

The increasing costs borne by students for post-secondary education are a direct result of the policies of austerity pursued by the Chretien-Martin Liberal governments of the 1990s and deepened by Stephen Harper’s Conservative government. Between 1995 and 1997, the Liberal government aggressively cut the federal transfer payments Ottawa makes to the provinces for post-secondary education (as well as health care and poverty relief) in the name of balancing the budget.

The most recent budget presented by the Conservative majority government proposes a transfer payment for post-secondary education that, when adjusted for inflation, is \$800 million below funding levels in 1992/1993. In the meantime, enrollment in universities and colleges has expanded massively.

Consequently, an ever greater proportion of university operating budgets comes directly from the fees they charge students. In 1987, tuition fees accounted for 16.7 percent of revenue; by 2007 they accounted for 34.2 percent of revenue. Over the same time period, the proportion of university revenue provided by government funding fell from 81.4 percent to 57.1 percent.

With the federal Conservative government and provincial governments of every stripe pledging, in the interests of their constituency among Canada’s capitalist elite, to eliminate budget deficits through massive cuts to public expenditure, this ominous trend is sure to continue.

Driven from the labour force, squeezed by the rising cost of education, crushed by debt, Canada’s students and young workers have experienced firsthand the reality of this economic recovery: prosperity for the ruling elite—austerity for the working class.



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